MANITOWOC CO INC
Form 10-Q
August 11, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended June 30, 2008

or

o **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from to

Commission File Number
1-11978

The Manitowoc Company, Inc.

(Exact name of registrant as specified in its charter)

Wisconsin (State or other jurisdiction of incorporation or organization)	**39-0448110** (I.R.S. Employer Identification Number)
2400 South 44th Street, Manitowoc, Wisconsin (Address of principal executive offices)	**54221-0066** (Zip Code)

(920) 684-4410

(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 (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

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 x	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller Reporting Company o

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

The number of shares outstanding of the Registrant s common stock, $.01 par value, as of June 30, 2008, the most recent practicable date, was 130,275,730.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

THE MANITOWOC COMPANY, INC.
Consolidated Statements of Operations
For the Three and Six Months Ended June 30, 2008 and 2007

(Unaudited)

(In millions, except per-share and average shares data)

	Three Months Ended June 30, 2008	Three Months Ended June 30, 2007	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007
Net sales	$ 1,305.3	$ 1,018.6	$ 2,382.2	$ 1,880.7
Costs and expenses:				
Cost of sales	993.9	778.6	1,811.3	1,445.3
Engineering, selling and administrative expenses	116.8	100.6	231.7	194.4
Gain on sale of parts line		(3.3)		(3.3)
Pension settlements		5.2		5.2
Amortization expense	1.6	1.0	3.5	1.9
Total operating costs and expenses	1,112.3	882.1	2,046.5	1,643.5
Earnings from operations	193.0	136.5	335.7	237.2
Other expense:				
Interest expense	(7.3)	(9.8)	(14.0)	(18.9)
Other income, net	0.7	5.0	8.1	4.9
Total other expense	(6.6)	(4.8)	(5.9)	(14.0)
Earnings from operations before taxes on income and minority interest	186.4	131.7	329.8	223.2
Provision for taxes on income	52.6	34.2	93.3	61.7
Earnings from operations before minority interest	133.8	97.5	236.5	161.5
Minority interest, net of income taxes	(0.1)		(0.1)	
Net earnings	$ 133.9	$ 97.5	$ 236.6	$ 161.5
Basic earnings per share:	$ 1.03	$ 0.78	$ 1.82	$ 1.30
Diluted earnings per share:	$ 1.01	$ 0.76	$ 1.79	$ 1.27
Weighted average shares outstanding - basic	129,903,658	124,823,656	129,737,054	124,437,646
Weighted average shares outstanding - diluted	132,048,864	127,649,072	131,913,742	127,214,100

See accompanying notes which are an integral part of these statements.

THE MANITOWOC COMPANY, INC.
Consolidated Balance Sheets
As of June 30, 2008 and December 31, 2007
(Unaudited)
(In millions, except share data)

	June 30, 2008	December 31, 2007
Assets		
Current Assets:		
Cash and cash equivalents	$ 416.0	$ 363.9
Marketable securities	2.6	2.5
Restricted cash	6.7	16.7
Accounts receivable, less allowances of $25.7 and $27.6, respectively	504.5	427.1
Inventories net	829.5	597.7
Deferred income taxes	65.3	66.1
Other current assets	90.2	101.6
Total current assets	1,914.8	1,575.6
Property, plant and equipment net	560.1	489.5
Goodwill	553.1	518.8
Other intangible assets net	202.9	200.6
Deferred income taxes	28.0	27.6
Other non-current assets	68.0	56.6
Total assets	$ 3,326.9	$ 2,868.7
Liabilities and Stockholders Equity		
Current Liabilities:		
Accounts payable and accrued expenses	$ 1,023.6	$ 945.5
Short-term borrowings	36.9	13.1
Product warranties	85.9	81.3
Customer advances	61.8	
Product liabilities	34.6	34.7
Total current liabilities	1,242.8	1,074.6
Non-Current Liabilities:		
Long-term debt	205.0	217.5
Pension obligations	23.1	22.3
Postretirement health and other benefit obligations	50.4	51.3
Long-term deferred revenue	58.6	60.6
Other non-current liabilities	105.8	92.5
Total non-current liabilities	442.9	444.2
Commitments and contingencies (Note 13)		
Stockholders Equity:		
Common stock (300,000,000 shares authorized for both periods, 163,175,928 shares issued for both periods, 130,275,730 and 129,880,734 shares outstanding, respectively)	1.4	1.4
Additional paid-in capital	431.3	419.8
Accumulated other comprehensive income	162.5	114.5
Retained earnings	1,135.1	903.8
Treasury stock, at cost (32,900,198 and 33,295,194 shares, respectively)	(89.1)	(89.6)
Total stockholders equity	1,641.2	1,349.9
Total liabilities and stockholders equity	$ 3,326.9	$ 2,868.7

See accompanying notes which are an integral part of these statements.

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THE MANITOWOC COMPANY, INC.
Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 2008 and 2007
(Unaudited, In millions)

	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007
Cash Flows from Operations:		
Net earnings	$ 236.6	$ 161.5
Adjustments to reconcile net earnings to cash provided by (used for) operating activities:		
Pension settlement		1.3
Gain on sale of parts line		(3.3)
Depreciation	40.8	39.8
Deferred income taxes	2.6	(16.2)
Gain on sale of property, plant and equipment	(0.8)	(2.7)
Other	7.2	2.5
Changes in operating assets and liabilities, excluding effects of business acquisitions and divestitures:		
Accounts receivable	(52.7)	(130.4)
Inventories	(188.4)	(94.7)
Other assets	25.9	(3.7)
Accounts payable and accrued expenses	109.2	34.6
Other liabilities	(25.9)	(15.0)
Net cash provided by (used for) operating activities	154.5	(26.3)
Cash Flows from Investing:		
Business acquisitions, net of cash acquired	(18.1)	(15.9)
Capital expenditures	(65.9)	(30.8)
Change in restricted cash	10.2	(0.4)
Proceeds from sale of property, plant and equipment	3.1	5.2
Proceeds from sales of parts product line		4.9
Purchase of marketable securities	(0.1)	(0.1)
Net cash used for investing activities	(70.8)	(37.1)
Cash Flows from Financing:		
Payments on long-term debt	(39.0)	
Proceeds from long-term debt	10.7	0.7
Payments on notes financing	(2.8)	(2.4)
Dividends paid	(5.2)	(4.4)
Exercises of stock options, including windfall tax benefits	7.7	18.6
Debt issuance costs	(13.4)	
Net cash (used for) provided by financing activities	(42.0)	12.5
Effect of exchange rate changes on cash	10.4	3.3
Net increase (decrease) in cash and cash equivalents	52.1	(47.6)
Balance at beginning of period	363.9	173.7
Balance at end of period	$ 416.0	$ 126.1

See accompanying notes which are an integral part of these statements.

