

TEREX CORP
Form 10-Q
April 30, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2015

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 1-10702

Terex Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State of Incorporation)

34-1531521
(IRS Employer Identification No.)

200 Nyala Farm Road, Westport, Connecticut 06880
(Address of principal executive offices)

(203) 222-7170
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

YES NO

Indicate by check mark whether the registrant has submitted electronically filed and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller Reporting Company

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES

NO

Number of outstanding shares of common stock: 105.1 million as of April 27, 2015.

The Exhibit Index begins on page 46.

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TEREX CORPORATION AND SUBSIDIARIES

GENERAL

This Quarterly Report on Form 10-Q filed by Terex Corporation generally speaks as of March 31, 2015 unless specifically noted otherwise, and includes financial information with respect to the subsidiaries of the Company listed below (all of which are 100%-owned) which were guarantors on March 31, 2015 (the “Guarantors”) of the Company’s 4% Convertible Senior Subordinated Notes due 2015 (the “4% Convertible Notes”), its 6% Senior Notes Due 2021 (the “6% Notes”) and its 6-1/2% Senior Notes Due 2020 (the “6-1/2% Notes”). See Note O – “Consolidating Financial Statements” to the Company’s March 31, 2015 Condensed Consolidated Financial Statements included in this Quarterly Report. Unless otherwise indicated, Terex Corporation, together with its consolidated subsidiaries, is hereinafter referred to as “Terex,” the “Registrant,” “us,” “we,” “our” or the “Company.”

Guarantor Information

Guarantor	State or other jurisdiction of incorporation or organization	I.R.S. employer identification number
CMI Terex Corporation	Oklahoma	73-0519810
Fantuzzi Noell USA, Inc.	Illinois	36-3865231
Genie Holdings, Inc.	Washington	91-1666966
Genie Industries, Inc.	Washington	91-0815489
Genie International, Inc.	Washington	91-1975116
Powerscreen Holdings USA Inc.	Delaware	61-1265609
Powerscreen International LLC	Delaware	61-1340898
Powerscreen North America Inc.	Delaware	61-1340891
Powerscreen USA, LLC	Kentucky	31-1515625
Schaeff Incorporated	Iowa	42-1097891
Schaeff of North America, Inc.	Delaware	75-2852436
Terex Advance Mixer, Inc.	Delaware	06-1444818
Terex Aerials, Inc.	Wisconsin	39-1028686
Terex Financial Services, Inc.	Delaware	45-0497096
Terex South Dakota, Inc.	South Dakota	41-1603748
Terex USA, LLC	Delaware	75-3262430
Terex Utilities, Inc.	Oregon	93-0557703
Terex Washington, Inc.	Washington	91-1499412

Forward-Looking Information

Certain information in this Quarterly Report includes forward-looking statements (within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934) regarding future events or our future financial performance that involve certain contingencies and uncertainties, including those discussed below in the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Contingencies and Uncertainties.” In addition, when included in this Quarterly Report or in documents incorporated herein by reference, the words “may,” “expects,” “should,” “intends,” “anticipates,” “believes,” “plans,” “projects,” “estimates” and other similar expressions are intended to identify forward-looking statements. However, the absence of these words does not mean that the statement is not forward-looking. We have based these forward-looking statements on current expectations and projections about future events. These statements are not guarantees of future performance. Such statements are inherently subject to a variety of risks and uncertainties that could cause actual results to differ materially from those reflected in such forward-looking statements. Such risks and uncertainties, many of which are beyond our control, include, among others:

- our business is cyclical and weak general economic conditions affect the sales of our products and financial results;
- our ability to successfully integrate acquired businesses;
- our need to comply with restrictive covenants contained in our debt agreements;
- our ability to generate sufficient cash flow to service our debt obligations and operate our business;
- our ability to access the capital markets to raise funds and provide liquidity;
- our business is sensitive to government spending;
- our business is highly competitive and is affected by our cost structure, pricing, product initiatives and other actions taken by competitors;
- our retention of key management personnel;
- the financial condition of suppliers and customers, and their continued access to capital;
- our providing financing and credit support for some of our customers;
- we may experience losses in excess of recorded reserves;
- the carrying value of our goodwill and other indefinite-lived intangible assets could become impaired;
- our ability to obtain parts and components from suppliers on a timely basis at competitive prices;
- our business is global and subject to changes in exchange rates between currencies, commodity price changes, regional economic conditions and trade restrictions;
- our operations are subject to a number of potential risks that arise from operating a multinational business, including compliance with changing regulatory environments, the Foreign Corrupt Practices Act and other similar laws, and political instability;
- a material disruption to one of our significant facilities;
- possible work stoppages and other labor matters;
- compliance with changing laws and regulations, particularly environmental and tax laws and regulations;
- litigation, product liability claims, intellectual property claims, class action lawsuits and other liabilities;
- our ability to comply with an injunction and related obligations imposed by the United States Securities and Exchange Commission (“SEC”);
- disruption or breach in our information technology systems; and
- other factors.

Actual events or our actual future results may differ materially from any forward-looking statement due to these and other risks, uncertainties and significant factors. The forward-looking statements contained herein speak only as of the date of this Quarterly Report and the forward-looking statements contained in documents incorporated herein by reference speak only as of the date of the respective documents. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained or incorporated by reference in this Quarterly Report to reflect any change in our expectations with regard thereto or any change in events,

conditions or circumstances on which any such statement is based.

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PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TEREX CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

(unaudited)

(in millions, except per share data)

	Three Months Ended	
	March 31,	
	2015	2014
Net sales	\$1,495.6	\$1,654.6
Cost of goods sold	(1,219.0)	(1,321.2)
Gross profit	276.6	333.4
Selling, general and administrative expenses	(232.4)	(258.4)
Income (loss) from operations	44.2	75.0
Other income (expense)		
Interest income	1.0	1.3
Interest expense	(28.2)	(30.4)
Other income (expense) – net	(6.9)	(2.9)
Income (loss) from continuing operations before income taxes	10.1	43.0
(Provision for) benefit from income taxes	(11.6)	(11.5)
Income (loss) from continuing operations	(1.5)	31.5
Income (loss) from discontinued operations – net of tax	—	0.9
Gain (loss) on disposition of discontinued operations – net of tax	3.1	1.5
Net income (loss)	1.6	33.9
Net loss (income) attributable to noncontrolling interest	(0.6)	1.1
Net income (loss) attributable to Terex Corporation	\$1.0	\$35.0
Amounts attributable to Terex Corporation common stockholders:		
Income (loss) from continuing operations	\$(2.1)	\$32.6
Income (loss) from discontinued operations – net of tax	—	0.9
Gain (loss) on disposition of discontinued operations – net of tax	3.1	1.5
Net income (loss) attributable to Terex Corporation	\$1.0	\$35.0
Basic Earnings (Loss) per Share Attributable to Terex Corporation Common Stockholders:		
Income (loss) from continuing operations	\$(0.02)	\$0.30
Income (loss) from discontinued operations – net of tax	—	0.01
Gain (loss) on disposition of discontinued operations – net of tax	0.03	0.01
Net income (loss) attributable to Terex Corporation	\$0.01	\$0.32
Diluted Earnings (Loss) per Share Attributable to Terex Corporation Common Stockholders:		
Income (loss) from continuing operations	\$(0.02)	\$0.28
Income (loss) from discontinued operations – net of tax	—	0.01
Gain (loss) on disposition of discontinued operations – net of tax	0.03	0.01
Net income (loss) attributable to Terex Corporation	\$0.01	\$0.30
Weighted average number of shares outstanding in per share calculation		
Basic	106.3	110.8
Diluted	106.3	117.3
Comprehensive income (loss)	\$(198.2)	\$50.2
Comprehensive loss (income) attributable to noncontrolling interest	(0.6)	1.3
Comprehensive income (loss) attributable to Terex Corporation	\$(198.8)	\$51.5

Dividends declared per common share	\$0.06	\$0.05
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The accompanying notes are an integral part of these condensed consolidated financial statements.

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TEREX CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET
(unaudited)
(in millions, except par value)

	March 31, 2015	December 31, 2014
Assets		
Current assets		
Cash and cash equivalents	\$351.3	\$478.2
Trade receivables (net of allowance of \$26.9 and \$30.5 at March 31, 2015 and December 31, 2014, respectively)	1,131.4	1,086.4
Inventories	1,520.7	1,460.9
Prepaid assets	270.5	248.0
Other current assets	85.6	82.7
Total current assets	3,359.5	3,356.2
Non-current assets		
Property, plant and equipment – net	647.9	690.3
Goodwill	1,031.5	1,131.0
Intangible assets – net	290.9	325.4
Other assets	404.3	425.1
Total assets	\$5,734.1	\$5,928.0
Liabilities and Stockholders' Equity		
Current liabilities		
Notes payable and current portion of long-term debt	\$160.2	\$152.5
Trade accounts payable	738.1	736.1
Accrued compensation and benefits	195.8	204.0
Accrued warranties and product liability	67.2	74.2
Customer advances	224.6	197.4
Other current liabilities	307.7	278.9
Total current liabilities	1,693.6	1,643.1
Non-current liabilities		
Long-term debt, less current portion	1,712.7	1,636.3
Retirement plans	390.8	432.5
Other non-current liabilities	155.7	177.0
Total liabilities	3,952.8	3,888.9
Commitments and contingencies		
Stockholders' equity		
Common stock, \$.01 par value – authorized 300.0 shares; issued 125.3 and 124.6 shares at March 31, 2015 and December 31, 2014, respectively	1.3	1.2
Additional paid-in capital	1,245.4	1,251.5
Retained earnings	1,979.3	1,984.9
Accumulated other comprehensive income (loss)	(629.6	) (429.8
Less cost of shares of common stock in treasury – 20.9 and 19.2 shares at March 31, 2015 and December 31, 2014, respectively	(848.6	) (801.9
Total Terex Corporation stockholders' equity	1,747.8	2,005.9
Noncontrolling interest	33.5	33.2
Total stockholders' equity	1,781.3	2,039.1
Total liabilities and stockholders' equity	\$5,734.1	\$5,928.0

The accompanying notes are an integral part of these condensed consolidated financial statements.

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TEREX CORPORATION AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 (unaudited)
 (in millions)

	Three Months Ended March 31,	
	2015	2014
Operating Activities		
Net income (loss)	\$ 1.6	\$ 33.9
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	32.9	39.1
Deferred taxes	(1.8)	(5.9)
Stock-based compensation expense	10.5	11.1
Changes in operating assets and liabilities (net of effects of acquisitions and divestitures):		
Trade receivables	(101.4)	61.2
Inventories	(132.7)	(195.5)
Trade accounts payable	49.8	54.8
Customer advances	36.6	46.2
Other assets and liabilities	(19.9)	(25.7)
Other operating activities, net	13.7	6.0
Net cash provided by (used in) operating activities	(110.7)	25.2
Investing Activities		
Capital expenditures	(26.2)	(19.0)
Acquisitions of businesses, net of cash acquired	(22.1)	(7.4)
Other investing activities, net	(2.0)	0.5
Net cash provided by (used in) investing activities	(50.3)	(25.9)
Financing Activities		
Repayments of debt	(126.3)	(196.6)
Proceeds from issuance of debt	237.4	272.6
Purchase of noncontrolling interest	—	(71.3)
Share repurchases	(40.2)	(24.0)
Dividends paid	(6.4)	(5.5)
Other financing activities, net	—	7.4
Net cash provided by (used in) financing activities	64.5	(17.4)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(30.4)	0.5
Net Increase (Decrease) in Cash and Cash Equivalents	(126.9)	(17.6)
Cash and Cash Equivalents at Beginning of Period	478.2	408.1
Cash and Cash Equivalents at End of Period	\$ 351.3	\$ 390.5

The accompanying notes are an integral part of these condensed consolidated financial statements.

