

MANITOWOC CO INC
Form 10-Q
August 09, 2010

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, 2010

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)

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2400 South 44th Street,

54221-0066

Manitowoc, Wisconsin

(Address of principal executive offices)

(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 No

Indicate by check mark whether the registrant has submitted electronically 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

(Do not check if a smaller reporting company)

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

The number of shares outstanding of the Registrant's common stock, \$.01 par value, as of June 30, 2010, the most recent practicable date, was 131,304,522.

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, 2010 and 2009

(Unaudited)

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Net sales	\$ 876.5	\$ 1,034.8	\$ 1,598.5	\$ 2,062.3
Costs and expenses:				
Cost of sales	663.5	798.0	1,213.4	1,620.5
Engineering, selling and administrative expenses	129.4	153.3	258.8	287.3
Asset impairments				700.0
Restructuring expense	1.3	21.5	1.7	25.9
Integration expense		2.0		3.5
Amortization expense	10.0	8.4	19.8	16.7
Total operating costs and expenses	804.2	983.2	1,493.7	2,653.9
Earnings (loss) from operations	72.3	51.6	104.8	(591.6)
Other income (expenses):				
Amortization of deferred financing fees	(5.2)	(6.6)	(12.1)	(14.7)
Interest expense	(43.2)	(41.0)	(83.8)	(81.4)
Loss on debt extinguishment		(1.1)	(15.7)	(1.1)
Other income, net	(5.6)	4.1	(11.8)	6.3
Total other income (expenses)	(54.0)	(44.6)	(123.4)	(90.9)
Earnings (loss) from continuing operations before taxes on income	18.3	7.0	(18.6)	(682.5)
Provision (benefit) for taxes on income	4.7	(6.2)	(8.9)	(67.2)
Earnings (loss) from continuing operations	13.6	13.2	(9.7)	(615.3)
Discontinued operations:				
Earnings (loss) from discontinued operations, net of income taxes of \$0.1, \$1.5, \$0.2 and \$1.9, respectively	(0.3)	(3.0)	(0.6)	(31.4)
Loss on sale of discontinued operations, net of income taxes of \$16.9 and \$16.9, respectively		(23.2)		(23.1)
Net earnings (loss)	13.3	(13.0)	(10.3)	(669.8)
	(0.8)	(0.7)	(1.2)	(1.7)

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Less: Net loss attributable to noncontrolling interest, net of tax					
Net earnings (loss) attributable to Manitowoc	\$	14.1	\$	(12.3)	\$ (9.1) \$ (668.1)
Amounts attributable to the Manitowoc common shareholders:					
Earnings (loss) from continuing operations	\$	14.4	\$	13.9	\$ (8.5) \$ (613.6)
Earnings (loss) from discontinued operations, net of income taxes		(0.3)		(3.0)	(0.6) (31.4)
Loss on sale of discontinued operations, net of income taxes				(23.2)	(23.1)
Net earnings (loss) attributable to Manitowoc	\$	14.1	\$	(12.3)	\$ (9.1) \$ (668.1)
Basic earnings (loss) per common share:					
Earnings (loss) from continuing operations attributable to Manitowoc common shareholders	\$	0.11	\$	0.11	\$ (0.07) \$ (4.71)
Earnings (loss) from discontinued operations attributable to Manitowoc common shareholders		(0.00)		(0.02)	(0.00) (0.24)
Loss on sale of discontinued operations, net of income taxes				(0.18)	(0.18)
Earnings (loss) from discontinued operations attributable to Manitowoc common shareholders	\$	0.11	\$	(0.09)	\$ (0.07) \$ (5.13)
Diluted earnings (loss) per common share:					
Earnings (loss) from continuing operations attributable to Manitowoc common shareholders	\$	0.11	\$	0.11	\$ (0.07) \$ (4.71)
Earnings (loss) from discontinued operations attributable to Manitowoc common shareholders		(0.00)		(0.02)	(0.00) (0.24)
Loss on sale of discontinued operations, net of income taxes				(0.18)	(0.18)
Earnings (loss) per share attributable to Manitowoc common shareholders	\$	0.11	\$	(0.09)	\$ (0.07) \$ (5.13)
Weighted average shares outstanding basic		130,574,043		130,163,718	130,535,386 130,161,564
Weighted average shares outstanding diluted		132,609,138		130,163,718	130,535,386 130,161,564

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

THE MANITOWOC COMPANY, INC.

Consolidated Balance Sheets

As of June 30, 2010 and December 31, 2009

(Unaudited)

(In millions, except share data)

	June 30, 2010	December 31, 2009
Assets		
Current Assets:		
Cash and cash equivalents	\$ 115.0	\$ 105.8
Marketable securities	2.6	2.6
Restricted cash	9.3	6.5
Accounts receivable, less allowances of \$32.6 and \$47.3, respectively	376.1	323.2
Inventories net	640.1	595.5
Deferred income taxes	143.4	142.0
Other current assets	71.8	84.3
Total current assets	1,358.3	1,259.9
Property, plant and equipment net	600.0	673.7
Goodwill	1,232.0	1,246.8
Other intangible assets net	932.6	957.4
Other non-current assets	117.9	140.9
Total assets	\$ 4,240.8	\$ 4,278.7
Liabilities and Equity		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 842.3	\$ 801.6
Short-term borrowings	144.2	144.9
Product warranties	88.2	96.5
Customer advances	58.7	71.2
Product liabilities	26.6	28.0
Total current liabilities	1,160.0	1,142.2
Non-Current Liabilities:		
Long-term debt	2,062.8	2,027.5
Deferred income taxes	221.6	214.8
Pension obligations	45.7	47.4
Postretirement health and other benefit obligations	60.8	58.8
Long-term deferred revenue	29.2	31.8
Other non-current liabilities	150.0	149.0
Total non-current liabilities	2,570.1	2,529.3
Commitments and contingencies (Note 15)		
Total Equity:		
Common stock (300,000,000 shares authorized, 163,175,928 shares issued, 131,304,522 and 130,708,124 shares outstanding, respectively)	1.4	1.4
Additional paid-in capital	449.1	444.4
Accumulated other comprehensive income (loss)	(29.3)	61.8
Retained earnings	179.6	188.7
Treasury stock, at cost (31,871,406 and 32,467,804 shares, respectively)	(88.2)	(88.4)

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Total Manitowoc stockholders' equity		512.6		607.9
Noncontrolling interest		(1.9)		(0.7)
Total equity		510.7		607.2
Total liabilities and equity	\$	4,240.8	\$	4,278.7

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

THE MANITOWOC COMPANY, INC.

Consolidated Statements of Cash Flows

For the Six Months Ended June 30, 2010 and 2009

(Unaudited)

(In millions)

	Six Months Ended June 30,	
	2010	2009
Cash Flows from Operations:		
Net earnings (loss)	\$ (10.3)	\$ (669.8)
Adjustments to reconcile net earnings (loss) to cash provided by operating activities of continuing operations:		
Asset impairments		700.0
Discontinued operations, net of income taxes	0.6	31.4
Depreciation	50.0	49.1
Amortization of intangible assets	19.8	16.7
Deferred income taxes	(1.4)	(65.1)
Loss (gain) on sale of property, plant and equipment	(1.5)	0.7
Restructuring expense	1.7	25.9
Amortization of deferred financing fees	12.1	14.7
Loss on debt extinguishment	15.7	1.1
Loss on sale of discontinued operations		23.1
Other	3.1	51.4
Changes in operating assets and liabilities, excluding effects of business acquisitions and divestitures:		
Accounts receivable	(66.9)	100.0
Inventories	(80.9)	143.6
Other assets	12.8	15.7
Accounts payable	97.3	(240.8)
Accrued expenses and other liabilities	(38.5)	(201.9)
Net cash provided by (used for) operating activities of continuing operations	13.6	(4.2)
Net cash provided by (used for) operating activities of discontinued operations	(0.7)	(13.7)
Net cash provided by (used for) operating activities	12.9	(17.9)
Cash Flows from Investing:		
Business acquisitions, net of cash acquired	(4.8)	
Capital expenditures	(16.3)	(44.3)
Change in restricted cash	(3.0)	(0.1)
Proceeds from sale of business		148.8
Proceeds from sale of property, plant and equipment	11.8	1.9
Net cash provided by (used for) investing activities of continuing operations	(12.3)	106.3
Cash Flows from Financing:		
Proceeds from revolving credit facility		77.7
Payments on long-term debt	(18.2)	(282.8)
Proceeds from long-term debt	45.4	92.1
Proceeds from securitization facility	101.0	
Payments on securitization facility	(101.0)	
Payments on notes financing	(3.2)	(7.3)
Debt issuance costs	(11.3)	(17.0)

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Dividends paid		(5.2)
Exercises of stock options, including windfall tax benefits	0.4	(0.7)
Net cash provided by (used for) financing activities of continuing operations	13.1	(143.2)
Effect of exchange rate changes on cash	(4.5)	1.8
Net increase (decrease) in cash and cash equivalents	9.2	(53.0)
Balance at beginning of period	105.8	173.0
Balance at end of period	\$ 115.0	\$ 120.0

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, 2010 and 2009

(Unaudited)

(In millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Net earnings (loss)	\$ 13.3	\$ (13.0)	\$ (10.3)	\$ (669.8)
Other comprehensive income (loss)				
Derivative instrument fair market value adjustment - net of income taxes	(7.4)	16.8	(6.8)	5.6
Foreign currency translation adjustments	(43.2)	15.4	(84.4)	(24.1)
Total other comprehensive income (loss)	(50.6)	32.2	(91.2)	(18.5)
Comprehensive income (loss)	(37.3)	19.2	(101.5)	(688.3)
Comprehensive loss attributable to noncontrolling interest	(0.8)	(0.7)	(1.2)	(1.7)
Comprehensive income (loss) attributable to Manitowoc	\$ (36.5)	\$ 19.9	\$ (100.3)	\$ (686.6)

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, 2010 and 2009

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, 2010 and 2009, the cash flows for the same six-month periods, and the financial position at June 30, 2010, 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, 2009. The consolidated balance sheet as of December 31, 2009 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.