THE MANITOWOC COMPANY, INC.
Consolidated Statements of Comprehensive Income
For the Three and Six Months Ended June 30, 2008 and 2007
(Unaudited)
(In millions)

	Three Months Ended June 30, 2008	Three Months Ended June 30, 2007	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007
Net earnings	$ 133.9	$ 97.5	$ 236.6	$ 161.5
Other comprehensive income (loss)				
Derivative instrument fair market value adjustment - net of income taxes	(3.5)	(0.9)	1.9	(0.5)
Foreign currency translation adjustments	(2.8)	5.4	46.1	12.0
Total other comprehensive income	(6.3)	4.5	48.0	11.5
Comprehensive income	$ 127.6	$ 102.0	$ 284.6	$ 173.0

See accompanying notes which are an integral part of these statements.

THE MANITOWOC COMPANY, INC.
Notes to Unaudited Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2008 and 2007

1. Accounting Policies

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments necessary to present fairly the results of operations and comprehensive income for the three and six months ended June 30, 2008 and 2007, the cash flows for the same six-month periods, and the financial position at June 30, 2008, and except as otherwise discussed such adjustments consist of only those of a normal recurring nature. The interim results are not necessarily indicative of results for a full year and do not contain information included in the company s annual consolidated financial statements and notes for the year ended December 31, 2007. The consolidated balance sheet as of December 31, 2007 was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America. It is suggested that these financial statements be read in conjunction with the financial statements and the notes thereto included in the company s latest annual report.

All dollar amounts, except share and per share amounts, are in millions of dollars throughout the tables included in these notes unless otherwise indicated.

2. Acquisitions

On March 6, 2008, the company formed a 50% joint venture with the shareholders of TaiAn Dongyue Heavy Machinery Co., Ltd. (TaiAn Dongyue) for the production of mobile and truck-mounted hydraulic cranes. The joint venture is located in TaiAn City, Shandong Province, China. The aggregate consideration for the joint venture interest in TaiAn Dongyue was $32.5 million inclusive of certain contingent payments and resulted in a preliminary allocation of $25.7 million to goodwill. The company is in the process of valuing other intangible assets acquired in this acquisition and will assign value to these assets during the third quarter of 2008.

On July 19, 2007, the company acquired Shirke Construction Equipments Pvt. Ltd (Shirke) for an aggregate consideration of $64.5 million including approximately $1.3 million of acquisition costs. Headquartered in Pune, India, Shirke is a market leader in the Indian tower crane industry and has been Potain s Indian manufacturing partner and distributor since 1982. The aggregate consideration paid for Shirke resulted in $33.8 million of goodwill and $30.2 million of other intangible assets being recognized by the company s Crane segment. See further detail related to the goodwill and other intangible assets of the Shirke acquisition at Note 5, Goodwill and Other Intangible Assets.

On January 3, 2007, the company acquired the Carrydeck line of mobile industrial cranes from Marine Travelift, Inc. of Sturgeon Bay, Wisconsin for an aggregate consideration of $16.0 million. The acquisition of the Carrydeck line added six new models to the company s product offering of mobile industrial cranes. The aggregate consideration paid for the Carrydeck line resulted in $9.2 million of goodwill and $6.5 million of other intangible assets being recognized by the company s Crane segment. See further detail related to the goodwill and other intangible assets of the Carrydeck acquisition at Note 5, Goodwill and Other Intangible Assets.

3. Financial Instruments

As further discussed in Note 17, the company adopted SFAS No. 157, Fair Value Measurements effective January 1, 2008. The following table sets forth the company s financial assets and liabilities that were accounted for at fair value on a recurring basis as of June 30, 2008 by level within the fair value hierarchy. As required by SFAS No. 157, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Fair Value as of June 30, 2008			
	Level 1	Level 2	Level 3	Total
Assets:				
Foreign currency exchange contracts	5.9			5.9
Forward commodity contracts		2.2		2.2
Interest rate swaps	0.1			0.1
Total assets at fair value	6.0	2.2		8.2
Liabilities:				
Foreign currency exchange contracts	0.5			0.5
Forward commodity contracts		0.6		0.6
Interest rate swaps				
Total liabilities at fair value	0.5	0.6		1.1

The carrying value of the company s other financial assets and liabilities, including cash, accounts receivable, accounts payable, retained interest in receivables sold and short-term loans payable approximate fair value, without being discounted, due to the short periods during which these amounts are outstanding.

SFAS No. 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). SFAS No. 157 classifies the inputs used to measure fair value into the following hierarchy:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2	Unadjusted quoted prices in active markets for similar assets or liabilities, or
	Unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or
	Inputs other than quoted prices that are observable for the asset or liability
Level 3	Unobservable inputs for the asset or liability

The company endeavors to utilize the best available information in measuring fair value. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The company has determined that our financial assets and liabilities are level 1 and level 2 in the fair value hierarchy.

As a result of our global operating and financing activities, the company is exposed to market risks from changes in interest and foreign currency exchange rates and commodity prices, which may adversely affect our operating results and financial position. When deemed appropriate, we minimize our risks from interest and foreign currency exchange rate and commodity price fluctuations through the use of derivative financial instruments. Derivative financial instruments are used to manage risk and are not used for trading or other speculative purposes and we do not use leveraged derivative financial instruments. The forward foreign currency exchange contracts and forward commodity purchase agreements are valued using broker quotations, or market transactions in either the listed or over-the-counter markets. As such, these derivative instruments are classified within level 1 and level 2.

<u>4. Inventories</u>

The components of inventory at June 30, 2008 and December 31, 2007 are summarized as follows:

	June 30, 2008	December 31, 2007
Inventories gross:		
Raw materials	$ 301.6	$ 254.6
Work-in-process	312.5	220.9
Finished goods	284.8	188.5
Total inventories gross	898.9	664.0
Excess and obsolete inventory reserve	(42.6)	(42.6)
Net inventories at FIFO cost	856.3	621.4
Excess of FIFO costs over LIFO value	(26.8)	(23.7)
Inventories net	$ 829.5	$ 597.7

Inventory is carried at lower of cost or market value using the first-in, first-out (FIFO) method for 89% and 88% of total inventory at June 30, 2008 and December 31, 2007, respectively. The remainder of the inventory is costed using the last-in, first-out (LIFO) method.