TEREX CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2015

(unaudited)

NOTE A – BASIS OF PRESENTATION

Basis of Presentation. The accompanying unaudited Condensed Consolidated Financial Statements of Terex Corporation and subsidiaries as of March 31, 2015 and for the three months ended March 31, 2015 and 2014 have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America to be included in full-year financial statements. The accompanying Condensed Consolidated Balance Sheet as of December 31, 2014 has been derived from and should be read in conjunction with the audited Consolidated Balance Sheet as of that date. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014.

The Condensed Consolidated Financial Statements include the accounts of Terex Corporation, its majority-owned subsidiaries and other controlled subsidiaries ("Terex" or the "Company"). The Company consolidates all majority-owned and controlled subsidiaries, applies the equity method of accounting for investments in which the Company is able to exercise significant influence, and applies the cost method for all other investments. All material intercompany balances, transactions and profits have been eliminated.

In the opinion of management, all adjustments considered necessary for fair statement of these interim financial statements have been made. Except as otherwise disclosed, all such adjustments consist only of those of a normal recurring nature. Operating results for the three months ended March 31, 2015 are not necessarily indicative of results that may be expected for the year ending December 31, 2015.

Cash and cash equivalents at March 31, 2015 and December 31, 2014 include \$12.6 million and \$13.5 million, respectively, which were not immediately available for use. These consist primarily of cash balances held in escrow to secure various obligations of the Company.

Recent Accounting Pronouncements. In April 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-08, "Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity," ("ASU 2014-08"). Under ASU 2014-08, only disposals representing a strategic shift in operations that have a major effect on the Company's operations and financial results should be presented as discontinued operations. Additionally, ASU 2014-08 requires expanded disclosures about discontinued operations that will provide financial statement users with more information about the assets, liabilities, income, and expenses of discontinued operations. The amendments in ASU 2014-08 were effective for fiscal years, and interim periods within those years, beginning after December 15, 2014. The effects of ASU 2014-08 will depend on any future disposals by the Company.

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers," ("ASU 2014-09"). ASU 2014-09 outlines a new, single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. This new revenue recognition model provides a five-step analysis in determining when and how revenue is recognized. The new model will require revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration a company expects to receive in exchange for those goods or services. ASU 2014-09 was originally scheduled to be effective for reporting periods beginning after December 15, 2016, and early adoption would not be permitted. The FASB voted on April 1, 2015 to propose deferral of ASU

2014-09 by one year, but early adoption will be permitted as of the original effective date. The Company is evaluating the impact that adoption of this guidance will have on the determination or reporting of its financial results.

In June 2014, the FASB issued ASU 2014-12, "Accounting for Share-Based Payments When the Terms of an Award Provide that a Performance Target Could be Achieved after the Requisite Service Period," ("ASU 2014-12"). ASU 2014-12 requires that a performance target that affects vesting, and that could be achieved after the requisite service period, be treated as a performance condition. As such, the performance target should not be reflected in estimating the grant date fair value of the award. ASU 2014-12 is effective for reporting periods beginning after December 15, 2015. Early adoption is permitted. Adoption of this guidance is not expected to have a significant impact on the determination or reporting of the Company's financial results.

In August 2014, the FASB issued ASU 2014-15, “Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern,” (“ASU 2014-15”). ASU 2014-15 requires management to perform interim and annual assessments of an entity’s ability to continue as a going concern for a one year period subsequent to the date of the financial statements. An entity must provide certain disclosures if conditions or events raise substantial doubt about the entity’s ability to continue as a going concern. The guidance is effective for all entities for the first annual period ending after December 15, 2016 and interim periods thereafter, with early adoption permitted. Adoption of this guidance is not expected to have any impact on the determination or reporting of the Company’s financial results.

In April 2015, the FASB issued ASU 2015-03, “Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs,” (“ASU 2015-03”). ASU 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The guidance is effective for reporting periods beginning after December 15, 2015 and interim periods within those fiscal years with early adoption permitted. ASU 2015-03 should be applied on a retrospective basis, wherein the balance sheet of each period presented should be adjusted to reflect the effects of adoption. Adoption of this guidance is not expected to have a significant impact on the determination or reporting of the Company’s financial results.

Accrued Warranties. The Company records accruals for potential warranty claims based on its claim experience. The Company’s products are typically sold with a standard warranty covering defects that arise during a fixed period. Each business provides a warranty specific to the products it offers. The specific warranty offered by a business is a function of customer expectations and competitive forces. Warranty length is generally a fixed period of time, a fixed number of operating hours, or both.

A liability for estimated warranty claims is accrued at the time of sale. The non-current portion of the warranty accrual is included in Other non-current liabilities in the Company’s Condensed Consolidated Balance Sheet. The liability is established using historical warranty claim experience for each product sold. Historical claim experience may be adjusted for known design improvements or for the impact of unusual product quality issues. Warranty reserves are reviewed quarterly to ensure critical assumptions are updated for known events that may affect the potential warranty liability.

The following table summarizes the changes in the consolidated product warranty liability (in millions):

	Three Months Ended March 31, 2015	
Balance at beginning of period	\$86.5	
Accruals for warranties issued during the period	16.3	
Changes in estimates	(0.2)
Settlements during the period	(20.1)
Foreign exchange effect/other	(4.6)
Balance at end of period	\$77.9	

Fair Value Measurements. Assets and liabilities measured at fair value on a recurring basis under the provisions of Accounting Standards Codification (“ASC”) 820, “Fair Value Measurement and Disclosure” (“ASC 820”) include interest rate swap and foreign currency forward contracts discussed in Note I – “Derivative Financial Instruments.” These contracts are valued using a market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. ASC 820 establishes a fair value hierarchy for those instruments measured at fair value that distinguishes between assumptions based on market data (observable inputs) and the Company’s assumptions (unobservable inputs). The hierarchy consists of three levels:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 – Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

Determining which category an asset or liability falls within this hierarchy requires judgment. The Company evaluates its hierarchy disclosures each quarter.

NOTE B – BUSINESS SEGMENT INFORMATION

Terex is a lifting and material handling solutions company. The Company is focused on operational improvement and delivering reliable, customer-driven solutions for a wide range of commercial applications, including the construction, infrastructure, quarrying, mining, manufacturing, transportation, energy and utility industries. The Company operates in five reportable segments: (i) Aerial Work Platforms (“AWP”); (ii) Construction; (iii) Cranes; (iv) Material Handling & Port Solutions (“MHPS”); and (v) Materials Processing (“MP”).

The AWP segment designs, manufactures, services and markets aerial work platform equipment, telehandlers and light towers. Customers use these products to construct and maintain industrial, commercial and residential buildings and facilities and for other commercial operations, as well as in a wide range of infrastructure projects.

The Construction segment designs, manufactures and markets compact construction and specialty equipment, as well as their related replacement parts and components. Customers use these products in construction and infrastructure projects, in building roads, bridges, residential and commercial buildings, industrial sites and for material handling applications.

On May 30, 2014, the Company sold its truck business, which was consolidated in the Construction segment, to Volvo Construction Equipment for \$160 million. The truck business manufactured and sold off-highway rigid and articulated haul trucks. Included in the transaction was the manufacturing facility in Motherwell, Scotland. As a result, the reporting of the truck business has been included in discontinued operations for all periods presented.

The Cranes segment designs, manufactures, services, refurbishes and markets mobile telescopic cranes, tower cranes, lattice boom crawler cranes, lattice boom truck cranes, utility equipment and truck-mounted cranes (boom trucks), as well as their related components and replacement parts. Customers use these products primarily for construction, repair and maintenance of commercial buildings, manufacturing facilities, construction and maintenance of utility and telecommunication lines, tree trimming and certain construction and foundation drilling applications and a wide range of infrastructure projects. The segment also provides service and support for industrial cranes and aerial products in North America.

The MHPS segment designs, manufactures, services and markets industrial cranes, including universal cranes, process cranes, rope and chain hoists, electric motors, light crane systems and crane components as well as a diverse portfolio of port and rail equipment including mobile harbor cranes, straddle and sprinter carriers, rubber tired gantry cranes, rail mounted gantry cranes, ship-to-shore gantry cranes, reach stackers, empty container handlers, full container handlers, general cargo lift trucks, automated stacking cranes, automated guided vehicles and terminal automation technology, including software, as well as their related components and replacement parts. Customers use these products for lifting and material handling at manufacturing, port and rail facilities. The segment operates an extensive global sales and service network.

The MP segment designs, manufactures and markets materials processing equipment, including crushers, washing systems, screens, apron feeders, biomass and hand-fed chippers and their related replacement parts and components. Customers use these products in construction, infrastructure and recycling projects, in various quarrying and mining applications, as well as in landscaping and biomass production industries.

The Company assists customers in their rental, leasing and acquisition of its products through Terex Financial Services (“TFS”). TFS uses its equipment financing experience to provide financing solutions to customers who purchase the Company’s equipment.

Business segment information is presented below (in millions):

	Three Months Ended March 31,	
	2015	2014
Net Sales		
AWP	\$507.2	\$584.9
Construction	153.9	195.7
Cranes	386.9	393.6
MHPS	321.9	368.2
MP	145.7	150.0
Corporate and Other / Eliminations	(20.0)	(37.8)
Total	\$1,495.6	\$1,654.6
Income (loss) from Operations		
AWP	\$43.3	\$82.2
Construction	(4.5)	(5.0)
Cranes	3.6	(0.2)
MHPS	(4.3)	(6.3)
MP	10.7	10.9
Corporate and Other / Eliminations	(4.6)	(6.6)
Total	\$44.2	\$75.0
	March 31,	December 31,
	2015	2014
Identifiable Assets		
AWP	\$1,789.6	\$1,143.5
Construction	1,212.2	1,246.0
Cranes	1,897.7	1,959.7
MHPS	2,502.1	2,744.0
MP	805.0	813.6
Corporate and Other / Eliminations	(2,472.5)	(1,978.8)
Total	\$5,734.1	\$5,928.0

NOTE C – INCOME TAXES

During the three months ended March 31, 2015, the Company recognized income tax expense of \$11.6 million on income of \$10.1 million, an effective tax rate of 114.9% as compared to income tax expense of \$11.5 million on income of \$43.0 million, an effective tax rate of 26.7%, for three months ended March 31, 2014. The higher effective tax rate for the three months ended March 31, 2015 was primarily due to the increased impact of losses not benefitted combined with lower profit before tax in the current year period when compared to the three months ended March 31, 2014.

NOTE D – DISCONTINUED OPERATIONS

On May 30, 2014, the Company sold its truck business, which was consolidated in the Construction segment, to Volvo Construction Equipment for approximately \$160 million. The truck business manufactured and sold off-highway rigid and articulated haul trucks. Included in the transaction was the manufacturing facility in Motherwell, Scotland.

Due to this divestiture, reporting of the truck business has been included in discontinued operations for all periods presented. Cash flows from the Company's discontinued operations are included in the Condensed Consolidated Statement of Cash Flows.