As previously disclosed certain prior period amounts have been revised to conform to the current period presentation. During the fourth quarter of 2009 the company identified adjustments to correct an error to the amortization of deferred financing fees that reduce the expenses recognized in the previously filed Quarterly Reports for each of the first three quarters of 2009 by \$0.4 million, \$5.8 million, and \$5.0 million, respectively. The net-of-tax effect of these adjustments increased the company's previously reported 2009 earnings per share by \$0.00, \$0.03, and \$0.02 for the quarters ended March 31, June 30 and September 30, respectively.

There was no impact to quarterly cash flows in 2009 as the result of these revisions since the increase in net earnings was offset by the decrease in the non-cash reconciling items for deferred financing fee amortization and deferred taxes. The company does not believe that these adjustments are material to the results of operations, financial position or cash flows for any of its previously filed quarterly financial statements. Accordingly, the June 30, 2009 financial statements included herein have been revised to reflect the adjustments discussed above. The company will also revise its 2009 third quarter financial statements prospectively within its 2010 third quarter Quarterly Report on Form 10-Q.

On June 30, 2010, the company amended its accounts receivable securitization program. Transactions under the amended accounts receivable securitization program are accounted for as sales in accordance with ASC Topic 860, Transfers and Servicing. 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 (which include collections on deferred purchase price notes received as part of the consideration) are included in cash flows from operating activities in the accompanying Consolidated Statements of Cash Flows. The company has reflected the transition from the previous securitization program, which did not meet the criteria for sale treatment under ASC Topic 860, to the amended program using the gross method in the Consolidated Statements of Cash Flows. Under this method, separate line items for the net proceeds from the securitization facility immediately prior to the amendment and repayments on the amounts outstanding under the securitization facility as a result of the amendment are included in cash flows from financing activities, while the proceeds resulting from the amendment of the securitization facility are reflected as reductions of accounts receivable in cash flows from operating activities. See further discussion in Note 10, Accounts Receivable Securitization.

2. Acquisitions

On March 1, 2010, the company acquired 100% of the issued and to be issued shares of Appliance Scientific, Inc. (ASI). ASI is a leader in accelerated cooking technologies and is being integrated into current foodservice hot-side offerings. Allocation of the purchase price resulted in \$5.0 million of goodwill, \$18.2 million of intangible assets and an estimated liability for future earnouts of \$1.8 million. In accordance with guidance primarily codified in ASC Topic 805, Business Combinations, any future adjustment to the estimated earnout liability would be recognized in the earnings of that period. The results of ASI have been included in the Foodservice segment since the date of acquisition.

3. Discontinued Operations

On December 31, 2008, the company completed the sale of its Marine segment to Fincantieri Marine Group Holdings Inc., a subsidiary of Fincantieri Cantieri Navali Italiani SpA. The sale price in the all-cash deal was approximately \$120 million. The results of the Marine segment have been classified as a discontinued operation.

Administrative costs related to the former Marine segment resulted in pre-tax losses from discontinued operations of \$0.3 million and

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\$1.2 million for the three month periods ended June 30, 2010 and 2009, respectively. Tax benefits of \$0.1 million and \$0.2 million were recognized in the three month periods ended June 30, 2010 and 2009, respectively. Administrative costs related to the former Marine segment resulted in pre-tax losses from discontinued operations of \$0.6 million and \$1.8 million for the six month periods ended June 30, 2010 and 2009, respectively. Tax benefits of \$0.2 million and \$0.2 million were recognized in the six month periods ended June 30, 2010 and 2009, respectively.

In addition to the former Marine segment, the company has classified the Enodis ice and related businesses acquired in connection with the company's acquisition of Enodis plc (Enodis) in October of 2008, as discontinued in compliance with ASC Topic 360-10, Property, Plant, and Equipment.

In order to secure clearance for the acquisition of Enodis from various regulatory authorities including the European Commission and the United States Department of Justice, the company agreed to sell substantially all of Enodis' global ice machine operations following completion of the transaction. On May 15, 2009, the company completed the sale of the Enodis global ice machine operations to Braveheart Acquisition, Inc., an affiliate of Warburg Pincus Private Equity X, L.P., for \$160 million. The businesses sold were operated under the Scotsman, Ice-O-Matic, Simag, Barline, Icematic, and Oref brand names. The company also agreed to sell certain non-ice businesses of Enodis located in Italy that are operated under the Tecnomac and Icematic brand names. Prior to disposal, the antitrust clearances required that the ice businesses be treated and operated as standalone operations, in competition with the company. The results of these operations have been classified as discontinued operations.

The company used the net proceeds from the sale of the Enodis global ice machine operations of approximately \$150 million to reduce the balance on Term Loan X that matured in April of 2010. The final sale price resulted in the company recording an additional \$28.8 million non-cash impairment charge to reduce the value of the Enodis global ice machine operations in the first quarter of 2009. As a result of the impairment charge and the net earnings of the businesses to be divested of \$0.9 million, the total loss from discontinued operations related to the Enodis ice businesses was \$27.9 million for the three months ended March 31, 2009.

Administrative costs related to the Enodis ice machine businesses resulted in a pre-tax loss from discontinued operations of \$0.2 million and \$0.1 million for the six and three month periods ended June 30, 2010. There was no tax benefit associated with the Enodis ice machine business costs in the three or six month periods ended June 30, 2010.

4. Financial Instruments

The following tables set forth the company's financial assets and liabilities that were accounted for at fair value on a recurring basis as of June 30, 2010 and December 31, 2009 by level within the fair value hierarchy. 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, 2010			Total
	Level 1	Level 2	Level 3	
Current Assets:				
Foreign currency exchange contracts	\$ 2.8	\$ 0.5	\$ 0.5	\$ 2.8
Forward commodity contracts		0.5		0.5
Marketable securities	2.6			2.6

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Total Current assets at fair value	\$	5.4	\$	0.5	\$	5.9
Current Liabilities:						
Foreign currency exchange contracts	\$	8.9	\$		\$	8.9
Forward commodity contracts				0.4		0.4
Total Current liabilities at fair value	\$	8.9	\$	0.4	\$	9.3
Non-current Liabilities:						
Interest rate swap contracts	\$		\$	17.1	\$	17.1
Total Non-current liabilities at fair value	\$		\$	17.1	\$	17.1

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	Fair Value as of December 31, 2009			Total
	Level 1	Level 2	Level 3	
Current Assets:				
Foreign currency exchange contracts	\$ 1.4	\$	\$	\$ 1.4
Forward commodity contracts		1.7		1.7
Marketable securities	2.6			2.6
Total Current assets at fair value	\$ 4.0	\$ 1.7	\$	\$ 5.7
Current Liabilities:				
Foreign currency exchange contracts	\$ 5.4	\$	\$	\$ 5.4
Forward commodity contracts		0.1		0.1
Total Current liabilities at fair value	\$ 5.4	\$ 0.1	\$	\$ 5.5
Non-current Liabilities:				
Interest rate swap contracts	\$	\$ 6.4	\$	\$ 6.4
Total Non-current liabilities at fair value	\$	\$ 6.4	\$	\$ 6.4

The carrying value of the amounts reported in the Consolidated Balance Sheets for cash, accounts receivable, accounts payable, deferred purchase price notes on receivables sold and short-term variable debt, including any amounts outstanding under our revolving credit facility, approximate fair value, without being discounted, due to the short periods during which these amounts are outstanding. The fair value of the company's 7 1/8% Senior Notes due 2013 was approximately \$148.1 million and \$143.1 million at June 30, 2010 and December 31, 2009, respectively. The fair value of the company's 9 1/2% Notes due 2018 was approximately \$402.4 million at June 30, 2010. The fair values of the company's term loans under the New Credit Agreement are as follows at June 30, 2010 and December 31, 2009, respectively: Term Loan A \$725.9 million and \$883.3 million and Term Loan B \$828.9 million and \$1,011.3 million. See Note 9, Debt, for the related carrying values of these debt instruments.

ASC Topic 820-10 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. ASC Topic 820-10 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 its financial assets and liabilities are level 1 and level 2 in the fair value hierarchy.

As a result of its 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, the

company minimizes its 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 the company does not use leveraged derivative financial instruments. The forward foreign currency exchange and interest rate swap 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.

5. Derivative Financial Instruments

The company's risk management objective is to ensure that business exposures to risk that have been identified and measured and are capable of being controlled are minimized using the most effective and efficient methods to eliminate, reduce, or transfer such exposures. Operating decisions consider associated risks and structure transactions to avoid risk whenever possible.

Use of derivative instruments is consistent with the overall business and risk management objectives of the company. Derivative instruments may be used to control business risk within limits specified by the company's risk management policy to manage exposures that have been identified through the risk identification and measurement process, provided that they clearly qualify as hedging activities as defined in the company's risk management policy. Use of derivative instruments is not automatic, nor is it

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necessarily the only response to managing pertinent business risk. Use is permitted only after the risks that have been identified are determined to exceed defined tolerance levels and are considered to be unavoidable.

The primary risks managed by the company using derivative instruments are interest rate risk, commodity price risk and foreign currency exchange rate risk. Interest rate swap instruments are entered into to manage interest rate risk. Swap contracts on various commodities are used to manage the price risk associated with forecasted raw material related expenses in the company's manufacturing process. The company also enters into various foreign currency derivative instruments to manage foreign currency risk associated with the company's projected foreign currency revenue and expenses along with the related balance sheet exposures.