5. Goodwill and Other Intangible Assets

The changes in carrying amount of goodwill by reportable segment for the year ended December 31, 2007 and six months ended June 30, 2008 are as follows:

	Crane	Foodservice	Marine	Total
Balance as of January 1, 2007	$ 214.8	$ 200.1	$ 47.2	$ 462.1
Carrydeck acquisition	9.2			9.2
Shirke acquisition	33.8			33.8
Foreign currency impact	13.7			13.7
Balance as of December 31, 2007	271.5	200.1	47.2	518.8
TaiAn Dongyue acquisition	25.7			25.7
Foreign currency impact	8.6			8.6
Balance as of June 30, 2008	$ 305.8	$ 200.1	$ 47.2	$ 553.1

As discussed in Note 2, Acquisitions, during 2008, the company formed a 50% joint venture with the shareholders of TaiAn Dongyue Heavy Machinery Co., Ltd. (TaiAn Dongyue) for the production of mobile and truck-mounted hydraulic cranes. The joint venture is located in TaiAn City, Shandong Province, China. The aggregate consideration paid for the joint venture interest in TaiAn Dongyue was $32.5 million inclusive of certain contingent payments and resulted in a preliminary allocation of $25.7 million to goodwill. The company is in the process of valuing other intangible assets acquired in this acquisition and will assign value to these assets during the third quarter of 2008.

During 2007, the company completed the acquisitions of the Carrydeck line of mobile industrial cranes and Shirke. The acquisition of the Carrydeck line resulted in an increase of $9.2 million of goodwill and $6.5 million of other intangible assets being recognized by the company s Crane segment. The other intangible assets consist of trademarks totaling $1.2 million, which have an indefinite life, customer relationships of $4.2 million, which have been assigned a 20 year life, and non-patented technologies of $1.1 million which have been assigned a 20 year life. The acquisition of Shirke resulted in an increase of $33.8 million of goodwill and $30.2 million of other intangible assets being recognized by the company s Crane segment. The other intangible assets consist of customer relationships of $10.5 million, which have been assigned a 10 year life, trademarks totaling $9.1 million, which have an indefinite life, and other intangibles of $10.6 million, which include various intangible assets that are amortized over 6 months to 6 years, which approximates their estimated useful lives.

The gross carrying amount and accumulated amortization of the company s intangible assets other than goodwill were as follows as of June 30, 2008 and December 31, 2007.

	June 30, 2008			December 31, 2007		
	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Trademarks and tradenames	$ 126.6	$	$ 126.6	$ 120.9	$	$ 120.9

Customer relationships		19.8		(2.1)		17.7		20.4		(1.4)		19.0
Patents		34.8		(14.2)		20.6		35.2		(12.2)		23.0
Engineering drawings		12.7		(5.6)		7.1		12.0		(5.4)		6.6
Distribution network		22.9				22.9		21.8				21.8
Other intangibles		9.9		(1.9)		8.0		10.6		(1.3)		9.3
	$	226.7	$	(23.8)	$	202.9	$	220.9	$	(20.3)	$	200.6

6. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at June 30, 2008 and December 31, 2007 are summarized as follows:

	June 30, 2008	December 31, 2007
Trade accounts payable	$ 670.3	$ 540.7
Interest payable	2.7	2.6
Employee related expenses	117.3	95.9
Income taxes payable	23.0	6.7
Profit sharing and incentives	36.8	63.5
Unremitted cash liability	5.4	4.9
Deferred revenue - current	48.1	55.9
Amounts billed in excess of sales	31.0	65.6
Miscellaneous accrued expenses	89.0	109.7
	$ 1,023.6	$ 945.5

7. Debt

In April 2008, the company entered into a $2,400.0 million credit agreement (Credit Agreement). This Credit Agreement will not become effective until the effective date of the Scheme (see further detail related to the Scheme in footnote 20, Subsequent Events) or, in the case of a takeover offer, the date on which the takeover offer has become or is declared unconditional in all respects. Until such time as the company borrows under the Credit Agreement, the company s existing $300.0 million Amended and Restated Credit Agreement, dated as of December 14, 2006, will remain in effect. The Credit Agreement was later amended twice to ultimately increase the size of the total facility to $2,925.0 million as of June 30, 2008.

The Credit Agreement includes four loan facilities a revolving facility and three term loan facilities. The revolving facility is a five year, $400.0 million facility and the aggregate amount of the three term loan facilities is $2,525.0 million. The company is obligated to prepay the three term loan facilities from the net proceeds of asset sales, casualty losses, equity offerings, and new indebtedness for borrowed money, and from a portion of its excess cash flow, subject to certain exceptions.

Borrowings made under the Credit Agreement will initially bear interest at 3.25 to 3.50 percent in excess of an adjusted LIBOR rate as defined in the Credit Agreement, or 1.50 percent in excess of an alternate base rate, at the company s option. The company will also pay a commitment fee of 0.50 percent per annum for the first 120 days, and 0.75 percent per annum after the 120th day on the entire facility balance; provided that the commitment fee will reduce to apply only to the revolving commitment and will be 0.50 percent per year after the initial borrowing date. As of June 30, 2008, the company incurred $13.4 million in deferred financing expenses. The cash flow impact of these fees is included in cash flow used for financing activities in the Consolidate Statement of Cash Flows for the six month period ending June 30, 2008.

8. Accounts Receivable Securitization

The company has entered into an accounts receivable securitization program whereby it sells certain of its domestic trade accounts receivable to a wholly owned, bankruptcy-remote special purpose subsidiary which, in turn, sells participating interests in its pool of receivables to a third-party financial institution (Purchaser). The Purchaser receives an ownership and security interest in the pool of receivables. New receivables are purchased by the special purpose subsidiary and participation interests are resold to the Purchaser as collections reduce previously sold participation interests. The company has retained collection and administrative responsibilities on the participation interests sold. The Purchaser has no recourse against the company for uncollectible receivables; however, the company s retained interest in the receivable pool is subordinate to the Purchaser and is recorded at fair value. Due to a short average collection cycle of less than 60 days for such accounts receivable and due to the company s collection history, the fair value of the company s retained interest approximates book value. The retained interest recorded at June 30, 2008 is $95.9 million and is included in accounts receivable in the accompanying Consolidated Balance Sheets.

The securitization program includes certain of the company s domestic U.S. Foodservice and Crane segments businesses and the capacity of the program is $105.0 million. Trade accounts receivables sold to the Purchaser and being serviced by the company totaled $105.0 million at June 30, 2008.

Sales of trade receivables from the special purpose subsidiary to the Purchaser totaled $253.0 million for the six months ended June 30, 2008. Cash collections of trade accounts receivable balances in the total receivable pool totaled $571.6 million for the six months ended June 30, 2008.

