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Income (Loss) from Discontinued Operations

Income from discontinued operations for the year ended December 31, 2014 decreased by approximately $13 million when compared to the prior year as the truck business was sold in May 2014.

Gain (Loss) on Disposition of Discontinued Operations

Gain (loss) on disposition of discontinued operations increased by approximately $56 million primarily due to the sale of the truck business in the year ended December 31, 2014.

2013 COMPARED WITH 2012

Terex Consolidated

	2013			2012				
		% of Sales			% of Sales		% Change In Reported Amounts	
	($ amounts in millions)							
Net sales	$7,084.0	—		$6,982.2	—		1.5	%
Gross profit	$1,439.5	20.3	%	$1,400.1	20.1	%	2.8	%
SG&A	$1,020.4	14.4	%	$1,033.3	14.8	%	(1.2	)%
Income from operations	$419.1	5.9	%	$366.8	5.3	%	14.3	%

Net sales for the year ended December 31, 2013 increased $101.8 million when compared to 2012. Our AWP segment had significant growth in net sales from continued rental channel replenishment, particularly in North America, Europe and Latin America as well as other international markets. However, the impact of weak demand in European and other markets on our Construction, Cranes, MHPS and MP segments partially offset those net sales increases.

Gross profit for the year ended December 31, 2013 increased $39.4 million when compared to 2012. Approximately $32 million of restructuring and related charges impacted gross profit in the current year. Our AWP and Construction segments' gross profit improved from the prior year period, partially offset by decreased gross profit in the other three segments.

SG&A costs for the year ended December 31, 2013 decreased by $12.9 million when compared to 2012. Approximately $29 million of restructuring and related charges affected SG&A costs in the current year. These charges were partially offset by lower SG&A costs resulting from actions taken in prior periods to lower our cost structure as well as from a charge taken in the prior year for an acquisition related note receivable that did not recur in the current year.

Income from operations improved by $52.3 million for the year ended December 31, 2013 when compared to 2012. The increase was primarily due to improved profitability in our AWP segment and lower overall SG&A costs.

Aerial Work Platforms

	2013		2012		
		% of Sales		% of Sales	% Change In Reported Amounts
	($ amounts in millions)				
Net sales	$2,131.0	—	$1,742.4	—	22.3 %
Gross profit	$514.9	24.2 %	$381.2	21.9 %	35.1 %
SG&A	$189.1	8.9 %	$170.3	9.8 %	11.0 %
Income from operations	$325.8	15.3 %	$210.9	12.1 %	54.5 %

Net sales for the AWP segment for the year ended December 31, 2013 increased $388.6 million when compared to 2012. We continued to see growth from replacement-based demand in the North American, Latin American and European rental channels for our aerial work platform products as well as increased demand arising from the early stages of replacement demand in many other international markets.

Gross profit for the year ended December 31, 2013 increased $133.7 million when compared to 2012. Increased net sales, improved price realization, lower material costs and the mix of product sales, contributed approximately $149 million to the improvement in gross profit. This improvement was slightly offset by approximately $11 million in higher distribution and warranty costs associated with higher net sales volume.

SG&A costs for the year ended December 31, 2013 increased $18.8 million when compared to 2012. Higher selling and marketing costs associated with higher net sales increased SG&A costs by approximately $7 million as compared to the prior year. Additionally, the allocation of corporate costs was approximately $8 million higher in the current year.

Income from operations for the year ended December 31, 2013 improved $114.9 million when compared to 2012. The increase was due to the items noted above, particularly increased net sales volume, partially offset by higher SG&A costs.

Construction

	2013		2012		
		% of Sales		% of Sales	% Change In Reported Amounts
	($ amounts in millions)				
Net sales	$820.0	—	$952.1	—	(13.9)%
Gross profit	$83.2	10.1 %	$68.2	7.2 %	22.0 %
SG&A	$108.0	13.2 %	$137.5	14.4 %	(21.5)%
Loss from operations	$(24.8)	(3.0)%	$(69.3)	(7.3)%	*

* Not meaningful as a percentage

Net sales for the Construction segment decreased by $132.1 million for the year ended December 31, 2013 when compared to 2012. Demand for our Construction products has weakened, particularly in Western Europe. Decreased demand for our material handlers and compact construction equipment negatively impacted net sales in the current year period. These declines were partially offset by improved net sales from our cement mixer product line.

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Gross profit for the year ended December 31, 2013 increased $15.0 million when compared to 2012. The increase was primarily due to approximately $21 million of lower inventory and restructuring charges in the current year compared to the prior year. These were partially offset by lower net sales for our material handlers and compact construction product lines worldwide. Additionally, charges taken in connection with the sale of a portion of the roadbuilding businesses decreased gross profit by approximately $3 million.

SG&A costs for the year ended December 31, 2013 decreased $29.5 million when compared to 2012. Cost reduction activities taken in prior periods are reflected in lower current year SG&A costs. Additionally, the allocation of corporate costs was approximately $5 million lower in the current year. Approximately $5 million lower restructuring and related charges in the current year decreased SG&A costs.

Loss from operations for the year ended December 31, 2013 decreased $44.5 million when compared to 2012. The lower loss was primarily due to lower inventory, restructuring and other SG&A costs partially offset by the impact of lower net sales.