The following amounts related to the discontinued operations were derived from historical financial information and have been segregated from continuing operations and reported as discontinued operations in the Condensed Consolidated Statement of Comprehensive Income (in millions):

	Three Months Ended	
	March 31,	
	2015	2014
Net sales	\$—	\$45.4
Income (loss) from discontinued operations before income taxes	\$—	\$0.9
(Provision for) benefit from income taxes	—	—
Income (loss) from discontinued operations – net of tax	\$—	\$0.9
Gain (loss) on disposition of discontinued operations	\$3.6	\$1.8
(Provision for) benefit from income taxes	(0.5	) (0.3
Gain (loss) on disposition of discontinued operations – net of tax	\$3.1	\$1.5

During the three months ended March 31, 2015 and 2014 the Company recorded a gain of \$2.8 million and \$1.5 million, respectively, related to the sale of its Atlas heavy construction equipment and knuckle-boom cranes businesses based on contractually obligated earnings based payments from the purchaser.

NOTE E – EARNINGS PER SHARE

(in millions, except per share data)

	Three Months Ended	
	March 31,	
	2015	2014
Income (loss) from continuing operations attributable to Terex Corporation common stockholders	\$(2.1	) \$32.6
Income (loss) from discontinued operations—net of tax	—	0.9
Gain (loss) on disposition of discontinued operations—net of tax	3.1	1.5
Net income (loss) attributable to Terex Corporation	\$1.0	\$35.0
Basic shares:		
Weighted average shares outstanding	106.3	110.8
Earnings per share – basic:		
Income (loss) from continuing operations	\$(0.02	) \$0.30
Income (loss) from discontinued operations—net of tax	—	0.01
Gain (loss) on disposition of discontinued operations—net of tax	0.03	0.01
Net income (loss) attributable to Terex Corporation	\$0.01	\$0.32
Diluted shares:		
Weighted average shares outstanding	106.3	110.8
Effect of dilutive securities:		
Stock options, restricted stock awards and convertible notes	—	6.5
Diluted weighted average shares outstanding	106.3	117.3
Earnings per share – diluted:		
Income (loss) from continuing operations	\$(0.02	) \$0.28
Income (loss) from discontinued operations—net of tax	—	0.01
Gain (loss) on disposition of discontinued operations—net of tax	0.03	0.01
Net income (loss) attributable to Terex Corporation	\$0.01	\$0.30

The following table provides information to reconcile amounts reported on the Condensed Consolidated Statement of Comprehensive Income to amounts used to calculate earnings per share attributable to Terex Corporation common stockholders (in millions):

Reconciliation of Amounts Attributable to Common Stockholders

	Three Months Ended	
	March 31,	
	2015	2014
Income (loss) from continuing operations	\$(1.5	) \$31.5
Noncontrolling interest (income) loss attributed to continuing operations	(0.6	) 1.1
Income (loss) from continuing operations attributable to common stockholders	\$(2.1	) \$32.6

Weighted average options to purchase 0.1 million of the Company's common stock, par value \$0.01 per share ("Common Stock"), were outstanding during the three months ended March 31, 2015 and 2014, but were not included in the computation of diluted shares as the effect would be anti-dilutive. Weighted average restricted stock awards of 2.4 million and 0.3 million were outstanding during the three months ended March 31, 2015 and 2014, respectively, but were not included in the computation of diluted shares because the effect would be anti-dilutive or performance targets were not yet achieved for awards contingent upon performance. ASC 260, "Earnings per Share," requires that employee stock options and non-vested restricted shares granted by the Company be treated as potential common shares outstanding in computing diluted earnings per share. Under the treasury stock method, the amount the employee must pay for exercising stock options, the amount of compensation cost for future services that the Company has not yet recognized and the amount of tax benefits that would be recorded in additional paid-in capital when the award becomes deductible are assumed to be used to repurchase shares. The Company includes the impact of pro forma deferred tax assets in determining the amount of tax benefits for potential windfalls and shortfalls (the differences between tax deductions and book expense) in this calculation.

The 4% Convertible Senior Subordinated Notes due 2015 (the "4% Convertible Notes") described in Note K – "Long-Term Obligations" are dilutive to the extent the volume-weighted average price of the Common Stock for the period evaluated was greater than \$16.25 per share and earnings from continuing operations were positive. The volume-weighted average price of the Common Stock was greater than \$16.25 per share for the three months ended March 31, 2015 and 2014. The number of shares that were contingently issuable for the 4% Convertible Notes during the three months ended March 31, 2015 was 3.1 million, but was not included in the computation of diluted shares because the effect would have been anti-dilutive. The number of shares that were contingently issuable for the 4% Convertible Notes during the three months ended March 31, 2014 was 5.0 million. See Note K – "Long-Term Obligations."

NOTE F – INVENTORIES

Inventories consist of the following (in millions):

	March 31,	December 31,
	2015	2014
Finished equipment	\$506.2	\$425.7
Replacement parts	159.0	170.5
Work-in-process	454.1	454.2
Raw materials and supplies	401.4	410.5
Inventories	\$1,520.7	\$1,460.9

Reserves for lower of cost or market value, excess and obsolete inventory were \$105.0 million and \$116.3 million at March 31, 2015 and December 31, 2014, respectively.

NOTE G – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment – net consist of the following (in millions):

	March 31, 2015	December 31, 2014
Property	\$94.2	\$104.3
Plant	336.7	359.5
Equipment	681.1	699.5
Property, plant and equipment – gross	1,112.0	1,163.3
Less: Accumulated depreciation	(464.1	) (473.0
Property, plant and equipment – net	\$647.9	\$690.3

NOTE H – GOODWILL AND INTANGIBLE ASSETS, NET

An analysis of changes in the Company's goodwill by business segment is as follows (in millions):

	AWP	Construction	Cranes	MHPS	MP	Total
Balance at December 31, 2014, gross	\$138.5	\$132.8	\$217.6	\$642.8	\$198.1	\$1,329.8
Accumulated impairment	(38.6	) (132.8	) (4.2	) —	(23.2	) (198.8
Balance at December 31, 2014, net	99.9	—	213.4	642.8	174.9	1,131.0
Foreign exchange effect and other	(1.8	) —	(15.2	) (75.1	) (7.4	) (99.5
Balance at March 31, 2015, gross	136.7	132.8	202.4	567.7	190.7	1,230.3
Accumulated impairment	(38.6	) (132.8	) (4.2	) —	(23.2	) (198.8
Balance at March 31, 2015, net	\$98.1	\$—	\$198.2	\$567.7	\$167.5	\$1,031.5

Due to uncertainty and short-term volatility in the materials processing market, the Company reviewed the MP reporting unit at March 31, 2015 to determine if the results would be significantly different from its annual October 1 test. The MP reporting unit's fair value exceeded its carrying value by approximately 17%. The Company did not find evidence of impairment at March 31, 2015, but will continue to monitor the performance of the MP reporting unit and update the test as circumstances warrant. If the MP reporting unit is unable to achieve its projected cash flows, the outcome of any prospective tests may result in the Company recording goodwill impairment charges in future periods. The amount of goodwill in the MP reporting unit was \$167.5 million as of March 31, 2015.

Intangible assets, net were comprised of the following as of March 31, 2015 and December 31, 2014 (in millions):

	Weighted Average Life (in years)	March 31, 2015			December 31, 2014		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Definite-lived intangible assets:							
Technology	6	\$52.3	\$ (35.8	) \$ 16.5	\$58.8	\$ (38.4	) \$20.4
Customer Relationships	16	227.6	(75.0	) 152.6	251.9	(78.4	) 173.5
Land Use Rights	57	18.0	(1.9	) 16.1	18.0	(1.8	) 16.2
Other	7	47.0	(37.9	) 9.1	44.6	(38.2	) 6.4
Total definite-lived intangible assets		\$344.9	\$ (150.6	) \$ 194.3	\$373.3	\$ (156.8	) \$216.5
Indefinite-lived intangible assets:							
Tradenames		\$96.6			\$108.9		
Total indefinite-lived intangible assets		\$96.6			\$108.9		

(in millions)	Three Months Ended	
	March 31,	
	2015	2014
Aggregate Amortization Expense	\$6.3	\$9.7

Estimated aggregate intangible asset amortization expense (in millions) for each of the five years below is:

2015	\$ 26.0
2016	\$ 24.1
2017	\$ 19.7
2018	\$ 15.1
2019	\$ 14.8

NOTE I – DERIVATIVE FINANCIAL INSTRUMENTS

In the normal course of business, the Company enters into two types of derivatives to hedge its interest rate exposure and foreign currency exposure: hedges of fair value exposures and hedges of cash flow exposures. Fair value exposures relate to recognized assets or liabilities and firm commitments, while cash flow exposures relate to the variability of future cash flows associated with recognized assets or liabilities or forecasted transactions.

The Company operates internationally, with manufacturing and sales facilities in various locations around the world, and uses certain financial instruments to manage its foreign currency, interest rate and fair value exposures. To qualify a derivative as a hedge at inception and throughout the hedge period, the Company formally documents the nature and relationships between hedging instruments and hedged items, as well as its risk-management objectives and strategies for undertaking various hedge transactions, and the method of assessing hedge effectiveness. Additionally, for hedges of forecasted transactions, the significant characteristics and expected terms of a forecasted transaction must be specifically identified, and it must be probable that each forecasted transaction will occur. If it is deemed probable that the forecasted transaction will not occur, then the gain or loss would be recognized in current earnings. Financial instruments qualifying for hedge accounting must maintain a specified level of effectiveness between the hedging instrument and the item being hedged, both at inception and throughout the hedged period. The Company does not engage in trading or other speculative use of financial instruments.

The Company has used and may use forward contracts and options to mitigate its exposure to changes in foreign currency exchange rates on third party and intercompany forecasted transactions. The primary currencies to which the Company is exposed are the Euro, British Pound and Australian Dollar. The effective portion of unrealized gains and losses associated with forward contracts and the intrinsic value of option contracts are deferred as a component of Accumulated other comprehensive income (“AOCI”) until the underlying hedged transactions are reported in the Company’s Condensed Consolidated Statement of Comprehensive Income. The Company has used and may use interest rate swaps to mitigate its exposure to changes in interest rates related to existing issuances of variable rate debt and changes in the fair value of fixed rate debt. Primary exposure includes movements in the London Interbank Offer Rate (“LIBOR”).

Changes in the fair value of derivatives designated as fair value hedges are recognized in earnings as offsets to changes in fair value of exposures being hedged. The change in fair value of derivatives designated as cash flow hedges are deferred in AOCI and are recognized in earnings as hedged transactions occur. Contracts deemed ineffective are recognized in earnings immediately.

In the Condensed Consolidated Statement of Comprehensive Income, the Company records hedging activity related to debt instruments in interest expense and hedging activity related to foreign currency in the accounts for which the hedged items are recorded. On the Condensed Consolidated Statement of Cash Flows, the Company records cash

flows from hedging activities in the same manner as it records the underlying item being hedged.

The Company is party to currency exchange forward contracts that generally mature within one year to manage its exposure to changing currency exchange rates. At March 31, 2015, the Company had \$263.5 million notional amount of currency exchange forward contracts outstanding that were initially designated as hedge contracts, most of which mature on or before March 31, 2016. The fair market value of these contracts at March 31, 2015 was a net gain of \$0.2 million. At March 31, 2015, \$188.5 million notional amount (\$0.5 million of fair value losses) of these forward contracts have been designated as, and are effective as, cash flow hedges of forecasted and specifically identified transactions. During 2015 and 2014, the Company recorded the change in fair value for these cash flow hedges to AOCI and reclassified to earnings a portion of the deferred gain or loss from AOCI as the hedged transactions occurred and were recognized in earnings.