The accounts receivables securitization program is accounted for as a sale in accordance with FASB Statement No. 140 Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities a Replacement of FASB Statement No. 125. Sales of trade receivables to the Purchaser are reflected as a reduction of accounts receivable in the accompanying Consolidated Balance Sheets and the proceeds received are included in cash flows from operating activities in the accompanying Consolidated Statements of Cash Flows.

The table below provides additional information about delinquencies and net credit losses for trade accounts receivable subject to the accounts receivable securitization program.

	Balance outstanding June 30, 2008	Balance Outstanding 60 Days or More Past Due June 30, 2008	Net Credit Losses Six Months Ended June 30, 2008
Trade accounts receivable subject to securitization program	$ 200.9	$ 11.3	$
Trade accounts receivable balance sold	105.0		
Retained interest	$ 95.9		

9. Income Taxes

The company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction, and various state and foreign jurisdictions. With few exceptions, the company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2001. The Wisconsin Department of Revenue (WDOR) continues its examination of the company s Wisconsin income tax returns for 1997 through 2005. The company anticipates that this examination will be completed by the end of 2008. As of June 30, 2008, the WDOR has not issued a formal assessment report. In August 2007, the German tax authorities began an examination of the company s German entity s income and trade tax returns for 2001 through 2005. Thus far, there have been no significant developments with regard to this German examination.

The company s liability for unrecognized tax benefits is expected to increase by $1.8 million, including interest and penalty, to $38.5 million during the year ended December 31, 2008. All of the company s unrecognized tax benefits as of June 30, 2008, if recognized, would affect the effective tax rate.

During the next 12 months, the company does not expect any other significant changes in its unrecognized tax benefits.

10. Earnings Per Share

The following is a reconciliation of the average shares outstanding used to compute basic and diluted earnings per share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Basic weighted average common shares outstanding	129,903,658	124,823,656	129,737,054	124,437,646
Effect of dilutive securities - stock options and restricted stock	2,145,206	2,825,416	2,176,688	2,776,454
Diluted weighted average common shares outstanding	132,048,864	127,649,072	131,913,742	127,214,100

For the three and six months ended June 30, 2008, 0.1 million common shares issuable upon the exercise of stock options, and for the three and six months ended June 30, 2007, 0.1 million common shares issuable upon the exercise of stock options, were anti-dilutive and were excluded from the calculation of diluted earnings per share.

During each of the three months ended June 30, 2008 and 2007, the company paid a quarterly dividend of $0.02 and $0.0175 per outstanding common share, respectively. During each of the six months ended June 30, 2008 and 2007, the company paid two quarterly dividends totaling $0.04 and $0.035 per share, respectively.

11. Stockholders Equity

On March 21, 2007, the Board of Directors of the company approved the Rights Agreement between the company and Computershare Trust Company, N.A., as Rights Agent and declared a dividend distribution of one right (a Right) for each outstanding share of Common Stock, par value $0.01 per share, of the company (the Common Stock), to shareholders of record at the close of business on March 30, 2007 (the Record Date). In addition to the Rights issued as a dividend on the record date, the Board of Directors has also determined that one Right will be issued together with each share of Common Stock issued by the company after the Record Date. Generally, each Right, when it becomes exercisable, entitles the registered holder to purchase from the company one share of Common Stock at a purchase price, in cash, of $110.00 per share ($220.00 per share prior to the September 10, 2007 stock split), subject to adjustment as set forth in the Rights Agreement (the Purchase Price or Exercise Price).

As explained in the Rights Agreement, the Rights become exercisable on the Distribution Date , which is that date that any of the following occurs: (1) 10 days following a public announcement that a person or group of affiliated persons (an Acquiring Person) has acquired, or obtained the right to acquire, beneficial ownership of 20% or more of the outstanding shares of Common Stock of the company; or (2) 10 business days following the commencement of a tender offer or exchange offer that would result in a person or group beneficially owning 20% or more of such outstanding shares of Common Stock. The Rights will expire at the close of business on March 29, 2017, unless earlier redeemed or exchanged by the company as described in the Rights Agreement.

On July 26, 2007, the board of directors authorized a two-for-one split of the company s common stock. Record holders of the company s common stock at the close of business on August 31, 2007 received on September 10, 2007 one additional share of common stock for every share of the company s common stock they owned as of August 31, 2007. The company s shares outstanding at the close of business on August 31, 2007 totaled 62,787,642. The company s common stock began trading at its post-split price at the beginning of trading on September 11, 2007. Per share, share and stock option amounts within this Quarterly Report on Form 10-Q for all periods presented have been adjusted to reflect the stock split.

In November 2007, we sold, pursuant to an underwritten public offering, approximately 4.0 million shares of our common stock at a price of $39.48 per share to the public. The offering was undertaken to meet anticipated investor demand for the company s common stock in connection with Standard & Poor s decision to add the company to the S&P 500 Index as of the close of trading on November 15. Net cash proceeds from this offering, after deducting underwriting discounts and commissions, were $156.9 million. We used the proceeds for general corporate purposes.

12. Stock Based Compensation

Stock based compensation expense is calculated by estimating the fair value of incentive stock options at the time of grant and amortized over the stock options   vesting period. Stock based compensation was $1.5 million and $3.4 million for the three and six months ended June 30, 2008, respectively. Stock based compensation was $1.5 million and $3.3 million for the three and six months ended June 30, 2007, respectively.

13. Contingencies and Significant Estimates

The company has been identified as a potentially responsible party under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) in connection with the Lemberger Landfill Superfund Site near Manitowoc, Wisconsin. Approximately 150 potentially responsible parties have been identified as having shipped hazardous materials to this site. Eleven of those, including the company, have formed the Lemberger Site Remediation Group and have successfully negotiated with the United States Environmental Protection Agency and the Wisconsin Department of Natural Resources to fund the cleanup and settle their potential liability at this site. The estimated remaining cost to complete the clean up of this site is approximately $8.1 million. Although liability is joint and several, the company s share of the liability is estimated to be 11% of the remaining cost. Remediation work at the site has been substantially completed, with only long-term pumping and treating of groundwater and site maintenance remaining. The company s remaining estimated liability for this matter, included in accounts payable and accrued expenses in the Consolidated Balance Sheet at June 30, 2008 is $0.9 million. Based on the size of the company s current allocation of liabilities at this site, the existence of other viable potential responsible parties and current reserve, the company does not believe that any liability imposed in connection with this site will have a material adverse effect on its financial condition, results of operations, or cash flows.