ASC Topic 815-10 requires companies to recognize all derivative instruments as either assets or liabilities at fair value in the statement of financial position. In accordance with ASC Topic 815-10, the company designates qualifying commodity swaps, foreign exchange derivative contracts and interest rate swaps as cash flow hedges of forecasted exposures to commodity, currency, and variable rate interest rate volatility.

For derivative instruments designated and qualifying as cash flow hedges, the effective portion of the mark-to-market gain or loss is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the forecasted item affects earnings. Gains and losses on the derivative instruments representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings. In the next twelve months, the company estimates \$6.2 million of unrealized and realized losses related to interest rate, commodity price and currency rate hedging will be reclassified from other comprehensive income into earnings. Foreign currency and commodity hedging is generally completed on a rolling and layering basis for twelve and eighteen months, respectively.

As of June 30, 2010 and December 31, 2009, the company had the following outstanding interest rate swaps, commodity swaps and foreign currency derivative contracts that were entered to hedge forecasted transactions:

Commodity	Units Hedged			Type
	June 30, 2010	December 31, 2009		
Aluminum	1,103	1,400	MT	Cash Flow
Copper	608	424	MT	Cash Flow
Natural Gas	291,811	266,934	MMBtu	Cash Flow

Short Currency	Units Hedged			Type
	June 30, 2010	December 31, 2009		
Canadian Dollar	22,884,130	24,426,423		Cash Flow
European Euro	48,484,950	51,155,115		Cash Flow
South Korean Won	2,080,576,636	2,079,494,400		Cash Flow
Singapore Dollar	5,800,000	3,240,000		Cash Flow
United States Dollar	7,896,000	12,285,292		Cash Flow

As of June 30, 2010, the total notional amount of the company's receive-floating/pay-fixed interest rate swaps was \$880.0 million compared to \$984.0 million on December 31, 2009.

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For derivative instruments not designated as hedging instruments under ASC Topic 815-10, the gains or losses are recognized in current earnings.

Short Currency	Units Hedged		Recognized Location	Purpose
	June 30, 2010	December 31, 2009		
Great British Pound	31,329,179	30,385,738	Other income	Balance Sheet Hedges
European Euro	49,268,952	37,310,399	Other income	Balance Sheet Hedges
United States Dollar	23,195,095	42,383,351	Other income	Balance Sheet Hedges

The fair value of outstanding derivative contracts recorded as assets in the accompanying Consolidated Balance Sheet as of June 30, 2010 and December 31, 2009 was as follows:

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Balance Sheet Location	ASSET DERIVATIVES	
	June 30, 2010	December 31, 2009
Fair Value		
Derivatives designated as hedging instrument under ASC 815		
<u>Foreign Exchange Contracts</u>	Other current assets \$	1.0 \$ 1.4
<u>Commodity Contracts</u>	Other current assets	0.5 1.5
Total derivatives designated as hedging instruments under ASC 815	\$	1.5 \$ 2.9

Balance Sheet Location	ASSET DERIVATIVES	
	June 30, 2010	December 31, 2009
Fair Value		
Derivatives NOT designated as hedging instrument under ASC 815		
<u>Foreign Exchange Contracts</u>	Other current assets \$	1.8 \$ 0.0
<u>Commodity Contracts</u>	Other current assets	0.0 0.2
Total derivatives NOT designated as hedging instruments under ASC 815		1.8 0.2
Total asset derivatives	\$	3.3 \$ 3.1

The fair value of outstanding derivative contracts recorded as liabilities in the accompanying Consolidated Balance Sheet as of June 30, 2010 and December 31, 2009 was as follows:

Balance Sheet Location	LIABILITY DERIVATIVES	
	June 30, 2010	December 31, 2009
Fair Value		
Derivatives designated as hedging instrument under ASC 815		
<u>Foreign Exchange Contracts</u>	Accounts payable and accrued expenses \$	7.4 \$ 0.5
<u>Interest Rate Swap Contracts</u>	Other non-current liabilities	17.1 6.4
<u>Commodity Contracts</u>	Accounts payable and accrued expenses	0.4 0.1
Total derivatives designated as hedging instruments under ASC 815	\$	24.9 \$ 7.0

Balance Sheet Location	LIABILITY DERIVATIVES	
	June 30, 2010	December 31, 2009
Fair Value		
Derivatives NOT designated as hedging instrument under ASC 815		
<u>Foreign Exchange Contracts</u>	Accounts payable and accrued expenses \$	1.5 \$ 4.9
<u>Commodity Contracts</u>	Accounts payable and accrued expenses	
Total derivatives NOT designated as hedging instruments under ASC 815	\$	1.5 \$ 4.9
Total liability derivatives	\$	26.4 \$ 11.9

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The effect of derivative instruments on the consolidated statement of operations for the quarters ended June 30, 2010 and June 30, 2009 for gains or losses initially recognized in other comprehensive income in the consolidated balance sheet were as follows:

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Derivatives in ASC 815 Cash Flow Hedging Relationships	Amount of Gain or (Loss) Recognized in OCI on Derivative (Effective Portion) (Net of Tax)		Location of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)			
	June 30, 2010	June 30, 2009		June 30, 2010	June 30, 2009		
	Foreign Exchange Contracts	\$ (3.5)		\$ 5.2	Cost of Sales	\$ (2.0)	\$ (4.1)
	Interest Rate Swap Contracts	(3.1)		6.5	Interest Expense	(2.7)	(3.0)
Commodity Contracts	(0.8)	1.3	Cost of Sales	0.3	(1.2)		
Total	\$ (7.4)	\$ 13.0		\$ (4.4)	\$ (8.3)		

Derivatives in ASC 815 Cash Flow Hedging Relationships	Location of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)		
		June 30, 2010	June 30, 2009	June 30, 2009
		Commodity Contracts	Cost of Sales	\$ (0.2)
Total		\$ (0.2)	\$ (0.2)	0.1

Derivatives Not Designated as Hedging Instruments under ASC 815	Location of Gain or (Loss) recognized in Income on Derivative	Amount of Gain or (Loss) Recognized in Income on Derivative		
		June 30, 2010	June 30, 2009	June 30, 2009
		Foreign Exchange Contracts	Other Income	\$ (1.5)
Commodity Contracts	Cost of Sales	0.0	0.0	0.2
Total		\$ (1.5)	\$ (1.5)	(2.7)

The effect of derivative instruments on the consolidated statement of operations for the six months ended June 30, 2010 and June 30, 2009 for gains or losses initially recognized in other comprehensive income in the consolidated balance sheet were as follows:

Derivatives in ASC 815 Cash Flow Hedging Relationships	Amount of Gain or (Loss) Recognized in OCI on Derivative (Effective Portion) (Net of Tax)		Location of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)			
	June 30, 2010	June 30, 2009		June 30, 2010	June 30, 2009		
	Foreign Exchange Contracts	\$ (4.7)		\$ (0.1)	Cost of Sales	\$ (2.5)	\$ (7.9)
	Interest Rate Swap Contracts	(7.0)		(2.3)	Interest Expense	(5.4)	(5.0)
Commodity Contracts	(0.8)	(1.0)	Cost of Sales	0.5	(3.1)		
Total	\$ (12.5)	\$ (3.4)		\$ (7.4)	\$ (16.0)		

Derivatives in ASC 815 Cash Flow Hedging Relationships	Location of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)		
		June 30, 2010	June 30, 2009	June 30, 2009
		Commodity Contracts	Cost of Sales	\$ 0.0
Total		\$ 0.0	\$ 0.0	(0.1)

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Derivatives Not Designated as Hedging Instruments under ASC 815	Location of Gain or (Loss) recognized in Income on Derivative	Amount of Gain or (Loss) Recognized in Income on Derivative			
		June 30, 2010		June 30, 2009	
Foreign Exchange Contracts	Other Income	\$	0.2	\$	(3.7)
Commodity Contracts	Cost of Sales		0.0		(1.1)
Total		\$	0.2	\$	(4.8)

6. Inventories

The components of inventories at June 30, 2010 and December 31, 2009 are summarized as follows:

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	June 30, 2010	December 31, 2009
Inventories gross:		
Raw materials	\$ 242.3	\$ 244.4
Work-in-process	190.3	163.5
Finished goods	326.1	310.9
Total inventories gross	758.7	718.8
Excess and obsolete inventory reserve	(87.8)	(90.9)
Net inventories at FIFO cost	670.9	627.9
Excess of FIFO costs over LIFO value	(30.8)	(32.4)
Inventories net	\$ 640.1	\$ 595.5

Inventories are carried at lower of cost or market value using the first-in, first-out (FIFO) method for 89% and 90% of total inventories at June 30, 2010 and December 31, 2009, respectively. The remainder of the inventories are costed using the last-in, first-out (LIFO) method. During the first quarter of 2010, a reduction in inventories related to working capital initiatives resulted in a liquidation of applicable LIFO inventory quantities carried at lower costs in prior years. This LIFO liquidation resulted in a \$1.6 million cost of sales decrease.

7. Goodwill and Other Intangible Assets

The changes in the carrying amount of goodwill by reportable segment for the year ended December 31, 2009 and three month periods ended March 31, 2010 and June 30, 2010 are as follows:

	Crane	Foodservice	Total
Gross and net balance as of January 1, 2009	\$ 285.5	\$ 1,605.0	\$ 1,890.5
Enodis purchase accounting adjustments		(84.9)	(84.9)
Sale of product lines		(9.3)	(9.3)
Foreign currency impact	4.2	(4.9)	(0.7)
Gross balance as of December 31, 2009	289.7	1,505.9	1,795.6
Asset impairments		(548.8)	(548.8)
Net balance as of December 31, 2009	289.7	957.1	1,246.8
Acquisition of ASI		5.0	5.0
Foreign currency impact	(11.1)	2.2	(8.9)
Gross balance as of March 31, 2010	\$ 278.6	\$ 1,513.1	\$ 1,791.7
Foreign currency impact	(10.8)	(0.1)	(11.0)
Gross balance as of June 30, 2010	267.8	1,513.0	1,780.7
Asset impairments		(548.8)	(548.8)
Net balance as of June 30, 2010	\$ 267.8	\$ 964.2	\$ 1,232.0

The increase in goodwill of \$5.0 million for the period ended March 31, 2010, was due to the acquisition of ASI. See further discussion in Note 2, Acquisitions.