The Company records foreign exchange contracts at fair value on a recurring basis. There were no interest rate swaps recorded as of March 31, 2015 and December 31, 2014. The foreign exchange contracts designated as hedging instruments are categorized under Level 2 of the ASC 820 hierarchy and are recorded at March 31, 2015 and December 31, 2014 as a net asset of \$0.2 million and net liability of \$0.4 million, respectively. See Note A – “Basis of Presentation,” for an explanation of the ASC 820 hierarchy. The fair values of these foreign exchange forward contracts are derived using quoted forward foreign exchange prices to interpolate values of outstanding trades at the reporting date based on their maturities.

The Company uses forward foreign exchange contracts to mitigate its exposure to changes in foreign currency exchange rates on third party and intercompany forecasted transactions. Certain of these contracts have not been designated as hedging instruments. Changes in the fair value of these derivative financial instruments are recognized as gains or losses in Cost of goods sold or Other income (expense) – net in the Condensed Consolidated Statement of Comprehensive Income.

Concurrent with the sale of part of A.S.V., Inc. to Manitex International, Inc. (“Manitex”), the Company invested in a subordinated convertible promissory note from Manitex, which included an embedded derivative, the conversion feature. At the date of issuance, the embedded derivative was measured at fair value. The derivative is marked-to-market each period with changes in fair value recorded in Other income (expense) - net in the Condensed Consolidated Statement of Comprehensive Income.

The following table provides the location and fair value amounts of derivative instruments designated as hedging instruments that are reported in the Condensed Consolidated Balance Sheet (in millions):

Asset Derivatives	Balance Sheet Account	March 31, 2015	December 31, 2014
Foreign exchange contracts	Other current assets	\$ 13.8	\$ 10.1
Liability Derivatives			
Foreign exchange contracts	Other current liabilities	13.6	10.5
Total Derivatives		\$0.2	\$(0.4)

The following table provides the location and fair value amounts of derivative instruments not designated as hedging instruments that are reported in the Condensed Consolidated Balance Sheet (in millions):

Asset Derivatives	Balance Sheet Account	March 31, 2015	December 31, 2014
Foreign exchange contracts	Other current assets	\$ 1.2	\$ 2.2
Debt conversion feature	Other assets	2.4	3.0
Total asset derivatives		\$ 3.6	\$ 5.2
Liability Derivatives			
Foreign exchange contracts	Other current liabilities	0.7	1.0
Total liability derivatives		\$ 0.7	\$ 1.0
Total Derivatives		\$ 2.9	\$ 4.2

The following tables provide the effect of derivative instruments that are designated as hedges in the Condensed Consolidated Statement of Comprehensive Income and AOCI (in millions):

Gain (Loss) Recognized in AOCI on Derivatives:	Three Months Ended		
	March 31,		
Cash Flow Derivatives	2015	2014	
Foreign exchange contracts	\$0.3	\$(2.7)
(Loss) Gain Reclassified from AOCI into Income (Effective):	Three Months Ended		
	March 31,		
Account	2015	2014	
Cost of goods sold	\$2.4	\$1.5	
Other income (expense) – net	(6.4	) 2.2	
Total	\$(4.0	) \$3.7	
Gain (Loss) Recognized in Income on Derivatives (Ineffective):	Three Months Ended		
	March 31,		
Account	2015	2014	
Other income (expense) – net	\$6.9	\$(2.1)

The following table provides the effect of derivative instruments that are not designated as hedges in the Condensed Consolidated Statement of Comprehensive Income (in millions):

Gain (Loss) Recognized in Income on Derivatives not designated as hedges:	Three Months Ended		
	March 31,		
Account	2015	2014	
Other income (expense) – net	(2.1	) (1.7)

Counterparties to the Company's currency exchange forward contracts are major financial institutions with credit ratings of investment grade or better and no collateral is required. There are no significant risk concentrations. Management continues to monitor counterparty risk and believes the risk of incurring losses on derivative contracts related to credit risk is unlikely and any losses would be immaterial.

Unrealized net gains (losses), net of tax, included in AOCI are as follows (in millions):

	Three Months Ended		
	March 31,		
	2015	2014	
Balance at beginning of period	\$(0.7	) \$2.7	
Additional gains (losses) – net	(2.8	) (0.5)
Amounts reclassified to earnings	3.1	(2.2)
Balance at end of period	\$(0.4) \$—	

The estimated amount of existing losses for derivative contracts recorded in AOCI as of March 31, 2015 that are expected to be reclassified into earnings in the next twelve months is \$0.4 million.

NOTE J – RESTRUCTURING AND OTHER CHARGES

The Company continually evaluates its cost structure to be appropriately positioned to respond to changing market conditions. From time to time the Company may initiate certain restructuring programs to better utilize its workforce and optimize facility utilization to match the demand for its products.

During the third quarter of 2014, the Company established a restructuring program in the MHPS segment to close one of its manufacturing facilities in Germany and relocate production. The expected benefits of this move are

concentration of certain production processes in a single location enabling the segment to realize synergies and optimize its expense structure. The program is expected to cost \$10.7 million, result in the reduction of 84 team members at that location and be completed in 2015.

During the fourth quarter of 2014, the Company established a restructuring program in the MHPS segment primarily focused on operations in Germany. The program included the closure of one of its materials handling manufacturing facilities, the consolidation of several material handling sales and service locations, and realignment of the management structure for port solutions. The program is expected to cost \$24.8 million, result in the reduction of 115 team members and is expected to be completed in 2016, except for certain payments mandated by governmental agencies.

The following table provides information for all restructuring activities by segment of the amount of expense incurred during the three months ended March 31, 2015, the cumulative amount of expenses incurred since inception of the programs through March 31, 2015 and the total amount expected to be incurred (in millions):

	Amount incurred during the three months ended March 31, 2015	Cumulative amount incurred through March 31, 2015	Total amount expected to be incurred
MHPS	—	35.5	35.5
Total	\$—	\$35.5	\$35.5

The following table provides information by type of restructuring activity with respect to the amount of expense incurred during the three months ended March 31, 2015, the cumulative amount of expenses incurred since inception of the programs and the total amount expected to be incurred (in millions):

	Employee Termination Costs	Asset Disposal and Other Costs	Total
Amount incurred in the three months ended March 31, 2015	\$—	\$—	\$—
Cumulative amount incurred through March 31, 2015	\$31.8	\$3.7	\$35.5
Total amount expected to be incurred	\$31.8	\$3.7	\$35.5

The following table provides a roll forward of the restructuring reserve by type of restructuring activity for the three months ended March 31, 2015 (in millions):

	Employee Termination Costs	Asset Disposal and Other Costs	Total
Restructuring reserve at December 31, 2014	\$40.1	\$—	\$40.1
Restructuring charges	—	—	—
Cash expenditures	(1.1)	) —	(1.1)
Foreign exchange	(4.4)	) —	(4.4)
Restructuring reserve at March 31, 2015	\$34.6	\$—	\$34.6

NOTE K – LONG-TERM OBLIGATIONS

2014 Credit Agreement

On August 13, 2014 the Company entered into a new Credit Agreement (the “2014 Credit Agreement”), with the lenders party thereto and Credit Suisse AG, as administrative agent and collateral agent. In connection with the 2014 Credit Agreement, the Company terminated its existing amended and restated credit agreement, dated as of August 5, 2011, as amended (the “2011 Credit Agreement”), among the Company and certain of its subsidiaries, the lenders thereunder and Credit Suisse AG, as administrative agent and collateral agent, and related agreements and documents.

The 2014 Credit Agreement provides the Company with a senior secured revolving line of credit of up to \$600 million that is available through August 13, 2019, a \$230.0 million senior secured term loan and a €200.0 million senior secured term loan, which both mature on August 13, 2021. The 2014 Credit Agreement allows unlimited incremental commitments, which may be extended at the option of the existing or new lenders and can be in the form of revolving credit commitments, term loan commitments, or a combination of both as long as the Company satisfies a senior secured debt financial ratio contained in the 2014 Credit Agreement.

The 2014 Credit Agreement requires the Company to comply with a number of covenants. The covenants limit, in certain circumstances, the Company's ability to take a variety of actions, including but not limited to: incur indebtedness; create or maintain liens on its property or assets; make investments, loans and advances; repurchase shares of its Common Stock; engage in acquisitions, mergers, consolidations and asset sales; redeem debt; and pay dividends and distributions. If the Company's borrowings under its revolving line of credit are greater than 30% of the total revolving credit commitments, the 2014 Credit Agreement requires the Company to comply with certain financial tests, as defined in the 2014 Credit Agreement. If applicable, the minimum required levels of the interest coverage ratio would be 2.5 to 1.0 and the maximum permitted levels of the senior secured leverage ratio would be 2.75 to 1.0. The 2014 Credit Agreement also contains customary default provisions. The 2014 Credit Agreement also has various non-financial covenants, both requiring the Company to refrain from taking certain future actions (as described above) and requiring the Company to take certain actions, such as keeping its corporate existence in good standing, maintaining insurance, and providing its bank lending group with financial information on a timely basis.

As of March 31, 2015 and December 31, 2014, the Company had \$439.8 million and \$467.9 million, respectively, in U.S. dollar and Euro denominated term loans outstanding under its credit agreement. The weighted average interest rate on the term loans at March 31, 2015 and December 31, 2014 was 3.74% and 3.76%, respectively. The Company had \$111.0 million in U.S. dollar denominated revolving credit amounts outstanding as of March 31, 2015. The Company had no outstanding U.S. dollar and Euro denominated revolving credit amounts at December 31, 2014. The weighted average interest rate on the revolving credit amounts at March 31, 2015 was 3.50%.

The 2014 Credit Agreement incorporates facilities for issuance of letters of credit up to \$400 million. Letters of credit issued under the 2014 Credit Agreement letter of credit facility decrease availability under the \$600 million revolving line of credit. As of March 31, 2015 and December 31, 2014 the Company had no letters of credit issued under the 2014 Credit Agreement. The 2014 Credit Agreement also permits the Company to have additional letter of credit facilities up to \$300 million, and letters of credit issued under such additional facilities do not decrease availability under the revolving line of credit. The Company had letters of credit issued under the additional letter of credit facilities of the 2014 Credit Agreement that totaled \$23.3 million and \$30.4 million as of March 31, 2015 and December 31, 2014, respectively.

The Company also has bilateral arrangements to issue letters of credit with various other financial institutions. These additional letters of credit do not reduce the Company's availability under the 2014 Credit Agreement. The Company had letters of credit issued under these additional arrangements of \$232.3 million and \$261.5 million as of March 31, 2015 and December 31, 2014, respectively.

In total, as of March 31, 2015 and December 31, 2014, the Company had letters of credit outstanding of \$255.6 million and \$291.9 million, respectively. The letters of credit generally serve as collateral for certain liabilities included in the Condensed Consolidated Balance Sheet. Certain letters of credit serve as collateral guaranteeing the Company's performance under contracts.

The Company and certain of its subsidiaries agreed to take certain actions to secure borrowings under the 2014 Credit Agreement. As a result, the Company and certain of its subsidiaries entered into a Guarantee and Collateral Agreement with Credit Suisse, as collateral agent for the lenders, granting security to the lenders for amounts borrowed under the 2014 Credit Agreement. The Company is required to (a) pledge as collateral the capital stock of the Company's material domestic subsidiaries and 65% of the capital stock of certain of the Company's material foreign subsidiaries, and (b) provide a first priority security interest in, and mortgages on, substantially all of the Company's domestic assets.