During the due diligence process for the sale of the company s wholly-owned subsidiary Diversified Refrigeration, LLC, (f/k/a Diversified Refrigeration, Inc.) (DRI) certain contaminants in the soil and ground water associated with the facility were identified. As part of the sale agreement, the company agreed to be responsible for costs associated with further investigation and remediation of the issues identified. Estimates indicate that the costs to remediate this site are approximately $2.0 million. During December 2005, the company recorded a $2.0 million reserve for these estimated costs. This charge was recorded in discontinued operations in the Consolidated Statements of Operations for the year ended December 31, 2005. The company s remaining estimated liability for this matter, included in other accounts payable and accrued expenses in the Consolidated Balance Sheet at June 30, 2008 is $0.9 million. Based upon available information, the company does not expect the ultimate costs will have a material adverse effect on its financial condition, results of operations, or cash flows.

At certain of the company s other facilities, the company has identified potential contaminants in soil and groundwater. The ultimate cost of any remediation required will depend upon the results of future investigation. Based upon available information, the company does not expect the ultimate costs will have a material adverse effect on its financial condition, results of operations, or cash flows.

The company believes that it has obtained and is in substantial compliance with those material environmental permits and approvals necessary to conduct its various businesses. Based on the facts presently known, the company does not expect environmental compliance costs to have a material adverse effect on its financial condition, results of operations, or cash flows.

As of June 30, 2008, various product-related lawsuits were pending. To the extent permitted under applicable law, all of these are insured with self-insurance retention levels. The company s self-insurance retention levels vary by business, and have fluctuated over the last five years. The range of the company s self-insured retention levels is $0.1 million to $3.0 million per occurrence. The high-end of the company s self-insurance retention level is for certain cranes manufactured in the United States for occurrences from January 2000 through October 2002. As of June 30, 2008, the largest self-insured retention level currently maintained by the company is $2.0 million per occurrence and applies to product liability claims for cranes manufactured in the United States.

Product liability reserves in the Consolidated Balance Sheet at June 30, 2008, were $34.6 million; $13.8 million was reserved specifically for actual cases and $20.8 million for claims incurred but not reported which were estimated using actuarial methods. Based on the company s experience in defending product liability claims, management believes the current reserves are adequate for estimated case resolutions on aggregate self-insured claims and insured claims. Any recoveries from insurance carriers are dependent upon the legal sufficiency of claims and solvency of insurance carriers.

At June 30, 2008 and December 31, 2007, the company had reserved $97.7 million and $92.1 million, respectively, for warranty claims included in product warranties and other non-current liabilities in the Consolidated Balance Sheets. Certain of these warranties and other related claims involve matters in dispute that ultimately are resolved by negotiations, arbitration, or litigation.

It is reasonably possible that the estimates for environmental remediation, product liability and warranty costs may change in the near future based upon new information that may arise or matters that are beyond the scope of the company s historical experience.

The company is involved in numerous lawsuits involving asbestos-related claims in which the company is one of numerous defendants. After taking into consideration legal counsel s evaluation of such actions, the current political environment with respect to asbestos related claims, and the liabilities accrued with respect to such matters, in the opinion of management, ultimate resolution is not expected to have a material adverse effect on the financial condition, results of operations, or cash flows of the company.

The company is also involved in various legal actions arising out of the normal course of business, which, taking into account the liabilities accrued and legal counsel s evaluation of such actions, in the opinion of management, the ultimate resolution is not expected to have a material adverse effect on the company s financial condition, results of operations, or cash flows.

The company had been in negotiations with one of its Marine customers to recover certain cost overruns that resulted from change orders related to a particular contract. During the third quarter of 2005, due to the fact that these negotiations were not successful within a timeframe satisfactory to the company, the company filed a lawsuit seeking recovery of these cost overruns from the customer. The customer subsequently filed a counter suit against the company in the fourth quarter of 2005. During the fourth quarter of 2005, the company established a reserve of $10.2 million to reflect the inherent uncertainties in litigation of this type. The $10.2 million reserve was recorded in cost of sales of the Marine segment in the Consolidated Statements of Operations for the year ended December 31, 2005. On March 4, 2008, the company reached an agreement with this Marine customer which resulted in the settlement of all claims and counter claims between the two parties related to certain contractual disputes relating to late delivery, cost overruns, and product performance that resulted from change orders to the particular contract. The settlement did not result in additional losses to the company.

14. Guarantees

The company periodically enters into transactions with customers that provide for residual value guarantees and buyback commitments. These transactions are recorded as operating leases for all significant residual value guarantees and for all buyback commitments. These initial transactions are recorded as deferred revenue and are amortized to income on a straight-line basis over a period equal to that of the customer s third party financing agreement. The deferred revenue included in accounts payable and accrued expenses and non-current liabilities at June 30, 2008 and December 31, 2007 was $106.7 million and $102.4 million, respectively. The total amount of residual value guarantees and buyback commitments given by the company and outstanding at June 30, 2008 was $135.5 million. This amount is not reduced for amounts the company would recover from repossessing and subsequent resale of the units. The residual value guarantees and buyback commitments expire at various times through 2013.

During the six months ended June 30, 2008 and 2007, the company sold $0 million and $5.2 million, respectively, of its long term notes receivable to third party financing companies. The company guarantees some percentage, up to 100%, of collection of the notes to the financing companies. The company has accounted for the sales of the notes as a financing of receivables. The receivables remain on the company s Consolidated Balance Sheet, net of payments made, in accounts payable and accrued expenses and non-current assets and the company has recognized an obligation equal to the net outstanding balance of the notes in other current and non-current liabilities in the Consolidated Balance Sheets. The cash flow benefit of these transactions, net of payments made by the customer, are reflected as financing activities in the Consolidated Statement of Cash Flows. During the six months ended June 30, 2008, the customers have paid $2.8 million of the notes to the third party financing companies. As of June 30, 2008, the outstanding balance of the notes receivables guaranteed by the company was $16.0 million.

In the normal course of business, the company provides its customers a warranty covering workmanship, and in some cases materials, on products manufactured by the company. Such warranty generally provides that products will be free from defects for periods ranging from 6 months to 60 months. If a product fails to comply with the company s warranty, the company may be obligated, at its expense, to correct any defect by repairing or replacing such defective products. The company provides for an estimate of costs that may be incurred under its warranty at the time product revenue is recognized. These costs primarily include labor and materials, as necessary, associated with repair or replacement. The primary factors that affect the company s warranty liability include the number of units shipped and historical and anticipated warranty claims. As these factors are impacted by actual experience and future expectations, the company assesses the adequacy of its recorded warranty liability and adjusts the amounts as necessary. Below is a table summarizing the warranty activity for the six months ended June 30, 2008 and 2007.