The company accounts for goodwill and other intangible assets under the guidance of ASC Topic 350, Intangibles—Goodwill and Other. Under ASC Topic 350, goodwill is no longer amortized; however, the company performs an annual impairment review at June 30 of every year or more frequently if events or changes in circumstances indicate that the asset might be impaired. The company performs impairment reviews for its reporting units, which have been determined to be: Cranes Americas; Cranes Europe, Middle East, and Africa; Cranes Asia; Crane Care; Foodservice Americas; Foodservice Europe, Middle East, and Africa; and Foodservice Asia, using a fair-value method based on the present

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value of future cash flows, which involves management's judgments and assumptions about the amounts of those cash flows and the discount rates used. The estimated fair value is then compared with the carrying amount of the reporting unit, including recorded goodwill. Goodwill is then subject to risk of write-down to the extent that the carrying amount exceeds the estimated fair value. Effective January 1, 2010, the company revised its internal reporting structure and the Foodservice Retail reporting unit was combined into the Foodservice Americas reporting unit.

During the first quarter of 2009, the company's stock price continued to decline as global market conditions remained depressed, the credit markets did not improve and the performance of the company's Crane and Foodservice segments was below the company's expectations. In connection with a reforecast of expected 2009 financial results completed in early April 2009, the company determined the foregoing circumstances to be indicators of potential impairment under the guidance of ASC Topic 350-10. Therefore, the company performed the required initial (Step One) impairment test for each of the company's operating units as of March 31,

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2009. The company re-performed its established method of present-valuing future cash flows, taking into account the company's updated projections, to determine the fair value of the reporting units. The determination of fair value of the reporting units requires the company to make significant estimates and assumptions. The fair value measurements (for both goodwill and indefinite-lived intangible assets) are considered Level 3 within the fair value hierarchy. These estimates and assumptions primarily include, but are not limited to, projections of revenue growth, operating earnings, discount rates, terminal growth rates, and required capital for each reporting unit. Due to the inherent uncertainty involved in making these estimates, actual results could differ materially from the estimates. The company evaluated the significant assumptions used to determine the fair value of each reporting unit, both individually and in the aggregate, and concluded they are reasonable.

The results of the analysis indicated that the fair values of three of the company's eight reporting units (Foodservice Americas; Foodservice Europe, Middle East, and Africa; and Foodservice Retail) were potentially impaired; therefore, the company proceeded to measure the amount of the potential impairment (Step Two) with the assistance of a third-party valuation firm. Upon completion of that assessment, the company recognized impairment charges as of March 31, 2009, of \$548.8 million related to goodwill. The company also recognized impairment charges of \$151.2 million related to other indefinite-lived intangible assets as of March 31, 2009. Both charges were within the Foodservice segment. The goodwill and other indefinite-lived intangible assets had a carrying value of \$1,598.0 million and \$368.0 million, respectively, prior to the impairment charges. These non-cash impairment charges had no direct impact on the company's cash flows, liquidity, debt covenants, debt position or tangible asset values. There was no tax benefit in relation to the goodwill impairment; however, the company did recognize a \$52.0 million tax benefit associated with the other indefinite-lived intangible asset impairment.

As of June 30, 2010, the company performed its annual impairment analysis relative to goodwill and indefinite-lived intangible assets and based on those results no impairment was indicated. The company will continue to monitor market conditions and determine if any additional interim reviews of goodwill, other intangibles or long-lived assets are warranted. Further deterioration in the market or actual results as compared with the company's projections may ultimately result in a future impairment. In the event the company determines that assets are impaired in the future, the company would need to recognize a non-cash impairment charge, which could have a material adverse effect on the company's consolidated balance sheet and results of operations.

The gross carrying amount and accumulated amortization of the company's intangible assets other than goodwill were as follows as of June 30, 2010 and December 31, 2009:

	June 30, 2010			December 31, 2009		
	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Trademarks and tradenames	\$ 325.8	\$	\$ 325.8	\$ 341.0	\$	\$ 341.0
Customer relationships	439.0	(40.3)	398.7	438.9	(28.9)	410.0
Patents	32.1	(18.9)	13.2	35.1	(19.4)	15.7
Engineering drawings	10.7	(6.0)	4.7	11.8	(6.2)	5.6
Distribution network	19.8		19.8	21.7		21.7
Other intangibles	198.2	(27.8)	170.4	185.9	(22.5)	163.4
	\$ 1,025.6	\$ (93.0)	\$ 932.6	\$ 1,034.4	\$ (77.0)	\$ 957.4

The gross carrying amount of other intangibles increased \$18.2 million due to the acquisition of ASI, as discussed in Note 2, Acquisitions. Amortization expense for the three months ended June 30, 2010 and 2009 was \$10.0 million and \$8.4 million, respectively. Amortization expense for the six months ended June 30, 2010 and 2009 was \$19.8 million and \$16.7 million, respectively. Amortization expense related to intangible assets for each of the five succeeding years is estimated to be approximately \$40 million per year.

8. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at June 30, 2010 and December 31, 2009 are summarized as follows:

	June 30,		December 31,
	2010		2009
Trade accounts payable and interest payable	\$ 445.8	\$	357.3
Employee related expenses	111.2		96.6
Restructuring expenses	41.3		61.5
Profit sharing and incentives	15.9		14.0
Accrued rebates	24.9		35.2
Deferred revenue - current	24.7		40.4
Derivative liabilities	9.3		5.5
Income taxes payable	21.2		25.3
Miscellaneous accrued expenses	148.0		165.8
	\$ 842.3	\$	801.6

9. Debt

Outstanding debt at June 30, 2010 and December 31, 2009 is summarized as follows:

(in millions)	June 30, 2010	December 31, 2009
Revolving credit facility	\$	\$
Term loan A	738.4	922.5
Term loan B	833.2	1,041.0
Senior notes due 2013	150.0	150.0
Senior notes due 2018	400.0	
Other	85.4	58.9
Total debt	\$ 2,207.0	\$ 2,172.4
Less current portion and short-term borrowings	(144.2)	(144.9)
Long-term debt	\$ 2,062.8	\$ 2,027.5

In April 2008, the company entered into a \$2.4 billion credit agreement which was amended and restated as of August 25, 2008 to ultimately increase the size of the total facility to \$2.925 billion (New Credit Agreement). The New Credit Agreement became effective November 6, 2008. The New Credit Agreement includes four loan facilities – a revolving facility of \$400.0 million with a five-year term, a Term Loan A of \$1,025.0 million with a five-year term, a Term Loan B of \$1,200.0 million with a six-year term, and a Term Loan X of \$300.0 million with an eighteen-month term. 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. Term Loan X was repaid in full as of December 31, 2009. At June 30, 2010 the interest rates for Term Loan A and Term Loan B were 5.31% and 8.00%, respectively. Including interest rate swaps, Term Loan A and Term Loan B interest rates were 6.41% and 8.44% respectively, at June 30, 2010.

In June 2009, the company entered into Amendment No. 2 (the Amendment) to the New Credit Agreement to provide relief under its consolidated total leverage ratio and consolidated interest coverage ratio financial covenants. This Amendment was obtained to avoid a potential financial covenant violation at the end of the second quarter of 2009 as a result of lower demand for certain of the company's products due to continued weakness in the global economy and tight credit markets. Terms of the Amendment include an increase in the spread on London Interbank Offered Rate (LIBOR) and Alternative Borrowing Rate (ABR) loans of between 150 and 175 basis points, depending on the consolidated total leverage ratio. Also, one additional interest rate pricing level was added for each loan facility above a certain leverage amount.

On January 21, 2010, the company entered into an amendment (January 2010 Amendment) to the New Credit Agreement. The January 2010 Amendment, among other things, amends the definition of Consolidated Earnings Before Interest and Taxes (EBIT) to provide add-backs for certain additional cash restructuring charges, and amends certain financial ratios that the company is required to maintain, including (i) reducing the minimum permitted level of the Consolidated Interest Coverage Ratio, (ii) increasing the maximum permitted level of the Maximum Consolidated Total Leverage Ratio, and (iii) adjusting the start date for measurement of the Consolidated Senior Secured Leverage Ratio to December 31, 2010 and reducing the maximum permitted level for this ratio.