6-1/2% Senior Notes

On March 27, 2012, the Company sold and issued \$300 million aggregate principal amount of Senior Notes Due 2020 (“6-1/2% Notes”) at par. The proceeds from these notes were used for general corporate purposes. The 6-1/2% Notes are redeemable by the Company beginning in April 2016 at an initial redemption price of 103.250% of principal amount. The 6-1/2% Notes are jointly and severally guaranteed by certain of the Company’s domestic subsidiaries (see Note O – “Consolidating Financial Statements”).

6% Senior Notes

On November 26, 2012, the Company sold and issued \$850 million aggregate principal amount of Senior Notes due 2021 (“6% Notes”) at par. The proceeds from this offering plus other cash was used to redeem all \$800 million principal amount of the outstanding 8% Senior Subordinated Notes. The 6% Notes are redeemable by the Company beginning in November 2016 at an initial redemption price of 103.0% of principal amount. The 6% Notes are jointly and severally guaranteed by certain of the Company’s domestic subsidiaries (see Note O – “Consolidating Financial Statements”).

4% Convertible Senior Subordinated Notes

On June 3, 2009, the Company sold and issued \$172.5 million aggregate principal amount of 4% Convertible Notes. In certain circumstances and during certain periods, the 4% Convertible Notes will be convertible at an initial conversion rate of 61.5385 shares of Common Stock per \$1,000 principal amount of convertible notes, equivalent to an initial conversion price of approximately \$16.25 per share of Common Stock, subject to adjustment in some events. Upon conversion, Terex will deliver cash up to the aggregate principal amount of the 4% Convertible Notes to be converted and shares of Common Stock with respect to the remainder, if any, of Terex's convertible obligation in excess of the aggregate principal amount of the 4% Convertible Notes being converted. The 4% Convertible Notes are jointly and severally guaranteed by certain of the Company's domestic subsidiaries (see Note O – "Consolidating Financial Statements").

The Company, as issuer of the 4% Convertible Notes, must separately account for the liability and equity components of the 4% Convertible Notes in a manner that reflects the Company's nonconvertible debt borrowing rate at the date of issuance for interest cost to be recognized in subsequent periods. The Company allocated \$54.3 million of the \$172.5 million principal amount of the 4% Convertible Notes to the equity component, which represents a discount to the debt and will be amortized into interest expense using the effective interest method through June 2015. The Company recorded a related deferred tax liability of \$19.4 million on the equity component. During 2012 the Company purchased approximately 25% of the outstanding 4% Convertible Notes. The balance of the 4% Convertible Notes was \$127.3 million at March 31, 2015. The Company recognized interest expense of \$3.5 million on the 4% Convertible Notes for the three months ended March 31, 2015. The interest expense recognized for the 4% Convertible Notes will increase as the discount is amortized using the effective interest method, which accretes the debt balance over its term to \$128.8 million at maturity in June 2015. Interest expense on the 4% Convertible Notes throughout its term includes 4% annually of cash interest on the maturity balance of \$128.8 million plus non-cash interest expense accreted to the debt balance as described.

The Company paid a dividend of \$0.06 per share on March 19, 2015. Under the terms of the 4% Convertible Notes, this dividend changed the conversion ratio from 61.9685 at December 31, 2014 to 62.1099 shares of common stock at March 31, 2015.

Based on indicative price quotations from financial institutions multiplied by the amount recorded on the Company's Condensed Consolidated Balance Sheet ("Book Value"), the Company estimates the fair values ("FV") of its debt set forth below as of March 31, 2015, as follows (in millions, except for quotes):

	Book Value	Quote	FV
6% Notes	\$850.0	\$1.01250	\$861
4% Convertible Notes (net of discount)	\$127.3	\$1.65440	\$211
6-1/2% Notes	\$300.0	\$1.04500	\$314
2014 Credit Agreement Term Loan (net of discount) – USD	\$227.1	\$1.00000	\$227
2014 Credit Agreement Term Loan (net of discount) – EUR	\$212.7	\$1.00500	\$214

The fair value of debt reported in the table above is based on price quotations on the debt instrument in an active market and therefore categorized under Level 1 of the ASC 820 hierarchy. See Note A – "Basis of Presentation," for an explanation of the ASC 820 hierarchy. The Company believes that the carrying value of its other borrowings, including amounts outstanding for the revolving credit line under the 2014 Credit Agreement, approximates fair market value based on maturities for debt of similar terms. The fair value of these other borrowings are categorized under Level 2 of the ASC 820 hierarchy.

NOTE L – RETIREMENT PLANS AND OTHER BENEFITS

The Company maintains defined benefit plans in the United States, France, Germany, India, Switzerland and the United Kingdom for some of its subsidiaries including a nonqualified Supplemental Executive Retirement Plan (“SERP”) in the United States. In Austria and Italy there are mandatory termination indemnity plans providing a benefit that is payable upon termination of employment in substantially all cases of termination. The Company also has several programs that provide postemployment benefits, including health and life insurance benefits, to certain former salaried and hourly employees. Information regarding the Company’s plans, including the SERP, was as follows (in millions):

	Three Months Ended March 31, 2015			2014		
	U.S. Pension	Non-U.S. Pension	Other	U.S. Pension	Non-U.S. Pension	Other
Components of net periodic cost:						
Service cost	\$0.3	\$1.6	\$—	\$0.2	\$1.4	\$—
Interest cost	1.8	3.2	0.1	1.8	5.0	0.1
Expected return on plan assets	(2.5)	(2.0)	—	(2.2)	(2.3)	—
Amortization of actuarial loss	1.0	1.9	—	0.7	0.8	—
Other costs	—	—	—	—	—	—
Net periodic cost	\$0.6	\$4.7	\$0.1	\$0.5	\$4.9	\$0.1

NOTE M – LITIGATION AND CONTINGENCIES

General

The Company is involved in various legal proceedings, including product liability, general liability, workers’ compensation liability, employment, commercial and intellectual property litigation, which have arisen in the normal course of operations. The Company is insured for product liability, general liability, workers’ compensation, employer’s liability, property damage and other insurable risk required by law or contract, with retained liability or deductibles. The Company records and maintains an estimated liability in the amount of management’s estimate of the Company’s aggregate exposure for such retained liabilities and deductibles. For such retained liabilities and deductibles, the Company determines its exposure based on probable loss estimations, which requires such losses to be both probable and the amount or range of probable loss to be estimable. The Company believes it has made appropriate and adequate reserves and accruals for its current contingencies and that the likelihood of a material loss beyond the amounts accrued is remote. The Company believes that the outcome of such matters, individually and in the aggregate, will not have a material adverse effect on its financial statements as a whole. However, the outcomes of lawsuits cannot be predicted and, if determined adversely, could ultimately result in the Company incurring significant liabilities which could have a material adverse effect on its results of operations.

ERISA, Securities and Stockholder Derivative Lawsuits

The Company has received complaints seeking certification of class action lawsuits in an ERISA lawsuit, a securities lawsuit and a stockholder derivative lawsuit as follows:

• A consolidated complaint in the ERISA lawsuit was filed in the United States District Court, District of Connecticut on September 20, 2010 and is entitled In Re Terex Corp. ERISA Litigation.

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A consolidated class action complaint for violations of securities laws in the securities lawsuit was filed in the United States District Court, District of Connecticut on November 18, 2010 and is entitled Sheet Metal Workers Local 32 Pension Fund and Ironworkers St. Louis Council Pension Fund, individually and on behalf of all others similarly situated v. Terex Corporation, et al.

A stockholder derivative complaint for violation of the Securities and Exchange Act of 1934, breach of fiduciary duty, waste of corporate assets and unjust enrichment was filed on April 12, 2010 in the United States District Court, District of Connecticut and is entitled Peter Derrer, derivatively on behalf of Terex Corporation v. Ronald M. DeFeo, Phillip C. Widman, Thomas J. Riordan, G. Chris Andersen, Donald P. Jacobs, David A. Sachs, William H. Fike, Donald DeFosset, Helge H. Wehmeier, Paula H.J. Cholmondeley, Oren G. Shaffer, Thomas J. Hansen, and David C. Wang, and Terex Corporation.

These lawsuits generally cover the period from February 2008 to February 2009 and allege, among other things, that certain of the Company's SEC filings and other public statements contained false and misleading statements which resulted in damages to the Company, the plaintiffs and the members of the purported class when they purchased the Company's securities and in the ERISA lawsuit and the stockholder derivative complaint, that there were breaches of fiduciary duties and of ERISA disclosure requirements. The stockholder derivative complaint also alleges waste of corporate assets relating to the repurchase of the Company's shares in the market and unjust enrichment as a result of securities sales by certain officers and directors. The complaints all seek, among other things, unspecified compensatory damages, costs and expenses. As a result, the Company is unable to estimate a possible loss or a range of losses for these lawsuits. The stockholder derivative complaint also seeks amendments to the Company's corporate governance procedures in addition to unspecified compensatory damages from the individual defendants in its favor.

The Company believes that the allegations in the suits are without merit, and Terex, its directors and the named executives will continue to vigorously defend against them. The Company believes that it has acted, and continues to act, in compliance with federal securities laws and ERISA law with respect to these matters. Accordingly, the Company has filed motions to dismiss the ERISA lawsuit and the securities lawsuit. These motions are currently pending before the court. The plaintiff in the stockholder derivative lawsuit has agreed with the Company to put this lawsuit on hold pending the outcome of the motion to dismiss in connection with the securities lawsuit.

Other

The Company is involved in various other legal proceedings which have arisen in the normal course of its operations. The Company has recorded provisions for estimated losses in circumstances where a loss is probable and the amount or range of possible amounts of the loss is estimable.

Credit Guarantees

Customers of the Company from time to time may fund the acquisition of the Company's equipment through third-party finance companies. In certain instances, the Company may provide a credit guarantee to the finance company, by which the Company agrees to make payments to the finance company should the customer default. The maximum liability of the Company is generally limited to its customer's remaining payments due to the finance company at the time of default. In the event of customer default, the Company is generally able to recover and dispose of the equipment at a minimum loss, if any, to the Company.

As of March 31, 2015 and December 31, 2014, the Company's maximum exposure to such credit guarantees was \$38.1 million and \$42.6 million, respectively, including total guarantees issued by Terex Cranes Germany GmbH, part of the Cranes segment, of \$18.8 million and \$23.4 million, respectively. The terms of these guarantees coincide with the financing arranged by the customer and generally do not exceed five years. Given the Company's position as the original equipment manufacturer and its knowledge of end markets, the Company, when called upon to fulfill a guarantee, generally has been able to liquidate the financed equipment at a minimal loss, if any, to the Company.

There can be no assurance that historical credit default experience will be indicative of future results. The Company's ability to recover losses experienced from its guarantees may be affected by economic conditions in effect at the time of loss.

Buyback Guarantees

The Company from time to time guarantees that it will buy equipment from its customers in the future at a stated price if certain conditions are met by the customer. Such guarantees are referred to as buyback guarantees. These conditions generally pertain to the functionality and state of repair of the machine. As of March 31, 2015 and December 31, 2014, the Company's maximum exposure pursuant to buyback guarantees was \$19.4 million and \$24.3 million, respectively, including total guarantees issued by entities in the MHPS segment of \$15.8 million and \$20.1 million, respectively. The Company is generally able to mitigate some of the risk of these guarantees because the maturity of the guarantees is staggered, limiting the amount of used equipment entering the marketplace at any one time and through leveraging its access to the used equipment markets provided by the Company's original equipment manufacturer status.