	2008	2007
Balance at beginning of period	$ 92.1	$ 69.4
Accruals for warranties issued during the period	30.9	25.6
Settlements made (in cash or in kind) during the period	(28.7)	(21.0)
Currency translation	3.4	0.8
Balance at end of period	$ 97.7	$ 74.8

15. Employee Benefit Plans

The company provides certain pension, health care and death benefits for eligible retirees and their dependents. The pension benefits are funded, while the health care and death benefits are not funded but are paid as incurred. Eligibility for coverage is based on meeting certain years of service and retirement qualifications. These benefits may be subject to deductibles, co-payment provisions, and other limitations. The company has reserved the right to modify these benefits.

The components of periodic benefit costs for the three and six months ended June 30, 2008 and 2007 are as follows:

	Three Months Ended June 30, 2008			Six Months Ended June 30, 2008		
	U.S. Pension Plans	Non-U.S. Pension Plans	Postretirement Health and Other Plans	U.S. Pension Plans	Non-U.S. Pension Plans	Postretirement Health and Other Plans
Service cost - benefits earned during the period	$	$ 0.5	$ 0.2	$	$ 1.0	$ 0.4
Interest cost of projected benefit obligations	1.8	0.9	0.8	3.6	1.8	1.6
Expected return on plan assets	(1.7)	(0.8)		(3.4)	(1.6)	
Amortization of actuarial net (gain) loss						
Net periodic benefit costs	$ 0.1	$ 0.6	$ 1.0	$ 0.2	$ 1.2	$ 2.0
Weighted average assumptions:						
Discount rate	6.50%	5.5 - 5.8%	5.75%	6.50%	5.5 - 5.8%	5.75%
Expected return on plan assets	5.9%	0.0 - 6.1%	N/A	5.9%	0.0 - 6.1%	N/A
Rate of compensation increase	N/A	0.0 4.4%	N/A	N/A	0.0 4.4%	N/A

	Three Months Ended June 30, 2007			Six Months Ended June 30, 2007		
	U.S. Pension Plans	Non-U.S. Pension Plans	Postretirement Health and Other Plans	U.S. Pension Plans	Non-U.S. Pension Plans	Postretirement Health and Other Plans
Service cost - benefits earned during the period	$	$ 0.5	$ 0.2	$	$ 1.0	$ 0.4
Interest cost of projected benefit obligations	1.8	1.2	0.8	3.5	2.4	1.6
Expected return on plan assets	(1.8)	(1.1)		(3.5)	(2.2)	
Amortization of actuarial net (gain) loss	0.2		0.1	0.3		0.1
Net periodic benefit costs	$ 0.2	$ 0.6	$ 1.1	$ 0.3	$ 1.2	$ 2.1

Weighted average assumptions:						
Discount rate	5.75%	4.5 4.9%	5.75%	5.75%	4.5 - 4.9%	5.75%
Expected return on plan assets	6.5%	0.0 - 6.3%	N/A	6.5%	0.0 - 6.3%	N/A
Rate of compensation increase	N/A	1.8 4.0%	N/A	N/A	1.8 4.0%	N/A

The three U.S. pension plans had benefit accruals frozen during 2003. Effective January 1, 2007, the company merged all US pension plans together and made a contribution of $27.2 million that is expected to fully fund the ongoing pension liability. The company also changed its investment policy to more closely align the interest rate sensitivity of its pension assets with the corresponding liabilities. The resulting asset allocation is approximately 10% equities and 90% fixed income. This funding and change in allocation removed a significant portion of the U.S. pension s volatility arising from unpredictable changes in interest rates and the equity markets. This decision will protect the company s balance sheet as well as support its goal of minimizing unexpected future pension cash contributions based upon the new provisions of the Pension Protection Act and protect our employees benefits.

During the second quarter of 2007, the company made a $15.1 million pension contribution to its U.K. defined benefit pension plan. The $15.1 million contribution funded the defined benefit plan as well as paid an incentive to certain pensioners to transfer from the defined benefit plan to a defined contribution plan. As a result of this payment, the company recorded a charge during the second quarter of 2007 of approximately $3.8 million to reflect the incentive given to the pensioners and expenses incurred. This charge is recorded in pension settlements in the Consolidated Statement of Operations for the three and six months ended June 30, 2007. Subsequent to the funding of the defined benefit pension plan, approximately $39.2 million of assets and related liabilities were transferred from the defined benefit pension plan to a defined contribution pension plan.

During the second quarter of 2007, the company recorded a charge of $1.4 million related to a withdraw liability from a multiemployer pension plan at its former River Falls, Wisconsin facility. During the third quarter of 2005, the company closed its Kolpak operation located in River Falls, Wisconsin and consolidated it with its operation in Tennessee. The $1.4 million represents the estimated payment the company will make to the multiemployer pension plan for its former union employees at the closed facility. This charge is recorded in pension settlements in the Consolidated Statement of Operations for the three and six months ended June 30, 2007.

16. Sale of Parts Line

On April 3, 2007, the company sold all of its aftermarket replacement parts and rights to manufacture, sell and service aftermarket replacement parts for all the models of the Grove Manlift aerial work platform product line around the world, to MinnPar LLC. The company received $4.9 million in proceeds and recognized a gain of $3.3 million, which is recorded in gain on sale of parts line in the Consolidated Statement of Operations for the three and six months ended June 30, 2007.

17. Recent Accounting Changes and Pronouncements

In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133 . SFAS No. 161 amends and expands the disclosure requirements of SFAS No. 133 with the intent to provide users of financial statements with an enhanced understanding of: 1) how and why an entity uses derivative instruments; 2) how derivative instruments and related hedged items are accounted for under SFAS No. 133 and its related interpretations; and 3) how derivative instruments and related hedged items affect an entity s financial position, financial performance and cash flows. This statement is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. The company is currently evaluating the impact on disclosures of the adoption of SFAS No. 161 on its consolidated financial statements.

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements an Amendment of ARB No. 51 , which establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. SFAS 160 clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. SFAS 160 also requires consolidated net income to be reported at amounts that include the amounts attributable to both the parent and the noncontrolling interest. It also requires disclosure, on the face of the consolidated statement of income, of the amounts of consolidated net income attributable to the parent and to the noncontrolling interest. SFAS 160 also provides guidance when a subsidiary is deconsolidated and requires expanded disclosures in the consolidated financial statements that clearly identify and distinguish between the interests of the parent s owners and the interests of the noncontrolling owners of a subsidiary. SFAS 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. The company is currently evaluating the impact this statement will have on its financial position and results of operations.