The January 2010 Amendment contains financial covenants whereby the ratio of (a) consolidated earnings before interest, taxes, depreciation and amortization, and other adjustments (EBITDA), as defined in the New Credit Agreement to (b) consolidated interest expense, each for the most recent four fiscal quarters (Consolidated Interest Coverage Ratio) and the ratio of (c) consolidated indebtedness to (d) consolidated EBITDA for the most recent four fiscal quarters (Consolidated Total Leverage Ratio), at all times must each meet certain defined limits listed below:

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Fiscal Quarter Ending:	Consolidated	Consolidated
	Total Leverage	Interest Coverage
	Ratio	Ratio
	(less than)	(greater than)
March 31, 2010	7.80:1	1.75:1
June 30, 2010	7.80:1	1.75:1
September 30, 2010	7.25:1	1.80:1
December 31, 2010	6.625:1	1.85:1
March 31, 2011	6.50:1	2.00:1
June 30, 2011	6.375:1	2.00:1
September 30, 2011	6.250:1	2.125:1
December 31, 2011	5.75:1	2.25:1
March 31, 2012	5.75:1	2.375:1
June 30, 2012	5.25:1	2.50:1
September 30, 2012	4.75:1	2.50:1
December 31, 2012	4.50:1	2.75:1
March 31, 2013	4.50:1	2.75:1
June 30, 2013	4.25:1	3.00:1
September 30, 2013	3.75:1	3.00:1
December 31, 2013 and thereafter	3.50:1	3.00:1

In addition, the January 2010 Amendment contains a financial covenant whereby the ratio of (e) consolidated senior secured indebtedness to (f) consolidated EBITDA for the most recent four fiscal quarters (Consolidated Senior Secured Indebtedness Ratio), beginning with the fiscal quarter ending December 31, 2010, must meet certain defined limits listed below:

Fiscal quarter ending:	Consolidated
	Senior Secured Leverage
	Ratio
	(less than)
December 31, 2010	5.00:1
March 31, 2011	5.00:1
June 30, 2011	5.00:1
September 30, 2011	5.00:1
December 31, 2011	4.25:1
March 31, 2012	4.25:1
June 30, 2012	4.00:1
September 30, 2012	3.75:1
December 31, 2012	3.50:1
March 31, 2013	3.25:1
June 30, 2013	3.25:1
September 30, 2013	3.25:1
December 31, 2013 and thereafter	3.00:1

On February 3, 2010, the company entered into an Underwriting Agreement with J.P. Morgan Securities Inc. as representative of several underwriters, pursuant to which the company agreed to sell, and the underwriters agreed to purchase \$400 million of the company's 9.50% Senior Notes due 2018 to be guaranteed by guarantors in a public offering which closed on February 8, 2010. Net proceeds of \$392.0 million from this offering were used to partially pay down ratably the then outstanding balances on Term Loan A and Term Loan B.

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The Senior Notes due 2018 are unsecured senior obligations ranking subordinate to all existing senior secured indebtedness and equal to all existing senior unsecured obligations. The Senior Notes due 2018 are jointly and severally and fully guaranteed on a senior unsecured basis by all of our existing and future domestic restricted subsidiaries that guarantee our senior secured credit facilities. Interest on the Senior Notes due 2018 is payable semiannually in February and August of each year. The Senior Notes due 2018 may be redeemed in whole or in part by the company for a premium at any time prior to February 15, 2014. The premium is calculated as the greater of (1) 1.0% of the principal amount of such note; and (2) the excess of (a) the present value at such redemption dated of (i) the redemption price of such note on February 15, 2014 plus (ii) all required remaining scheduled interest payments due on such note through February 15, 2014, computed using a discount rate equal to the treasury rate plus 50 basis points; over (b) the principal amount of such note on such redemption date. In addition, the company may redeem at its option, in whole or in part, at the following redemption prices if it redeems the Senior Notes due 2018 during the 12-month period commencing on February 15 of the year set forth below:

Year	Percentage
2014	104.750%
2015	102.375%
2016 and thereafter	100.000%

In addition, at any time, or from time to time, on or prior to February 15, 2013, the company may, at its option, use the net cash proceeds of one or more public equity offerings to redeem up to 35% of the principal amount of the Senior Notes due 2018 outstanding at a redemption price of 109.500% of the principal amount thereof plus accrued and unpaid interest thereon, if any, to the date of redemption; provided that:

- (1) At least 65% of the principal amount of the Senior Notes due 2018 outstanding remains outstanding immediately after any such redemption; and
- (2) The company makes such redemption not more than 90 days after the consummation of any such public offering.

The issuance of the Senior Notes due 2018 and the use of proceeds to repay Term Loan A and Term Loan B resulted in the recognition of \$15.7 million for the loss on extinguishment of debt, in accordance with the provisions of ASC Topic 470-50, Modifications and Extinguishments. In addition, \$1.7 million of fees paid by the company to the parties to the New Credit Agreement were capitalized in connection with the January 2010 Amendment and along with the existing unamortized debt fees, are being amortized over the remaining term of the New Credit Agreement using the effective interest method. \$8.5 million of fees paid to the parties of the Senior Notes due 2018 have been capitalized and are being amortized over the term of the Senior Notes due 2018.

The company's Senior Notes due 2013 and Senior Notes due 2018 contain customary affirmative and negative covenants. Among other restrictions, these covenants limit our ability to redeem or repurchase our debt, incur additional debt, make acquisitions, merge with other entities, pay dividends or distributions, repurchase capital stock, and create or become subject to liens.

As of June 30, 2010 the company was in compliance with all affirmative and negative covenants in its debt instruments inclusive of the financial covenants pertaining to the New Credit Agreement, as amended through June 30, 2010, the Senior Notes due 2013, and the Senior Notes due 2018 and based upon the company's current plans and outlook, the company believes it will be able to comply with these covenants during the subsequent 12 months. As of June 30, 2010 the company's Consolidated Total Leverage Ratio was 6.80:1, below the maximum ratio of 7.80:1 and the company's Consolidated Interest Coverage Ratio was 2.07:1, above the minimum ratio of 1.75:1.

As of June, 30 2010, the company had outstanding \$85.4 million of other indebtedness that has a weighted-average interest rate of approximately 5.8%. This debt includes outstanding short-term debt and overdraft balances in the Americas, Asia and Europe and various capital leases.

10. Accounts Receivable Securitization

On June 30, 2010 the company entered into the Second Amended and Restated Receivables Purchase Agreement whereby it sells certain of its domestic trade accounts receivable to a wholly owned, bankruptcy-remote special purpose subsidiary which, in turn, sells, conveys, transfers and assigns to a third-party financial institution (Purchaser), all of the Seller's right, title and interest in and to its pool of receivables to the Purchaser. The Purchaser receives ownership of the pool of receivables. New receivables are purchased by the special purpose subsidiary and resold to the Purchaser as cash collections reduce previously sold investments. The company acts as the servicer of the receivables and as such administers, collects and otherwise enforces the receivables. The company is compensated for doing so on terms that are generally consistent with what would be charged by an unrelated servicer. As servicer, the company will initially receive payments made by obligors on the receivables but will be required to remit those payments in accordance with the Receivables Purchase Agreement. The Purchaser has no recourse against the company for uncollectible receivables, The securitization program also contains customary affirmative and negative covenants. Among other

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restrictions, these covenants require the company to meet specified financial tests, which include a consolidated interest coverage ratio and a consolidated total leverage ratio. As of June 30, 2010, the company was in compliance with all affirmative and negative covenants inclusive of the financial covenants pertaining to the Amended and Restated Receivables Purchase Agreement.

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 deferred purchase price notes approximates book value. The fair value of the deferred purchase price notes recorded at June 30, 2010, was \$72.5 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 segment businesses. Trade accounts receivables sold to the Purchaser and being serviced by the company totaled \$101.0 million at June 30, 2010.

Transactions under the accounts receivables securitization program are accounted for as sales in accordance with ASC Topic 860, Transfers and Servicing. 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, including collections on the deferred purchase price notes, are

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included in cash flows from operating activities in the accompanying Consolidated Statements of Cash Flows. The company deems the interest rate risk related to the deferred purchase price notes to be de minimis, primarily due to the short average collection cycle of the related receivables (i.e. 60 days) as noted above.

Prior to the June 30, 2010 amendment, the Purchaser received an ownership and security interest in the pool of receivables. The Purchaser had no recourse against the company for uncollectible receivables; however the company's retained interest in the receivable pool was subordinate to the Purchaser. Prior to the adoption on January 1, 2010 of new guidance as codified in ASC 860, the receivables sold under this program qualified for de-recognition. After adoption of this guidance on January 1, 2010, receivables sold under this program no longer qualified for de-recognition and accordingly, cash proceeds on the balance of outstanding trade receivables sold were recorded as a securitization liability in the consolidated balance sheet. The table below provides additional information about delinquencies and net credit losses for trade accounts receivable subject to the accounts receivable securitization program at December 31, 2009.

	Balance Outstanding December 31, 2009	Balance Outstanding 60 Days or More Past Due December 31, 2009	Net Credit Losses Year Ended December 31, 2009
Trade accounts receivable subject to securitization program	\$ 107.9	\$ 5.9	\$
Trade accounts receivable balance sold	68.5		
Retained interest	\$ 39.4		

11. Income Taxes

For the six months ended June 30, 2010, the company recorded an income tax benefit of \$8.9 million, as compared to an income tax benefit of \$67.2 million for the six months ended June 30, 2009. The income tax benefit for the six months ended June 30, 2010 was calculated under the discrete method. The mix of income (loss) between foreign and domestic operations causes an unusual relationship between income (loss) and income tax expense (benefit) with small changes in the annual pre-tax book income resulting in a significant impact on the rate and unreliable estimates. As a result, the company computed the provision for income taxes for the six months ended June 30, 2010 by applying the actual effective tax rate to the year-to-date loss. The company believes that the discrete calculation of the effective tax rate provides a more reasonable approximation of the company's tax benefit.

The Patient Protection and Affordable Care Act was signed into law during the first quarter of 2010 and eliminated the tax deductibility of retiree health care costs to the extent of federal subsidies that provide retiree prescription drug benefits equivalent to Medicare Part D coverage. The company's income tax benefit was unfavorably impacted by \$1.6 million for the six months ended June 30, 2010 for this law change.

The company's unrecognized tax benefits, excluding interest and penalties, were \$41.5 million as of June 30, 2010, and \$38.4 million as of June 30, 2009. All of the company's unrecognized tax benefits as of June 30, 2010, if recognized, would impact the income tax provision. During the next twelve months, the company does not expect any material changes in its unrecognized tax benefits.

There have been no significant developments in the quarter with respect to the company's ongoing tax audits in various jurisdictions.