The Company has recorded an aggregate liability within Other current liabilities and Other non-current liabilities in the Condensed Consolidated Balance Sheet of approximately \$3 million as of March 31, 2015 and December 31, 2014, for the estimated fair value of all guarantees provided.

There can be no assurance that the Company's historical experience in used equipment markets will be indicative of future results. The Company's ability to recover losses experienced from its guarantees may be affected by economic conditions in the used equipment markets at the time of loss.

NOTE N – STOCKHOLDERS' EQUITY

Total non-stockholder changes in equity (comprehensive income) include all changes in equity during a period except those resulting from investments by, and distributions to, stockholders. The specific components include: net income, deferred gains and losses resulting from foreign currency translation, pension liability adjustments, equity security adjustments and deferred gains and losses resulting from derivative hedging transactions. Total non-stockholder changes in equity were as follows (in millions):

	Three Months Ended March 31,	
	2015	2014
Net income (loss)	\$1.6	\$33.9
Other comprehensive income (loss), net of tax:		
Cumulative translation adjustment (CTA), net of (provision for) benefit from taxes of \$6.8 and \$0.5, respectively	(211.6	) 18.2
Derivative hedging adjustment, net of (provision for) benefit from taxes of \$0.2 and \$0.8, respectively	0.3	(2.7)
Debt and equity securities adjustment, net of (provision for) benefit from taxes of \$0.0 and \$0.0, respectively	(3.1) —
Pension liability adjustment:		
Amortization of actuarial (gain) loss, net of provision for (benefit from) taxes of \$(0.4) and \$(0.5), respectively	2.5	1.0
Foreign exchange and other effects, net of (provision for) benefit from taxes of \$(2.4) and \$0.0, respectively	12.1	(0.2)
Total pension liability adjustment	14.6	0.8
Other comprehensive income (loss)	(199.8	) 16.3
Comprehensive income (loss)	(198.2	) 50.2
Comprehensive loss (income) attributable to noncontrolling interest	(0.6	) 1.3
Comprehensive income (loss) attributable to Terex Corporation	\$(198.8	) \$51.5

Changes in Accumulated Other Comprehensive Income

The table below presents changes in AOCI by component for the three months ended March 31, 2015 and 2014. All amounts are net of tax (in millions).

	Three months ended March 31, 2015					Three months ended March 31, 2014				
	CTA	Deriv. Hedging Adj.	Debt & Equity Securities Adj.	Pension Liability Adj.	Total	CTA	Deriv. Hedging Adj.	Debt & Equity Securities Adj.	Pension Liability Adj.	Total
Beginning balance	\$(245.5)	\$(0.7)	\$1.6	\$(185.2)	\$(429.8)	\$(7.9)	\$2.7	\$—	\$(111.3)	\$(116.5)
Other comprehensive income before reclassifications	(211.6)	(2.8)	(3.1)	12.1	(205.4)	18.2	(0.5)	—	(0.2)	17.5
Amounts reclassified from AOCI	—	3.1	—	2.5	5.6	—	(2.2)	—	1.0	(1.2)
Net other comprehensive Income (Loss)	(211.6)	0.3	(3.1)	14.6	(199.8)	18.2	(2.7)	—	0.8	16.3
Ending balance	\$(457.1)	\$(0.4)	\$(1.5)	\$(170.6)	\$(629.6)	\$10.3	\$—	\$—	\$(110.5)	\$(100.2)

Stock-Based Compensation

During the three months ended March 31, 2015, the Company granted 1.4 million shares of restricted stock to its employees with a weighted average grant date fair value of \$26.47 per share. Approximately 62% of these restricted stock awards vest ratably over a three year period and approximately 38% cliff vest at the end of a three year period. Approximately 12% of the shares granted are based on performance targets containing a market condition and determined over either a two or three year period. The Company used the Monte Carlo method to determine grant date fair value of \$28.10 and \$25.60 per share, respectively, for the three and two year awards with a market condition granted on March 5, 2015. The Monte Carlo method is a statistical simulation technique used to provide the grant date fair value of an award. The following table presents the weighted-average assumptions used in the valuation:

	Grant date March 5, 2015	Grant date March 5, 2015	
Dividend yields	0.91	%0.91	%
Expected volatility	45.48	%37.00	%
Risk free interest rate	0.98	%0.58	%
Expected life (in years)	3	2	

Share Repurchases and Dividends

In February 2015, the Company announced authorization by its Board of Directors for the repurchase of up to \$200 million of the Company's outstanding shares of common stock. During the three months ended March 31, 2015 the Company repurchased approximately 1.9 million shares for approximately \$48 million under this program. A portion of the share repurchases was executed prior to March 31, 2015 but cash settled in April. In the first quarter of 2015, the Company's Board of Directors also declared a dividend of \$0.06 per share, which was paid to its shareholders.

Redeemable Noncontrolling Interest

Noncontrolling interest with redemption features that are not solely within the Company's control ("redeemable noncontrolling interest") were previously presented separately from Total stockholders' equity in the Condensed Consolidated Balance Sheet at the maximum redemption value. If the maximum redemption value is greater than

carrying value, the increase is adjusted directly to additional paid in capital and does not impact net income. In January 2014, the Company paid \$71.3 million for the remaining outstanding shares of Terex Material Handling & Port Solutions AG (“TMHPS”), of which \$53.7 million was recorded as a reduction of redeemable noncontrolling interest and \$17.6 million was recorded as a reduction in additional paid-in capital for the excess of the purchase price over the carrying value of redeemable noncontrolling interest. The Company now owns 100% of TMHPS.

NOTE O – CONSOLIDATING FINANCIAL STATEMENTS

During 2009 the Company sold and issued the 4% Convertible Notes and during 2012 sold and issued the 6% Notes and the 6-1/2% Notes (collectively the “Notes”) (see Note K – “Long-Term Obligations”). The Notes are jointly and severally guaranteed by the following wholly-owned subsidiaries of the Company (the “Wholly-owned Guarantors”): CMI Terex Corporation, Fantuzzi Noell USA, Inc., Genie Holdings, Inc., Genie Industries, Inc., Genie International, Inc., Powerscreen Holdings USA Inc., Powerscreen International LLC, Powerscreen North America Inc., Powerscreen USA, LLC, Schaeff Incorporated, Schaeff of North America, Inc., Terex Advance Mixer, Inc., Terex Aerials, Inc., Terex Financial Services, Inc., Terex South Dakota, Inc., Terex USA, LLC, Terex Utilities, Inc. and Terex Washington, Inc. Wholly-owned Guarantors are 100% owned by the Company. All of the guarantees are full and unconditional. The guarantees of the Wholly-owned Guarantors are subject to release in limited circumstances only upon the occurrence of certain customary conditions. No subsidiaries of the Company except the Wholly-owned Guarantors have provided a guarantee of the Notes.

The following summarized condensed consolidating financial information for the Company segregates the financial information of Terex Corporation, the Wholly-owned Guarantors and the non-guarantor subsidiaries. The results and financial position of businesses acquired are included from the dates of their respective acquisitions.

Terex Corporation consists of parent company operations. Subsidiaries of the parent company are reported on the equity basis. Wholly-owned Guarantors combine the operations of the Wholly-owned Guarantor subsidiaries. Subsidiaries of Wholly-owned Guarantors that are not themselves guarantors are reported on the equity basis. Non-guarantor subsidiaries combine the operations of subsidiaries which have not provided a guarantee of the Notes. Subsidiaries of non-guarantor subsidiaries that are guarantors are reported on the equity basis. Debt and goodwill allocated to subsidiaries are presented on a “push-down” accounting basis.

TEREX CORPORATION
CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME (LOSS)
THREE MONTHS ENDED MARCH 31, 2015
(in millions)

	Terex Corporation	Wholly-owned Guarantors	Non-guarantor Subsidiaries	Intercompany Eliminations	Consolidated
Net sales	\$0.8	\$ 732.7	\$ 979.7	\$(217.6)	\$1,495.6
Cost of goods sold	(0.2)	(625.0)	(811.4)	217.6	(1,219.0)
Gross profit	0.6	107.7	168.3	—	276.6
Selling, general and administrative expenses	12.1	(71.4)	(173.1)	—	(232.4)
Income (loss) from operations	12.7	36.3	(4.8)	—	44.2
Interest income	27.1	17.0	1.0	(44.1)	1.0
Interest expense	(40.0)	(1.0)	(31.3)	44.1	(28.2)
Income (loss) from subsidiaries	11.5	(1.1)	(0.4)	(10.0)	—
Other income (expense) – net	(16.1)	(8.6)	17.8	—	(6.9)
Income (loss) from continuing operations before income taxes	(4.8)	42.6	(17.7)	(10.0)	10.1
(Provision for) benefit from income taxes	5.8	(8.7)	(8.7)	—	(11.6)
Income (loss) from continuing operations	1.0	33.9	(26.4)	(10.0)	(1.5)
Gain (loss) on disposition of discontinued operations – net of tax	—	—	3.1	—	3.1
Net income (loss)	1.0	33.9	(23.3)	(10.0)	1.6
Net loss (income) attributable to noncontrolling interest	—	—	(0.6)	—	(0.6)
Net income (loss) attributable to Terex Corporation	\$1.0	\$ 33.9	\$ (23.9)	\$(10.0)	\$1.0
Comprehensive income (loss), net of tax	\$(198.8)	\$ 33.7	\$ (161.0)	\$127.9	\$(198.2)
Comprehensive loss (income) attributable to noncontrolling interest	—	—	(0.6)	—	(0.6)
Comprehensive income (loss) attributable to Terex Corporation	\$(198.8)	\$ 33.7	\$ (161.6)	\$127.9	\$(198.8)

TEREX CORPORATION
 CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME (LOSS)
 THREE MONTHS ENDED MARCH 31, 2014
 (in millions)

	Terex Corporation	Wholly-owned Guarantors	Non-guarantor Subsidiaries	Intercompany Eliminations	Consolidated
Net sales	\$38.8	\$ 783.8	\$ 1,120.5	\$(288.5)	\$1,654.6
Cost of goods sold	(36.1)	(638.4)	(935.2)	288.5	(1,321.2)
Gross profit	2.7	145.4	185.3	—	333.4
Selling, general and administrative expenses	—	(69.8)	(188.6)	—	(258.4)
Income (loss) from operations	2.7	75.6	(3.3)	—	75.0
Interest income	31.5	17.9	0.9	(49.0)	1.3
Interest expense	(40.5)	(4.2)	(34.7)	49.0	(30.4)
Income (loss) from subsidiaries	47.2	3.7	(1.4)	(49.5)	—
Other income (expense) – net	(11.2)	0.2	8.1	—	(2.9)
Income (loss) from continuing operations before income taxes	29.7	93.2	(30.4)	(49.5)	43.0
(Provision for) benefit from income taxes	5.4	(27.9)	11.0	—	(11.5)
Income (loss) from continuing operations	35.1	65.3	(19.4)	(49.5)	31.5
Income (loss) from discontinued operations – net of tax	(0.1)	—	1.0	—	0.9
Gain (loss) on disposition of discontinued operations – net of tax	—	—	1.5	—	1.5
Net income (loss)	35.0	65.3	(16.9)	(49.5)	33.9
Net loss (income) attributable to noncontrolling interest	—	—	1.1	—	1.1
Net income (loss) attributable to Terex Corporation	\$35.0	\$ 65.3	\$ (15.8)	\$(49.5)	\$35.0
Comprehensive income (loss), net of tax	\$51.5	\$ 65.8	\$ (4.4)	\$(62.7)	\$50.2
Comprehensive loss (income) attributable to noncontrolling interest	—	—	1.3	—	1.3
Comprehensive income (loss) attributable to Terex Corporation	\$51.5	\$ 65.8	\$ (3.1)	\$(62.7)	\$51.5