In December 2007, the FASB issued SFAS No. 141(R), Business Combinations ,which establishes principles and requirements for how the acquirer: (a) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree; (b) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and (c) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS 141(R) requires contingent consideration to be recognized at its fair value on the acquisition date and, for certain arrangements, changes in fair value to be recognized in earnings until settled. SFAS 141(R) also requires acquisition-related transaction and restructuring costs to be expensed rather than treated as part of the cost of the acquisition. SFAS 141(R) applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The company is currently evaluating the impact this statement will have on its financial position and results of operations.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities - Including an Amendment of FASB Statement No. 115 . SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. SFAS 159 permits all entities to choose, at specified election dates, to measure eligible items at fair value (the fair value option). A business entity shall report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. Upfront costs and fees related to items for which the fair value option is elected are recognized in earnings as incurred and not deferred. SFAS 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 was effective for us on January 1, 2008. The adoption of SFAS No. 159 did not have an impact on our consolidated financial statements as the company did not elect the fair value option for any of such eligible financial assets or financial liabilities as of March 31, 2008.

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements. SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and establishes a hierarchy that categorizes and prioritizes the sources to be used to estimate fair value. SFAS 157 also expands financial statement disclosures about fair value measurements. On February 12, 2008, the FASB issued FASB Staff Position (FSP) 157-2 which delays the effective date of SFAS 157 for one year, for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). FAS 157 and FSP 157-2 are effective for financial statements issued for fiscal years beginning after November 15, 2007. We have elected a partial deferral of SFAS 157 under the provisions of FSP 157-2 related to the measurement of fair value used when evaluating goodwill, other intangible assets and other long-lived assets for impairment and valuing asset retirement obligations and liabilities for exit or disposal activities. The impact of partially adopting SFAS 157 effective January 1, 2008 was not material to our Consolidated Financial Statements.

In March 2006, the FASB issued SFAS No. 156, Accounting for Servicing of Financial Assets an amendment of FASB Statement No. 140. SFAS No. 156, amends certain aspects of SFAS No. 140, by requiring that all separately recognized servicing assets and servicing liabilities be initially measured at fair value, if practicable. SFAS No. 156 was effective for us on January 1, 2007. The adoption of SFAS No. 156 did not have an impact on our consolidated financial statements.

In February 2006, the FASB issued SFAS No. 155, Accounting for Certain Hybrid Financial Instruments an Amendment of FASB Statement No. 133 and 140. SFAS No. 155 amends certain aspects of SFAS No. 133, primarily related to hybrid financial instruments and beneficial interests in securitized financial assets, as well as amends SFAS No. 140, related to eliminating a restriction on the passive derivative instruments that a qualifying special-purpose entity (SPE) may hold. SFAS No. 155 was effective for us on January 1, 2007. The adoption of SFAS No. 155 did not have an impact on our consolidated financial statements.

18. Subsidiary Guarantors of Senior Notes due 2013

The following tables present condensed consolidating financial information for (a) The Manitowoc Company, Inc. (Parent); (b) the guarantors of the Senior Notes due 2013, which include substantially all of the domestic wholly owned subsidiaries of the company (Subsidiary Guarantors);

and (c) the wholly and partially owned foreign subsidiaries of the company, which do not guarantee the Senior Notes due 2013 (Non-Guarantor Subsidiaries). Separate financial statements of the Subsidiary Guarantors are not presented because the guarantors are fully and unconditionally, jointly and severally liable under the guarantees, and 100% owned by the company. On August 1, 2007, the company redeemed its 10 ½% senior subordinated notes due 2012, the guarantors of which were substantially the same as the guarantors of the Senior Notes due 2013.

The Manitowoc Company, Inc.

Condensed Consolidating Statement of Operations

For the Three Months Ended June 30, 2008

(In millions)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	$	$ 750.6	$ 750.4	$ (195.7)	$ 1,305.3
Costs and expenses:					
Cost of sales		603.0	586.6	(195.7)	993.9
Engineering, selling and administrative expenses	12.7	49.3	54.8		116.8
Gain on sale of parts line					
Pension settlement					
Amortization expense		0.5	1.1		1.6
Equity in (earnings) loss of subsidiaries	(172.6)	(3.4)		176.0	
Total costs and expenses	(159.9)	649.4	642.5	(19.7)	1,112.3
Earnings (loss) from operations	159.9	101.2	107.9	(176.0)	193.0
Other income (expense):					
Interest expense	(2.5)	(0.8)	(4.0)		(7.3)
Management fee income (expense)	11.3	(1.5)	(9.8)		
Other income (expense), net	(56.6)	14.8	42.5		0.7
Total other income (expense)	(47.8)	12.5	28.7		(6.6)
Earnings from operations before taxes on income and minority interest	112.1	113.7	136.6	(176.0)	186.4
Provision for taxes on income	(21.8)	47.3	27.1		52.6
Earnings from operations before minority interest	133.9	66.4	109.5	(176.0)	133.8
Minority interest, net of income taxes			(0.1)		(0.1)
Net earnings	$ 133.9	$ 66.4	$ 109.6	$ (176.0)	$ 133.9

The Manitowoc Company, Inc.

Condensed Consolidating Statement of Operations

For the Three Months Ended June 30, 2007

(In millions)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	$	$ 641.1	$ 508.9	$ (131.4)	$ 1,018.6
Costs and expenses:					
Cost of sales		510.2	399.8	(131.4)	778.6
Engineering, selling and administrative expenses	11.4	46.0	43.2		100.6
Gain on sale of parts line		(3.3)			(3.3)
Pension settlement	1.3		3.9		5.2
Amortization expense		0.5	0.5		1.0
Total costs and expenses	12.7	553.4	447.4	(131.4)	882.1
Earnings (loss) from operations	(12.7)	87.7	61.5		136.5
Other income (expense):					
Interest expense	(7.0)	(1.2)	(1.6)		(9.8)
Management fee income (expense)	9.0	(8.5)	(0.5)		
Other income (expense), net	18.2	(6.5)	(6.7)		5.0
Total other income (expense)	20.2	(16.2)	(8.8)		(4.8)
Earnings from operations before taxes on income and equity in earnings of subsidiaries	7.5	71.5	52.7		131.7
Provision for taxes on income	1.6	15.4	17.2		34.2
Earnings from operations before equity in earnings of subsidiaries	5.9	56.1	35.5		97.5
Equity in earnings of subsidiaries	91.6			(91.6)	
Net earnings	$ 97.5	$ 56.1	$ 35.5	$ (91.6)	$ 97.5

The Manitowoc Company, Inc.