12. Earnings Per Share

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

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	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Basic weighted average common shares outstanding	130,574,043	130,163,718	130,535,386	130,161,564
Effect of dilutive securities - stock options and restricted stock	2,035,095			
Diluted weighted average common shares outstanding	132,609,138	130,163,718	130,535,386	130,161,564

For the six months ended June 30, 2010, the total number of potential dilutive options was 2.0 million. However, these options were not included in the computation of diluted net loss per common share for the six months ended June 30, 2009 since to do so would decrease the loss per share. For the three and six months ended June 30, 2009, the total number of potential dilutive options was 0.3 million. However, these options were not included in the computation of diluted net loss per common share for the three and six months ended June 30, 2009, since to do so would decrease the loss per share. In addition, for the three and six months ended June 30, 2009, 4.0 million and 4.1 million common shares issuable upon the exercise of stock options, respectively, were anti-dilutive and were excluded from the calculation of diluted earnings per share.

No dividends were paid during each of the three and six month periods ended June 30, 2010 as the company moved to an annual dividend program. During the three and six month periods ended June 30, 2009, the company paid a dividend of \$0.02 and \$0.04 per share.

13. Stockholders Equity

The following is a roll forward of retained earnings and non-controlling interest for the period ending June 30, 2010 and 2009:

	Retained Earnings		Non-controlling Interest	
Balance at December 31, 2009	\$	188.7	\$	(0.7)
Net earnings (loss)		(9.1)		(1.2)
Balance at June 30, 2010	\$	179.6	\$	(1.9)

	Retained Earnings		Non-controlling Interest	
Balance at December 31, 2008	\$	903.3	\$	1.8
Net earnings (loss)		(668.1)		(1.7)
Cash dividends		(5.2)		
Balance at June 30, 2009	\$	230.0	\$	0.1

Authorized capitalization consists of 300 million shares of \$0.01 par value common stock and 3.5 million shares of \$0.01 par value preferred stock. None of the preferred shares have been issued.

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

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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.

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 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.

Currently, the company has authorization to purchase up to 10 million shares (adjusted for the 2006 and 2007 2-for-1 stock splits) of common stock at management's discretion. As of June 30, 2010, the company had purchased approximately 7.6 million shares (adjusted for the 2006 and 2007 2-for-1 stock splits) at a cost of \$49.8 million pursuant to this authorization. The company did not purchase any shares of its common stock during 2010, 2009, 2008, 2007 or 2006.

14. Stock-Based Compensation

Stock-based compensation expense is calculated by estimating the fair value of incentive and non-qualified stock options at the time of grant and amortized over the stock options' vesting period. Stock-based compensation expense was \$3.3 million and \$2.4 million for the six months ended June 30, 2010 and 2009, respectively. The company granted options to acquire 1.4 million and 2.3 million shares of stock to officers and employees during the first quarters of 2010 and 2009, respectively. The grants to directors are exercisable immediately upon granting and expire ten years subsequent to the grant date. All other grants become exercisable in 25% increments beginning on the second anniversary of the grant date over a four-year period and expire ten years subsequent to the grant date. In addition, the company issued 0.5 and 0.2 million shares of restricted stock during the first quarters of 2010 and 2009, respectively. The restrictions on all shares of restricted stock expire on the third anniversary of the grant date.

15. 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 Sheets at June 30, 2010, is \$0.7 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.

As of June 30, 2010, the company also held reserves for environmental matters related to Enodis locations of approximately \$1.6 million. 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 at any of these locations 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, 2010, 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 a legacy product liability insurance program inherited in the Grove acquisition for cranes manufactured in the United States for occurrences from January 2000 through October 2002. As of June 30, 2010, the largest self-insured retention level for new occurrences currently maintained by the company is \$2.0 million per occurrence and applies to product liability claims for cranes manufactured in the United States.

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Product liability reserves in the Consolidated Balance Sheet at June 30, 2010 were \$26.6 million; \$6.4 million was reserved specifically for actual cases and \$20.2 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, 2010 and December 31, 2009, the company had reserved \$102.8 million and \$113.6 million, respectively, for warranty claims included in product warranties and other non-current liabilities in the Consolidated Balance Sheets. Certain of these warranty 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. Presently, there are no reliable methods to estimate the amount of any such potential changes.

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.

In conjunction with the Enodis acquisition, the company assumed the responsibility to address outstanding and future legal actions. At the time of acquisition, the only significant unresolved claimed legal matter involved a former subsidiary of Enodis, Consolidated Industries Corporation (Consolidated). Enodis sold Consolidated to an unrelated party in 1998. Shortly after the sale, Consolidated commenced bankruptcy proceedings. In February of 2009, a settlement agreement was reached in the Consolidated matter and the company agreed to a settlement amount of \$69.5 million plus interest from February 1, 2009 when the settlement agreement was approved by the Bankruptcy Court. A reserve for this matter was accrued for in purchase accounting upon the acquisition of Enodis. In March of 2009, the company made an initial payment \$56.0 million. In addition, both parties mutually agreed to the remaining balance, along with interest, of approximately \$14.0 million which was paid in April 2009.

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.

16. Guarantees

The company periodically enters into transactions with customers that provide for residual value guarantees and 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 other current and non-current liabilities at June 30, 2010 and December 31, 2009, was \$53.9 million and \$72.2 million, respectively. The total amount of residual value guarantees and buyback commitments given by the company and outstanding at June 30, 2010 and December 31, 2009, was \$65.2 million and \$80.6 million, respectively. These amounts are 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, 2010 and 2009, the company sold \$3.3 million and \$2.5 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 Sheets, net of payments made, in other current 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 is reflected as financing activities in the Consolidated Statements of Cash Flows. During the three and six months ended June 30, 2010, the customers paid \$1.6 million and \$3.2 million, respectively, of the notes to the third party financing companies. As of June 30, 2010, the outstanding balance of the notes receivables guaranteed by the company was \$5.6 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 12 months to 60 months with certain equipment having longer-term warranties. 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, 2010 and 2009:

	2010		2009	
Balance at beginning of period	\$	113.6	\$	123.5
Accruals for warranties issued during the period		25.0		39.7
Settlements made (in cash or in kind) during the period		(30.9)		(42.3)
Currency translation		(4.9)		(0.1)
Balance at end of period	\$	102.8	\$	120.8

17. 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.

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The components of periodic benefit costs for the three and six months ended June 30, 2010 and June 30, 2009 are as follows:

	Three Months Ended June 30, 2010			Six Months Ended June 30, 2010		
	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	\$ 0.1	\$ 0.5	\$ 0.2	\$ 0.3	\$ 1.0	\$ 0.4
Interest cost of projected benefit obligations	2.6	2.7	0.9	5.1	5.5	1.8
Expected return on plan assets	(2.3)	(2.4)		(4.6)	(4.8)	
Amortization of actuarial net (gain) loss			0.1	0.1	0.1	0.1
Net periodic benefit costs	\$ 0.4	\$ 0.8	\$ 1.2	\$ 0.9	\$ 1.8	\$ 2.3
Weighted average assumptions:						
Discount rate	6.0%	5.0 - 7.3%	5.75- 6.0%	6.0%	5.0 - 7.3%	5.75- 6.0%
Expected return on plan assets	6.0%	4.0 - 7.5%	N/A	6.0%	4.0 - 7.5%	N/A
Rate of compensation increase	N/A	2.0 - 8.0%	3.0%	N/A	2.0 - 8.0%	3.0%

	Three Months Ended June 30, 2009			Six Months Ended June 30, 2009		
	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	\$ 0.1	\$ 0.5	\$ 0.2	\$ 0.3	\$ 1.0	\$ 0.4
Interest cost of projected benefit obligations	2.6	3.3	0.9	5.2	5.9	1.8
Expected return on plan assets	(2.3)	(3.0)		(4.7)	(5.4)	
Amortization of actuarial net (gain) loss	0.1			0.2		
Net periodic benefit costs	\$ 0.5	\$ 0.8	\$ 1.1	\$ 1.0	\$ 1.5	\$ 2.2
Weighted average assumptions:						
Discount rate	6.2%	5.5 - 6.5%	6.2 - 7.25%	6.2%	5.5 - 6.5%	6.2 - 7.25%
Expected return on plan assets	5.75 - 6.5%	4.0 - 6.25%	N/A	5.75 - 6.5%	4.0 - 6.25%	N/A
Rate of compensation increase	N/A	2.0 - 8.0%	N/A	N/A	2.0 - 8.0%	N/A

All but one of the U.S. pension plans have benefit accruals frozen.

18. Restructuring

In the fourth quarter of 2008, the company committed to a restructuring plan to reduce the cost structure of its French and Portuguese crane facilities and recorded a restructuring expense of \$21.7 million to establish a reserve for future involuntary employee terminations and related costs. The restructuring plan was primarily meant to better align the company's resources due to the accelerated decline in demand in Western and Southern Europe where market conditions have negatively impacted the company's tower crane product sales. As a result of the continued worldwide decline in crane sales during the year ended December 31, 2009, the company recorded an additional \$29.0 million in restructuring charges to further reduce the Crane segment cost structure in all regions. The restructuring plans will reduce the Crane segment workforce by

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approximately 40% of 2008 year-end levels. As of June 30, 2010, \$36.2 million of benefit payments had been made with respect to the workforce reductions.

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The following is a rollforward of all restructuring activities relating to the Crane segment for the six month period ended June 30, 2010:

(in millions)	Restructuring Reserve Balance as of 12/31/09	Restructuring Charges	Use of Reserve	Restructuring Reserve Balance as of 6/30/10
Involuntary employee terminations and related costs	\$ 29.9	\$ 1.7	\$ (16.0)	\$ 15.6

In addition, \$11.4 million of the Enodis acquisition-related reserves were utilized during the six months ended June 30, 2010. As of June 30, 2010 the balance of these reserves was \$36.2 million, down from the December 31, 2009 balance of \$47.6 million.