TEREX CORPORATION
 CONDENSED CONSOLIDATING BALANCE SHEET
 MARCH 31, 2015
 (in millions)

	Terex Corporation	Wholly-owned Guarantors	Non-guarantor Subsidiaries	Intercompany Eliminations	Consolidated
Assets					
Current assets					
Cash and cash equivalents	\$ 13.9	\$ 2.3	\$ 335.1	\$—	\$ 351.3
Trade receivables – net	8.3	415.7	707.4	—	1,131.4
Intercompany receivables	74.3	81.5	110.5	(266.3)	—
Inventories	1.3	465.0	1,054.4	—	1,520.7
Prepaid assets	99.9	58.2	112.4	—	270.5
Other current assets	58.9	0.2	26.5	—	85.6
Total current assets	256.6	1,022.9	2,346.3	(266.3)	3,359.5
Property, plant and equipment – net	64.8	122.3	460.8	—	647.9
Goodwill	—	170.1	861.4	—	1,031.5
Non-current intercompany receivables	1,396.8	2,172.7	40.5	(3,610.0)	—
Investment in and advances to (from) subsidiaries	3,716.7	194.6	171.7	(3,980.6)	102.4
Other assets	41.3	147.6	403.9	—	592.8
Total assets	\$5,476.2	\$ 3,830.2	\$ 4,284.6	\$(7,856.9)	\$5,734.1
Liabilities and Stockholders' Equity					
Current liabilities					
Notes payable and current portion of long-term debt	\$ 127.3	\$ 1.3	\$ 31.6	\$—	\$ 160.2
Trade accounts payable	14.1	269.6	454.4	—	738.1
Intercompany payables	18.5	93.3	154.5	(266.3)	—
Accruals and other current liabilities	97.1	129.2	569.0	—	795.3
Total current liabilities	257.0	493.4	1,209.5	(266.3)	1,693.6
Long-term debt, less current portion	1,261.0	2.8	448.9	—	1,712.7
Non-current intercompany payables	2,152.7	41.8	1,415.5	(3,610.0)	—
Retirement plans and other non-current liabilities	57.7	28.3	460.5	—	546.5
Total stockholders' equity	1,747.8	3,263.9	750.2	(3,980.6)	1,781.3
Total liabilities and stockholders' equity	\$5,476.2	\$ 3,830.2	\$ 4,284.6	\$(7,856.9)	\$5,734.1

TEREX CORPORATION
 CONDENSED CONSOLIDATING BALANCE SHEET
 DECEMBER 31, 2014
 (in millions)

	Terex Corporation	Wholly-owned Guarantors	Non-guarantor Subsidiaries	Intercompany Eliminations	Consolidated
Assets					
Current assets					
Cash and cash equivalents	\$99.0	\$ 1.9	\$ 377.3	\$—	\$478.2
Trade receivables – net	7.7	307.4	771.3	—	1,086.4
Intercompany receivables	55.3	85.9	136.3	(277.5)	—
Inventories	—	374.5	1,086.4	—	1,460.9
Prepaid assets	100.8	32.9	114.3	—	248.0
Other current assets	65.7	0.1	16.9	—	82.7
Total current assets	328.5	802.7	2,502.5	(277.5)	3,356.2
Property, plant and equipment – net	65.4	117.0	507.9	—	690.3
Goodwill	—	170.1	960.9	—	1,131.0
Non-current intercompany receivables	1,501.4	2,059.9	41.9	(3,603.2)	—
Investment in and advances to (from) subsidiaries	3,564.2	199.3	152.0	(3,809.2)	106.3
Other assets	43.8	142.7	457.7	—	644.2
Total assets	\$5,503.3	\$ 3,491.7	\$ 4,622.9	\$(7,689.9)	\$5,928.0
Liabilities and Stockholders' Equity					
Current liabilities					
Notes payable and current portion of long-term debt	\$125.0	\$ 2.0	\$ 25.5	\$—	\$152.5
Trade accounts payable	18.0	212.6	505.5	—	736.1
Intercompany payables	19.8	117.8	139.9	(277.5)	—
Accruals and other current liabilities	74.6	118.1	561.8	—	754.5
Total current liabilities	237.4	450.5	1,232.7	(277.5)	1,643.1
Long-term debt, less current portion	1,150.0	7.6	478.7	—	1,636.3
Non-current intercompany payables	2,047.1	41.8	1,514.3	(3,603.2)	—
Retirement plans and other non-current liabilities	62.9	27.2	519.4	—	609.5
Total stockholders' equity	2,005.9	2,964.6	877.8	(3,809.2)	2,039.1
Total liabilities and stockholders' equity	\$5,503.3	\$ 3,491.7	\$ 4,622.9	\$(7,689.9)	\$5,928.0

TEREX CORPORATION
 CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
 THREE MONTHS ENDED MARCH 31, 2015
 (in millions)

	Terex Corporation	Wholly-owned Guarantors	Non-guarantor Subsidiaries	Intercompany Eliminations	Consolidated
Net cash provided by (used in) operating activities	\$ (307.5)	\$ 143.6	\$ 53.2	\$—	\$ (110.7)
Cash flows from investing activities					
Capital expenditures	(0.2)	(12.7)	(13.3)	—	(26.2)
Acquisition of businesses, net of cash acquired	—	(21.1)	(1.0)	—	(22.1)
Intercompany investing activities (1)	161.1	—	—	(161.1)	—
Other investing activities, net	(3.5)	—	1.5	—	(2.0)
Net cash provided by (used in) investing activities	157.4	(33.8)	(12.8)	(161.1)	(50.3)
Cash flows from financing activities					
Repayments of debt	(114.8)	(5.5)	(6.0)	—	(126.3)
Proceeds from issuance of debt	225.8	—	11.6	—	237.4
Share repurchases	(40.2)	—	—	—	(40.2)
Dividends paid	(6.4)	—	—	—	(6.4)
Intercompany financing activities (1)	—	(103.9)	(57.2)	161.1	—
Other financing activities, net	0.6	—	(0.6)	—	—
Net cash provided by (used in) financing activities	65.0	(109.4)	(52.2)	161.1	64.5
Effect of exchange rate changes on cash and cash equivalents	—	—	(30.4)	—	(30.4)
Net increase (decrease) in cash and cash equivalents	(85.1)	0.4	(42.2)	—	(126.9)
Cash and cash equivalents at beginning of period	99.0	1.9	377.3	—	478.2
Cash and cash equivalents at end of period	\$ 13.9	\$ 2.3	\$ 335.1	\$—	\$ 351.3

(1) Intercompany investing and financing activities include cash pooling activity between Terex Corporation and Wholly-Owned Guarantors.

TEREX CORPORATION
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2014
(in millions)

	Terex Corporation	Wholly-owned Guarantors	Non-guarantor Subsidiaries	Intercompany Eliminations	Consolidated
Net cash provided by (used in) operating activities	\$(78.9)	\$ (6.6)	\$ 110.7	\$—	\$25.2
Cash flows from investing activities					
Capital expenditures	(2.2)	(5.7)	(11.1)	—	(19.0)
Acquisition of businesses, net of cash acquired	—	—	(7.4)	—	(7.4)
Intercompany investing activities (1)	3.2	—	—	(3.2)	—
Other investing activities, net	—	0.1	0.4	—	0.5
Net cash provided by (used in) investing activities	1.0	(5.6)	(18.1)	(3.2)	(25.9)
Cash flows from financing activities					
Repayments of debt	(161.7)	(0.3)	(34.6)	—	(196.6)
Proceeds from issuance of debt	255.0	—	17.6	—	272.6
Purchase of noncontrolling interest	—	—	(71.3)	—	(71.3)
Share repurchases	(24.0)	—	—	—	(24.0)
Dividends paid	(5.5)	—	—	—	(5.5)
Intercompany financing activities (1)	—	11.8	(15.0)	3.2	—
Other financing activities, net	5.9	—	1.5	—	7.4
Net cash provided by (used in) financing activities	69.7	11.5	(101.8)	3.2	(17.4)
Effect of exchange rate changes on cash and cash equivalents	—	—	0.5	—	0.5
Net increase (decrease) in cash and cash equivalents	(8.2)	(0.7)	(8.7)	—	(17.6)
Cash and cash equivalents at beginning of period	16.3	3.9	387.9	—	408.1
Cash and cash equivalents at end of period	\$8.1	\$ 3.2	\$ 379.2	\$—	\$390.5

(1) Intercompany investing and financing activities include cash pooling activity between Terex Corporation and Wholly-Owned Guarantors.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

BUSINESS DESCRIPTION

Terex is a lifting and material handling solutions company. We are focused on operational improvement and delivering reliable, customer-driven solutions for a wide range of commercial applications, including the construction, infrastructure, quarrying, mining, manufacturing, transportation, energy and utility industries. We operate in five reportable segments: (i) Aerial Work Platforms ("AWP"); (ii) Construction; (iii) Cranes; (iv) Material Handling & Port Solutions ("MHPS"); and (v) Materials Processing ("MP"). Please refer to Note B – "Business Segment Information" in the accompanying Condensed Consolidated Financial Statements for a description of our segments.

Non-GAAP Measures

In this document, we refer to various GAAP (U.S. generally accepted accounting principles) and non-GAAP financial measures. These non-GAAP measures may not be comparable to similarly titled measures disclosed by other companies. We present non-GAAP financial measures in reporting our financial results to provide investors with additional analytical tools which we believe are useful in evaluating our operating results and the ongoing performance of our underlying businesses. We do not, nor do we suggest that investors should, consider such non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP.

Non-GAAP measures we use include the translation effect of foreign currency exchange rate changes on net sales, gross profit, Selling, general & administrative ("SG&A") costs and operating profit, as well as the net sales, gross profit, SG&A costs and operating profit excluding the impact of acquisitions.

As changes in foreign currency exchange rates have a non-operating impact on our financial results, we believe excluding the effect of these changes assists in the assessment of our business results between periods. We calculate the translation effect of foreign currency exchange rate changes by translating the current period results at the rates that the comparable prior periods were translated to isolate the foreign exchange component of the fluctuation from the operational component. Similarly, the impact of changes in our results from acquisitions that were not included in comparable prior periods is subtracted from the absolute change in results to allow for better comparability of results between periods.

We calculate a non-GAAP measure of free cash flow. We define free cash flow as Net cash provided by (used in) operating activities, plus (minus) increases (decreases) in Terex Financial Services ("TFS") finance receivable assets, less Capital expenditures. We have changed the definition to include changes in TFS assets to more closely align with how companies with captive finance companies calculate free cash flow. We believe that the measure of free cash flow provides management and investors further information on cash generation or use in our primary operations.

We discuss forward looking information related to expected earnings per share ("EPS") excluding restructuring charges and other items. This adjusted EPS is a non-GAAP measure that provides guidance to investors about our EPS expectations excluding restructuring and other charges that we do not believe are reflective of our ongoing operations.