Condensed Consolidating Statement of Operations

For the Six Months Ended June 30, 2008

(In millions)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	$	$ 1,355.7	$ 1,352.6	$ (326.1)	$ 2,382.2
Costs and expenses:					
Cost of sales		1,082.2	1,055.2	(326.1)	1,811.3
Engineering, selling and administrative expenses	25.1	100.0	106.6		231.7
Amortization expense		1.0	2.5		3.5
Equity in (earnings) loss of subsidiaries	(263.5)	(6.0)		269.5	
Total costs and expenses	(238.4)	1,177.2	1,164.3	(56.6)	2,046.5
Earnings (loss) from operations	238.4	178.5	188.3	(269.5)	335.7
Other income (expense):					
Interest expense	(5.4)	(1.7)	(6.9)		(14.0)
Management fee income (expense)	22.6	(12.6)	(10.0)		
Other income (expense), net	(35.7)	14.0	29.8		8.1
Total other income (expense)	(18.5)	(0.3)	12.9		(5.9)
Earnings from operations before taxes on income and minority interest	219.9	178.2	201.2	(269.5)	329.8
Provision for taxes on income	(16.6)	65.8	44.1		93.3
Earnings from operations before minority interest	236.5	112.4	157.1	(269.5)	236.5
Minority interest			(0.1)		(0.1)
Net earnings	$ 236.5	$ 112.4	$ 157.2	$ (269.5)	$ 236.6

The Manitowoc Company, Inc.

Condensed Consolidating Statement of Operations

For the Six Months Ended June 30, 2007

(In millions)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	$	$ 1,162.3	$ 950.5	$ (232.1)	$ 1,880.7
Costs and expenses:					
Cost of sales		926.8	750.6	(232.1)	1,445.3
Engineering, selling and administrative expenses	22.1	89.4	82.9		194.4
Gain on sale of parts line		(3.3)			(3.3)
Pension settlement	1.3		3.9		5.2
Amortization expense		0.9	1.0		1.9
Total costs and expenses	23.4	1,013.8	838.4	(232.1)	1,643.5
Earnings (loss) from operations	(23.4)	148.5	112.1		237.2
Other income (expense):					
Interest expense	(14.1)	(2.1)	(2.7)		(18.9)
Management fee income (expense)	17.9	(17.0)	(0.9)		
Other income (expense), net	33.9	(9.5)	(19.5)		4.9
Total other income (expense)	37.7	(28.6)	(23.1)		(14.0)
Earnings from operations before taxes on income and equity in earnings of subsidiaries	14.3	119.9	89.0		223.2
Provision for taxes on income	2.9	25.0	33.8		61.7
Earnings from operations before equity in earnings of subsidiaries	11.4	94.9	55.2		161.5
Equity in earnings of subsidiaries	150.2			(150.2)	
Net earnings	$ 161.6	$ 94.9	$ 55.2	$ (150.2)	$ 161.5

The Manitowoc Company, Inc.

Condensed Consolidating Balance Sheet

as of June 30, 2008

(In millions)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Current Assets:					
Cash and cash equivalents	$ 221.3	$ 32.6	$ 162.1	$	$ 416.0
Marketable securities	2.6				2.6
Restricted cash	5.3		1.4		6.7
Accounts receivable net	1.5	159.8	343.2		504.5
Inventories net		253.9	575.6		829.5
Deferred income taxes	45.5		19.8		65.3
Other current assets	7.1	20.9	62.2		90.2
Total current assets	283.3	467.2	1,164.3		1,914.8
Property, plant and equipment net	10.0	227.8	322.3		560.1
Goodwill		325.9	227.2		553.1
Other intangible assets net		70.6	132.3		202.9
Deferred income taxes	25.2		2.8		28.0
Other non-current assets	49.9	8.5	9.6		68.0
Investment in affiliates	1,052.5	15.2		(1,067.7)	
Total assets	$ 1,420.9	$ 1,115.2	$ 1,858.5	$ (1,067.7)	$ 3,326.9
Liabilities and Stockholders Equity					
Current Liabilities:					
Accounts payable and accrued expenses	$ 20.3	$ 401.3	$ 663.8	$	$ 1,085.4
Short-term borrowings			36.9		36.9
Product warranties		41.5	44.4		85.9
Product liabilities		30.2	4.4		34.6
Total current liabilities	20.3	473.0	749.5		1,242.8
Non-Current Liabilities:					
Long-term debt, less current portion	150.1		54.9		205.0
Pension obligations	6.4	0.5	16.2		23.1
Postretirement health and other benefit obligations	49.4		1.0		50.4
Intercompany	(494.9)	(227.5)	722.4		
Long-term deferred income		10.2	48.4		58.6
Other non-current liabilities	48.4	19.6	37.8		105.8
Total non-current liabilities	(240.6)	(197.2)	880.7		442.9
Stockholders equity	1,641.2	839.4	228.3	(1,067.7)	1,641.2
Total liabilities and stockholders equity	$ 1,420.9	$ 1,115.2	$ 1,858.5	$ (1,067.7)	$ 3,326.9

The Manitowoc Company, Inc.

Condensed Consolidating Balance Sheet

as of December 31, 2007

(In millions)

	Parent	Guarantor	Non-Guarantor	Eliminations	Total
Assets					
Current assets:					
Cash and cash equivalents	$ 194.9	$ 22.3	$ 146.7	$	$ 363.9
Marketable securities	2.5				2.5
Restricted cash	15.5		1.2		16.7
Account receivable-net	0.5	117.4	309.2		427.1
Inventories-net		208.2	389.5		597.7
Deferred income taxes	46.6		19.5		66.1
Other current assets	0.7	53.3	47.6		101.6
Total current assets	260.7	401.2	913.7		1,575.6
Property, plant and equipment - net	9.5	199.3	280.7		489.5
Goodwill-net		325.9	192.9		518.8
Other intangible assets		71.6	129.0		200.6
Deferred income taxes	25.0		2.6		27.6
Other non-current assets	38.0	9.8	8.8		56.6
Investments in affiliates	948.6	8.4		(957.0)	
Total assets	$ 1,281.8	$ 1,016.2	$ 1,527.7	$ (957.0)	$ 2,868.7
Liabilities and stockholders equity					
Current liabilities:					
Accounts payable and accrued expenses	$ 32.5	$ 374.8	$ 538.2	$	$ 945.5
Short-term borrowings			13.1		13.1
Product warranties		39.5	41.8		81.3
Product liabilities		30.0	4.7		34.7
Total current liabilities	32.5	444.3	597.8		1,074.6
Long-term debt	150.1		67.4		217.5