19. Recent Accounting Changes and Pronouncements

In January 2010, the FASB issued Accounting Standards Update 2010-6, *Improving Disclosures about Fair Value Measurements*, codified in ASC Topic 820. This update requires new disclosures and clarifies existing disclosures as it related to fair value measurements. The update requires the reporting entity to disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and describe the reasons for the transfers and, in the reconciliation for fair value measurements using significant unobservable inputs (Level 3), present separately information about purchases, sales, issuances, and settlements (that is, on a gross basis rather than as one net number). This update also clarifies that a reporting entity should provide fair value measurement disclosures for each class of assets and liabilities and disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements. Those disclosures are required for fair value measurements that fall in either Level 2 or Level 3. This update also includes conforming amendments to the guidance on employers' disclosures about postretirement benefit plan assets. The guidance was applicable for the company beginning in the first interim period in 2010. Refer to Note 5, *Fair Value of Financial Instruments* for the disclosures required in accordance with this guidance.

In October 2009, the FASB issued Accounting Standards Update 2009-13, *Multiple-Deliverable Revenue Arrangements*, codified in ASC Topic 605. This update provides application guidance on whether multiple deliverables exist, how the deliverables should be separated and how the consideration should be allocated to one or more units of accounting. This guidance establishes a selling price hierarchy for determining the selling price of a deliverable. The selling price used for each deliverable will be based on vendor-specific objective evidence, if available, third-party evidence if vendor-specific objective evidence is not available, or estimated selling price if neither vendor-specific or third-party evidence is available. The company will be required to apply this guidance prospectively for revenue arrangements entered into or materially modified in the fiscal year beginning on or after June 15, 2010, with early application permitted. The company is currently evaluating the impact that adoption of this guidance will have on the determination or reporting of the company's financial results.

In June 2009, the FASB issued new guidance codified primarily in ASC Topic 810, *Consolidation*. This guidance is related to the consolidation rules applicable to variable interest entities. It replaces the quantitative-based risks and rewards calculation for determining whether an enterprise is the primary beneficiary in a variable interest entity with an approach that is primarily qualitative and requires ongoing assessments of whether an enterprise is the primary beneficiary of a variable interest entity. This guidance also requires additional disclosures about an enterprise's involvement in variable interest entities and is effective for the company in its interim and annual reporting periods beginning on and after January 1, 2010. The adoption of this guidance did not have a significant impact on the determination or reporting of the company's financial results.

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In June 2009, the FASB issued guidance related to the accounting for transfers of financial assets codified primarily in ASC Topic 860, Transfers and Servicing. This guidance requires entities to provide more information about transfers of financial assets and a transferor's continuing involvement, if any, with transferred financial assets. It also requires additional disclosures about the risks that a transferor continues to be exposed to because of its continuing involvement in transferred financial assets. ASC Topic 860 eliminates the concept of a qualifying special-purpose entity and changes the requirements for de-recognition of financial assets. This Topic is effective for the company in its interim and annual reporting periods beginning on and after January 1, 2010. Refer to Note 10, Accounts Receivable Securitization for discussion of the impact of the adoption of this guidance.

In April 2009, the FASB issued new guidance codified primarily in ASC Topic 825, Financial Instruments. This guidance requires an entity to provide disclosures about fair value of financial instruments in interim financial information and is to be applied prospectively and is effective for interim and annual periods ending after June 15, 2009 with early adoption permitted for periods ending after March 15, 2009. The adoption of this guidance did not have a material impact on the consolidated financial statements. Refer to Note 5, Fair Value of Financial Instruments for the disclosures required in accordance with this guidance.

In December 2008, the FASB issued new guidance which is codified primarily in ASC Topic 715, Compensation - Retirement Benefits. This guidance is related to an employer's disclosures about the type of plan assets held in a defined benefit pension or other

postretirement plan. This guidance is effective for financial statements issued for fiscal years ending after December 15, 2009. The adoption of this guidance did not have a material impact on the consolidated financial statements.

20. Subsidiary Guarantors of Senior Notes due 2013 and Senior Notes due 2018

The following tables present condensed consolidating financial information for (a) The Manitowoc Company, Inc. (Parent); (b) the guarantors of the Senior Notes due 2013 and Senior Notes due 2018, 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 Parent, which do not guarantee the Senior Notes due 2013 and Senior Notes due 2018 (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 Parent.

The Manitowoc Company, Inc.

Condensed Consolidating Statement of Operations

For the Three Months Ended June 30, 2010

(In millions)

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	\$	\$ 479.1	\$ 508.1	\$ (110.7)	\$ 876.5
Costs and expenses:					
Cost of sales		355.9	418.3	(110.7)	663.5
Engineering, selling and administrative expenses	11.0	51.1	67.3		129.4
Restructuring expense			1.3		1.3
Amortization expense		7.7	2.3		10.0
Equity in (earnings) loss of subsidiaries	(45.9)	(10.4)		56.3	
Total costs and expenses	(34.9)	404.3	489.2	(54.4)	804.2
Operating earnings (loss) from continuing operations	34.9	74.8	18.9	(56.3)	72.3
Other income (expense):					
Interest expense	(46.2)	(0.7)	(1.5)		(48.4)
Management fee income (expense)	8.8	(10.9)	2.1		
Other income (expense)-net	1.5	(11.0)	3.9		(5.6)
Total other income (expense)	(35.9)	(22.6)	4.5		(54.0)
Earnings (loss) from continuing operations before taxes on earnings	(1.0)	52.2	23.4	(56.3)	18.3
Provision (benefit) for taxes on earnings	(15.1)	12.8	7.0		4.7
Earnings (loss) from continuing operations	14.1	39.4	16.4	(56.3)	13.6
Discontinued operations:					
Loss from discontinued operations, net of income taxes		(0.2)	(0.1)		(0.3)
Net earnings (loss)	14.1	39.2	16.3	(56.3)	13.3
Less: Net gain (loss) attributable to noncontrolling interest			(0.8)		(0.8)
Net earnings (loss) attributable to Manitowoc	\$ 14.1	\$ 39.2	\$ 17.1	\$ (56.3)	\$ 14.1

The Manitowoc Company, Inc.

Condensed Consolidating Statement of Operations

For the Three Months Ended June 30, 2009

(In millions)

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	\$	\$ 571.0	\$ 581.0	\$ (117.2)	\$ 1,034.8
Costs and expenses:					
Cost of sales		426.7	488.5	(117.2)	798.0
Engineering, selling and administrative expenses	12.1	63.1	78.1		153.3
Restructuring expense		6.2	15.3		21.5
Amortization expense		7.2	1.2		8.4
Integration expense		2.0			2.0
Equity in (earnings) loss of subsidiaries	(9.4)	9.2		0.2	
Total costs and expenses	2.7	514.4	583.1	(117.0)	983.2
Operating earnings (loss) from continuing operations	(2.7)	56.6	(2.1)	(0.2)	51.6
Other income (expense):					
Interest expense	(45.1)	(0.3)	(2.2)		(47.6)
Management fee income (expense)	10.0	(41.9)	31.9		
Loss on debt extinguishment	(1.1)				(1.1)
Other income (expense)-net	12.5	(8.7)	0.3		4.1
Total other income (expense)	(23.7)	(50.9)	30.0		(44.6)
Earnings (loss) from continuing operations before taxes on earnings	(26.4)	5.7	27.9	(0.2)	7.0
Provision (benefit) for taxes on earnings	(14.1)	8.9	(1.0)		(6.2)
Earnings (loss) from continuing operations	(12.3)	(3.2)	28.9	(0.2)	13.2
Discontinued operations:					
Earnings (loss) from discontinued operations, net of income taxes		26.1	(29.1)		(3.0)
Gain (loss) from sale of discontinued operations, net of income taxes		0.8	(24.0)		(23.2)
Net earnings (loss)	(12.3)	23.7	(24.2)	(0.2)	(13.0)
Less: Net gain (loss) attributable to noncontrolling interest			(0.7)		(0.7)
Net earnings (loss) attributable to Manitowoc	\$ (12.3)	\$ 23.7	\$ (23.5)	\$ (0.2)	\$ (12.3)

The Manitowoc Company, Inc.

Condensed Consolidating Statement of Operations

For the Six Months Ended June 30, 2010

(In millions)

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	\$	\$ 852.7	\$ 942.9	\$ (197.1)	\$ 1,598.5
Costs and expenses:					
Cost of sales		634.3	776.2	(197.1)	1,213.4
Engineering, selling and administrative expenses	20.3	100.1	138.4		258.8
Restructuring expense		0.1	1.6		1.7
Amortization expense		15.5	4.3		19.8
Equity in (earnings) loss of subsidiaries	(66.7)	(23.5)		90.2	
Total costs and expenses	(46.4)	726.5	920.5	(106.9)	1,493.7
Operating earnings (loss) from continuing operations	46.4	126.2	22.4	(90.2)	104.8
Other income (expense):					
Interest expense	(92.0)	(1.1)	(2.8)		(95.9)
Management fee income (expense)	17.6	(21.1)	3.5		
Loss on debt extinguishment	(15.7)				(15.7)
Other income (expense)-net	2.6	(22.1)	7.7		(11.8)
Total other income (expense)	(87.5)	(44.3)	8.4		(123.4)
Earnings (loss) from continuing operations before taxes on earnings	(41.1)	81.9	30.8	(90.2)	(18.6)
Provision (benefit) for taxes on earnings	(32.0)	15.4	7.7		(8.9)
Earnings (loss) from continuing operations	(9.1)	66.5	23.1	(90.2)	(9.7)
Discontinued operations:					
Loss from discontinued operations, net of income taxes		(0.4)	(0.2)		(0.6)
Net earnings (loss)	(9.1)	66.1	22.9	(90.2)	(10.3)
Less: Net gain (loss) attributable to noncontrolling interest			(1.2)		(1.2)
Net earnings (loss) attributable to Manitowoc	\$ (9.1)	\$ 66.1	\$ 24.1	\$ (90.2)	\$ (9.1)

The Manitowoc Company, Inc.