Working capital is calculated using the Condensed Consolidated Balance Sheet amounts for Trade receivables (net of allowance) plus Inventories, less Trade accounts payable and Customer advances. We view excessive working capital as an inefficient use of resources, and seek to minimize the level of investment without adversely impacting the ongoing operations of the business. Trailing three month annualized net sales is calculated using the net sales for the most recent quarter ended multiplied by four. The ratio calculated by dividing working capital by trailing three months

annualized net sales is a non-GAAP measure that we believe measures our resource use efficiency.

Non-GAAP measures we use also include Net Operating Profit After Tax (“NOPAT”) as adjusted, income (loss) before income taxes as adjusted, income (loss) from operations as adjusted, (benefit from) provision for income taxes as adjusted and stockholders’ equity as adjusted, which are used in the calculation of our after tax return on invested capital (“ROIC”) (collectively the “Non-GAAP Measures”), which are discussed in detail below.

Overview

The first quarter of 2015 was operationally generally in-line with our expectations for most of our businesses. Net sales were essentially flat on a currency neutral basis. However, our overall results for the first quarter were negatively impacted by lower margins in our AWP segment and an unusually high tax rate. Performance across our remaining business segments was mixed. While both the MHPS and Construction segments had an operating loss in the quarter, we continue to anticipate improving operating results from these businesses for the balance of 2015. We are generally encouraged by our order and backlog trends.

West Coast port labor issues, severe weather conditions in some regions in the U.S. and uncertainty surrounding oil and gas markets caused our AWP segment to have a slow start to the year. Currency exchange rates, an unfavorable product mix of fewer booms and more telehandlers, and higher factory production rates in the prior year first quarter, also negatively impacted the year over year margin comparison. However, AWP exited the first quarter with a meaningfully higher operating margin run rate than its overall margins for the quarter. This, coupled with a strong backlog gives us confidence that AWP will return to more normalized operating margins in the second quarter.

Our Construction segment had a small operating loss in the first quarter, which was generally consistent with our expectations. Net sales in this segment declined year-over-year due to the divestiture of our majority interest in the compact track loader business and the negative impact of foreign exchange rates, partially offset by higher demand for our concrete mixer trucks. We are encouraged by our strong book-to-bill ratio and believe that this segment will deliver better operating results during the remainder of 2015.

Our Cranes segment performed generally as expected for the first quarter, with net sales improvements in certain crane products and for utility products in North America. However, the improvements were more than offset by the negative impact of foreign currency exchange rate changes and continued softness for crane markets in the Americas, Australia and Europe. Looking forward, our order trends and product mix in backlog continue to suggest improvements as the year progresses.

Our MHPS segment had a small operating loss in the first quarter, which was generally consistent with our expectations. While net sales for Port Solutions improved in the quarter, this was more than offset by the negative impact of foreign exchange rates. The decline in backlog in this segment is primarily due to the large port automation orders delivered in 2014. Similar to last year, we expect the segment's operating margin to improve throughout the year.

Our MP segment started the year in-line with our expectations, in what is traditionally a seasonally softer quarter for sales in this segment. Low commodity prices remain a market headwind for this segment. However, we expect the performance of this segment to improve throughout the remainder of the year.

Geographically, sales in the North American market, which is our largest market, declined slightly from a year ago. Increased sales in China and the Middle East did not offset declining sales in Europe, Brazil and Australia.

Consistent with our expectations, we used cash in the first quarter of the year as the businesses ramp up for their customers' busier season in our second and third quarter. We continue to expect to generate between \$200 million and \$250 million in free cash flow for the full year 2015. Capital allocation activities continued as planned. We initiated a new \$200 million share repurchase authorization, and purchased approximately \$48 million under this program in the first quarter. We also increased our quarterly dividend as part of our ongoing commitment to enhancing long-term shareholder value. See "Liquidity and Capital Resources" for a detailed description of liquidity and working capital levels, including the primary factors affecting such levels.

Our overall outlook has not changed and we continue to expect 2015 earnings per share to be between \$2.00 and \$2.30 (excluding restructuring and unusual items) on net sales of between \$6.2 billion and \$6.6 billion.

ROIC continues to be a unifying metric we use to measure our performance. ROIC and Non-GAAP Measures assist in showing how effectively we utilize capital invested in our operations. After-tax ROIC is determined by dividing the sum of NOPAT for each of the previous four quarters by the average of the sum of Total Terex Corporation stockholders' equity plus Debt (as defined below) less Cash and cash equivalents for the previous five quarters. NOPAT for each quarter is calculated by multiplying Income (loss) from operations by a figure equal to one minus the effective tax rate of the Company. We believe returns on capital deployed in TFS do not represent our primary operations and, therefore, TFS finance receivable assets and results from operations have been excluded from the Non-GAAP Measures. The effective tax rate is equal to the (Provision for) benefit from income taxes divided by Income (loss) from continuing operations before income taxes for the respective quarter. Debt is calculated using amounts for Notes payable and current portion of long-term debt plus Long-term debt, less current portion. We calculate ROIC using the last four quarters' adjusted NOPAT as this represents the most recent 12-month period at any given point of determination. In order for the denominator of the ROIC ratio to properly match the operational period reflected in the numerator, we include the average of five quarters' ending balance sheet amounts so that the denominator includes the average of the opening through ending balances (on a quarterly basis) thereby providing, over the same time period as the numerator, four quarters of average invested capital.

Terex management and Board of Directors use ROIC as one of the primary measures to assess operational performance, including in connection with certain compensation programs. We use ROIC as a unifying metric because we believe it measures how effectively we invest our capital and provides a better measure to compare ourselves to peer companies to assist in assessing how we drive operational improvement. We believe ROIC measures return on the amount of capital invested in our primary businesses, excluding TFS, as opposed to another metric such as return on stockholders' equity that only incorporates book equity, and is thus a more accurate and descriptive measure of our performance. We also believe adding Debt less Cash and cash equivalents to Total stockholders' equity provides a better comparison across similar businesses regarding total capitalization, and ROIC highlights the level of value creation as a percentage of capital invested. As the tables below show, our ROIC at March 31, 2015 was 9.8%.

Amounts described below are reported in millions of U.S. dollars, except for the effective tax rates. Amounts are as of and for the three months ended for the periods referenced in the tables below.

	Mar '15	Dec '14	Sep '14	Jun '14	Mar '14
Provision for (benefit from) income taxes	\$11.6	\$(41.5)	\$27.7	\$40.0	
Divided by: Income (loss) before income taxes	10.1	39.4	86.4	128.4	
Effective tax rate	114.9	% (105.3)	% 32.1	% 31.2	%
Income (loss) from operations as adjusted	\$46.5	\$72.3	\$119.7	\$162.6	
Multiplied by: 1 minus Effective tax rate	(14.9)	% 205.3	% 67.9	% 68.8	%
Adjusted net operating income (loss) after tax	\$(6.9)	\$148.4	\$81.3	\$111.9	
Debt (as defined above)	\$1,872.9	\$1,788.8	\$1,851.9	\$1,922.5	\$2,055.9
Less: Cash and cash equivalents	(351.3)	(478.2)	(344.5)	(364.3)	(390.5)
Debt less Cash and cash equivalents	1,521.6	1,310.6	1,507.4	1,558.2	1,665.4
Total Terex Corporation stockholders' equity as adjusted	1,543.3	1,843.2	2,010.5	2,138.5	2,012.0
Debt less Cash and cash equivalents plus Total Terex Corporation stockholders' equity as adjusted	\$3,064.9	\$3,153.8	\$3,517.9	\$3,696.7	\$3,677.4
March 31, 2015 ROIC				9.8	%
NOPAT as adjusted (last 4 quarters)				\$334.7	
Average Debt less Cash and cash equivalents plus Total Terex Corporation stockholders' equity as adjusted (5 quarters)				\$3,422.1	

	Three months ended 3/31/15	Three months ended 12/31/14	Three months ended 9/30/14	Three months ended 6/30/14	
Reconciliation of income (loss) from operations:					
Income (loss) from operations as reported	\$44.2	\$70.4	\$116.8	\$160.9	
(Income) loss from operations for TFS	2.3	1.9	2.9	1.7	
Income (loss) from operations as adjusted	\$46.5	\$72.3	\$119.7	\$162.6	
Reconciliation of Terex Corporation stockholders' equity:					
	As of 3/31/15	As of 12/31/14	As of 9/30/14	As of 6/30/14	As of 3/31/14
Terex Corporation stockholders' equity as reported	\$1,747.8	\$2,005.9	\$2,217.7	\$2,331.6	\$2,183.2
TFS Assets	(204.5)	(162.7)	(207.2)	(193.1)	(171.2)
Terex Corporation stockholders' equity as adjusted	\$1,543.3	\$1,843.2	\$2,010.5	\$2,138.5	\$2,012.0

RESULTS OF OPERATIONS

Three Months Ended March 31, 2015 Compared with Three Months Ended March 31, 2014

Consolidated

	Three Months Ended March 31, 2015		2014		% Change In Reported Amounts	
		% of Sales		% of Sales		
	(\$ amounts in millions)					
Net sales	\$1,495.6	—	\$1,654.6	—	(9.6)%
Gross profit	\$276.6	18.5	\$333.4	20.1	(17.0)%
SG&A	\$232.4	15.5	\$258.4	15.6	(10.1)%
Income from operations	\$44.2	3.0	\$75.0	4.5	(41.1)%

Net sales for the three months ended March 31, 2015 decreased \$159.0 million when compared to the same period in 2014. The decline in net sales was primarily due to lower net sales in AWP, Construction and MHPS. Changes in foreign exchange rates negatively impacted net sales in all segments. This was partially offset by improvements in certain product lines or regions, particularly in our Cranes, MHPS and MP segments.

Gross profit for the three months ended March 31, 2015 decreased \$56.8 million when compared to the same period in 2014. The decrease was primarily due to declines in gross profit in our AWP and MHPS segments. Changes in foreign exchange rates negatively impacted gross profit in all segments.

SG&A costs for the three months ended March 31, 2015 decreased by \$26.0 million when compared to the same period in 2014. The majority of the decrease in SG&A costs was due to the positive impact of changes in foreign exchange rates.

Income from operations for the three months ended March 31, 2015 decreased \$30.8 million when compared to the same period in 2014. The decrease was primarily due to lower operating performance in our AWP segment.

Aerial Work Platforms

	Three Months Ended March 31,				% Change In	
	2015		2014		Reported	Amounts
		% of		% of		
		Sales		Sales		
	(\$ amounts in millions)					
Net sales	\$507.2	—	\$584.9	—	(13.3)%
Gross profit	\$93.1	18.4	\$133.1	22.8	(30.1)%
SG&A	\$49.8	9.8	\$50.9	8.7	(2.2)%
Income from operations	\$43.3	8.5	\$82.2	14.1	(47.3)%

Net sales for the AWP segment for the three months ended March 31, 2015 decreased \$77.7 million when compared to the same period in 2014. The decrease in net sales was due to weakened demand in Latin America, lower boom shipments in North America, as customers were delaying deliveries due to severe weather conditions in portions of the U.S., uncertainty surrounding oil and gas markets and delayed timing of deliveries for customers in Europe, the Middle East and Africa region, which were impacted by port labor issues. Additionally, approximately 21% of the change in net sales was due to the negative impact of foreign exchange rate changes.

Gross profit for the three months ended March 31, 2015 decreased \$40.0 million