Condensed Consolidating Statement of Operations

For the Six Months Ended June 30, 2009

(In millions)

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	\$	\$ 1,198.8	\$ 1,141.4	\$ (277.9)	\$ 2,062.3
Costs and expenses:					
Cost of sales		924.8	973.6	(277.9)	1,620.5
Engineering, selling and administrative expenses	24.8	111.6	150.9		287.3
Asset impairments		700.0			700.0
Restructuring expense		6.7	19.2		25.9
Amortization expense		14.3	2.4		16.7
Integration expense		3.5			3.5
Equity in (earnings) loss of subsidiaries	626.2	(6.6)		(619.6)	
Total costs and expenses	651.0	1,754.3	1,146.1	(897.5)	2,653.9
Operating earnings (loss) from continuing operations	(651.0)	(555.5)	(4.7)	619.6	(591.6)
Other income (expense):					
Interest expense	(90.2)	(0.5)	(5.4)		(96.1)
Management fee income (expense)	21.2	(51.2)	30.0		
Loss on debt extinguishment	(1.1)				(1.1)
Other income (expense)-net	32.6	(21.7)	(4.6)		6.3
Total other income (expense)	(37.5)	(73.4)	20.0		(90.9)
Earnings (loss) from continuing operations before taxes on earnings	(688.5)	(628.9)	15.3	619.6	(682.5)
Provision (benefit) for taxes on earnings	(20.4)	(37.2)	(9.6)		(67.2)
Earnings (loss) from continuing operations	(668.1)	(591.7)	24.9	619.6	(615.3)
Discontinued operations:					
Loss from discontinued operations, net of income taxes		(4.6)	(26.8)		(31.4)
Gain (loss) from sale of discontinued operations, net of income taxes		0.9	(24.0)		(23.1)
Net earnings (loss)	(668.1)	(595.4)	(25.9)	619.6	(669.8)
Less: Net gain (loss) attributable to noncontrolling interest			(1.7)		(1.7)
Net earnings (loss) attributable to Manitowoc	\$ (668.1)	\$ (595.4)	\$ (24.2)	\$ 619.6	\$ (668.1)

The Manitowoc Company, Inc.

Condensed Consolidating Balance Sheet

as of June 30, 2010

(In millions)

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Current Assets:					
Cash and cash equivalents	\$ 22.8	\$ 7.1	\$ 85.1	\$	\$ 115.0
Marketable securities	2.6				2.6
Restricted cash	8.2		1.1		9.3
Accounts receivable net	0.8	33.8	341.5		376.1
Inventories net		248.4	391.7		640.1
Deferred income taxes	116.3		27.1		143.4
Other current assets	56.7	11.9	53.6	(50.4)	71.8
Total current assets	207.4	301.2	900.1	(50.4)	1,358.3
Property, plant and equipment net	10.7	292.4	296.9		600.0
Goodwill		1,026.9	205.1		1,232.0
Other intangible assets net		729.5	203.1		932.6
Other non-current assets	1,603.7	1,970.1	3,058.0	(6,513.9)	117.9
Investment in affiliates	4,119.2	3,367.6		(7,486.8)	
Total assets	\$ 5,941.0	\$ 7,687.7	\$ 4,663.2	\$ (14,051.1)	\$ 4,240.8
Liabilities and Equity					
Current Liabilities:					
Accounts payable and accrued expenses	\$ 46.8	\$ 419.8	\$ 426.1	\$ (50.4)	\$ 842.3
Short-term borrowings and securitization liabilities	73.5	10.7	60.0		144.2
Customer advances		18.8	39.9		58.7
Product warranties		47.1	41.1		88.2
Product liabilities		22.6	4.0		26.6
Total current liabilities	120.3	519.0	571.1	(50.4)	1,160.0
Non-Current Liabilities:					
Long-term debt, less current portion	2,048.0	4.7	10.1		2,062.8
Deferred income taxes	239.7		(18.1)		221.6
Pension obligations	10.9	13.9	20.9		45.7
Postretirement health and other benefit obligations	57.4		3.4		60.8
Long-term deferred revenue		6.0	23.2		29.2
Other non-current liabilities	2,952.1	2,305.7	1,406.1	(6,513.9)	150.0
Total non-current liabilities	5,308.1	2,330.3	1,445.6	(6,513.9)	2,570.1
Equity					
Manitowoc stockholder's equity	512.6	4,838.4	2,648.4	(7,486.8)	512.6
Noncontrolling interest			(1.9)		(1.9)
Total equity	512.6	4,838.4	2,646.5	(7,486.8)	510.7
Total liabilities and equity	\$ 5,941.0	\$ 7,687.7	\$ 4,663.2	\$ (14,051.1)	\$ 4,240.8

The Manitowoc Company, Inc.

Condensed Consolidating Balance Sheet

as of December 31, 2009

(In millions)

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Current Assets:					
Cash and cash equivalents	\$ 18.0	\$ 7.0	\$ 80.8	\$	\$ 105.8
Marketable securities	2.6				2.6
Restricted cash	5.1		1.4		6.5
Accounts receivable net	0.4	10.0	312.8		323.2
Inventories net		188.4	407.1		595.5
Deferred income taxes	109.6		32.4		142.0
Other current assets	75.1	9.6	50.4	(50.8)	84.3
Total current assets	210.8	215.0	884.9	(50.8)	1,259.9
Property, plant and equipment net	11.3	303.0	359.4		673.7
Goodwill		1,026.9	219.9		1,246.8
Other intangible assets net		745.0	212.4		957.4
Other non-current assets	1,766.5	1,779.1	2,604.3	(6,009.0)	140.9
Investment in affiliates	4,021.0	3,317.3		(7,338.3)	
Total assets	\$ 6,009.6	\$ 7,386.3	\$ 4,280.9	\$ (13,398.1)	\$ 4,278.7
Liabilities and equity					
Current Liabilities:					
Accounts payable and accrued expenses	\$ 50.7	\$ 361.8	\$ 439.9	\$ (50.8)	\$ 801.6
Short-term borrowings and current portion of long-term debt	105.2	0.7	39.0		144.9
Customer advances		30.5	40.7		71.2
Product warranties		49.5	47.0		96.5
Product liabilities		21.7	6.3		28.0
Total current liabilities	155.9	464.2	572.9	(50.8)	1,142.2
Non-Current Liabilities:					
Long-term debt, less current portion	2,008.4	5.1	14.0		2,027.5
Deferred income taxes	234.9		(20.1)		214.8
Pension obligations	11.0	13.5	22.9		47.4
Postretirement health and other benefit obligations	55.7		3.1		58.8
Long-term deferred revenue		5.5	26.3		31.8
Other non-current liabilities	2,935.8	2,110.1	1,112.1	(6,009.0)	149.0
Total non-current liabilities	5,245.8	2,134.2	1,158.3	(6,009.0)	2,529.3
Equity					
Manitowoc stockholder's equity	607.9	4,787.9	2,550.4	(7,338.3)	607.9
Noncontrolling interest			(0.7)		(0.7)
Total equity	607.9	4,787.9	2,549.7	(7,338.3)	607.2
Total liabilities and stockholders' equity	\$ 6,009.6	\$ 7,386.3	\$ 4,280.9	\$ (13,398.1)	\$ 4,278.7

The Manitowoc Company, Inc.

Condensed Consolidating Statement of Cash Flows

For the Six Months Ended June 30, 2010

(In millions)

	Parent	Subsidiary Guarantors	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by (used for) operating activities of continuing operations	(41.0)	37.3	17.3		13.6
Cash provided by (used for) operating activities of discontinued operations		(0.4)	(0.3)		(0.7)
Net cash provided by (used for) operating activities	\$ (41.0)	\$ 36.9	\$ 17.0	\$	\$ 12.9
Cash Flows from Investing:					
Business acquisition, net of cash acquired			(4.8)		(4.8)
Capital expenditures	(0.6)	(7.1)	(8.6)		(16.3)
Restricted cash	(3.2)		0.2		(3.0)
Proceeds from sale of property, plant and equipment		1.0	10.8		11.8
Intercompany investments	52.4	(66.4)	26.9	(12.9)	
Net cash provided by (used for) investing activities	48.6	(72.5)	24.5	(12.9)	(12.3)
Cash Flows from Financing:					
Proceeds from long-term debt	8.0	9.9	27.5		45.4
Payments on long-term debt		(0.3)	(17.9)		(18.2)
Proceeds on revolving credit facility net					
Proceeds (payments) on notes financing net		(2.3)	(0.9)		(3.2)
Proceeds from securitization		101.0			101.0
Payments on securitization		(101.0)			(101.0)
Debt issue costs	(11.3)				(11.3)
Intercompany financing	0.1	28.4	(41.4)	12.9	
Options exercised	0.4				0.4
Net cash provided by (used for) financing activities	(2.8)	35.7	(32.7)	12.9	13.1
Effect of exchange rate changes on cash			(4.5)		(4.5)
Net increase (decrease) in cash and cash equivalents	4.8	0.1	4.3		9.2
Balance at beginning of period	18.0	7.0	80.8		105.8
Balance at end of period	\$ 22.8	\$ 7.1	\$ 85.1	\$	\$ 115.0

The Manitowoc Company, Inc.

Condensed Consolidating Statement of Cash Flows

For the Six Months Ended June 30, 2009

(In millions)

	Parent	Subsidiary Guarantors	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by (used for) operating activities of continuing operations	(7.9)	153.1	(149.4)		(4.2)
Cash provided by (used for) operating activities of discontinued operations	(5.1)	24.3	(32.9)		(13.7)
Net cash provided by (used for) operating activities	\$ (13.0)	\$			