Cranes

	2013			2012				
		% of Sales			% of Sales		% Change In Reported Amounts	
	($ amounts in millions)							
Net sales	$1,925.5	—		$1,987.6	—		(3.1	)%
Gross profit	$337.1	17.5	%	$393.6	19.8	%	(14.4	)%
SG&A	$226.6	11.8	%	$225.6	11.4	%	0.4	%
Income from operations	$110.5	5.7	%	$168.0	8.5	%	(34.2	)%

Net sales for the Cranes segment for the year ended December 31, 2013 decreased by $62.1 million when compared to 2012. We have experienced declines in net sales in Australia and Latin America, partially offset by stronger sales in the Middle East. These declines were primarily related to lower commodity driven demand.

Gross profit for the year ended December 31, 2013 decreased by $56.5 million when compared to 2012. Approximately $10 million of restructuring and related charges impacted gross profit in the current year period. The decrease in net sales and lower margin mix of product sales were the primary drivers of the remaining decrease in gross profit.

SG&A costs for the year ended December 31, 2013 increased $1.0 million when compared to 2012. Approximately $5 million of higher engineering costs for new product development were incurred in the current year period. Additionally, the allocation of corporate costs was approximately $7 million higher in the current year period. However, a $12 million charge in the prior year period related to the write down of an acquisition related note did not recur in the current year period.

Income from operations for the year ended December 31, 2013 decreased $57.5 million when compared to 2012, resulting primarily from restructuring and related costs and lower net sales.

Material Handling & Port Solutions

	2013	% of Sales	2012	% of Sales	% Change In Reported Amounts
	($ amounts in millions)				
Net sales	$1,698.5	—	$1,742.1	—	(2.5)%
Gross profit	$345.4	20.3%	$386.7	22.2%	(10.7)%
SG&A	$387.2	22.8%	$381.1	21.9%	1.6%
Income (loss) from operations	$(41.8)	(2.5)%	$5.6	0.3%	*

* Not meaningful as a percentage

Net sales for the MHPS segment for the year ended December 31, 2013 decreased by $43.6 million when compared to 2012. Weak demand across several geographies, including Europe, South Africa and India, has reduced net sales in both businesses in this segment. However, net sales were approximately 40% higher in the second half of the current year than in the first half of the year.

Gross profit for the year ended December 31, 2013 decreased by $41.3 million when compared to 2012. Approximately $21 million of restructuring and related charges impacted gross profit in the current year period. The remaining decrease in gross profit was primarily attributable to the reduced overall net sales volume.

SG&A costs for the year ended December 31, 2013 increased by $6.1 million when compared to 2012. Approximately $25 million of restructuring and related charges affected SG&A costs in the current year period. This was partially offset by cost reduction activities taken in prior periods that positively impacted SG&A by approximately $15 million.

Income (loss) from operations for the year ended December 31, 2013 declined by $47.4 million when compared to 2012. These results were primarily driven by restructuring and related charges.

Materials Processing

	2013	% of Sales	2012	% of Sales	% Change In Reported Amounts
	($ amounts in millions)				
Net sales	$628.2	—	$661.5	—	(5.0)%
Gross profit	$145.4	23.1%	$149.6	22.6%	(2.8)%
SG&A	$73.6	11.7%	$74.3	11.2%	(0.9)%
Income from operations	$71.8	11.4%	$75.3	11.4%	(4.6)%

Net sales in the MP segment decreased by $33.3 million for the year ended December 31, 2013 when compared to 2012. The translation effect of foreign currency exchange rate changes negatively impacted net sales by approximately $12 million. Additionally, the decline in net sales was impacted by weakness in minerals driven markets such as Australia and South America, as well as general construction weakness in Europe. However, our business remained strong in North America driven by replacement demand.

Gross profit for the year ended December 31, 2013 decreased by $4.2 million when compared to 2012. The decrease was primarily due to lower net sales volume and a negative impact from the translation effect of foreign currency exchange rate changes. However, improved manufacturing cost structure partially offset this decrease.

SG&A costs for the year ended December 31, 2013 decreased $0.7 million when compared to 2012. SG&A costs in the current year reflected reduced spending on selling and marketing costs, partially offset by increased engineering costs for investments in new products and markets.

Income from operations for the year ended December 31, 2013 decreased $3.5 million when compared to 2012. This was driven primarily by lower net sales partially offset by manufacturing costs controls.

Corporate/Eliminations

	2013	% of Sales	2012	% of Sales	% Change In Reported Amounts
	($ amounts in millions)				
Net sales	$(119.2)	—	$(103.5)	—	*
Loss from operations	$(22.4)	18.8 %	$(23.7)	22.9 %	*

* Not meaningful as a percentage

The net sales amounts include the elimination of intercompany sales activity among segments.

Interest Expense, Net of Interest Income

During the year ended December 31, 2013, our interest expense net of interest income was $119.4 million, or $36.4 million lower than the prior year. This improvement was primarily driven by the capital market activities in 2012 and continued paydown of debt in 2013, which generally resulted in lower cost debt being used to pay off higher cost debt as well as decreasing our debt balances.

Loss on Early Extinguishment of Debt

We recorded a loss of $5.2 million on early extinguishment of debt during the year ended December 31, 2013 related to the redemption of a portion of our term debt. A loss of $83.0 million on early extinguishment of debt was recorded in the year ended December 31, 2012 related to the redemption of certain of our senior notes and convertible debt.

Other Income (Expense) — Net

Other income (expense) — net for the year ended December 31, 2013 was income of $5.3 million, a decrease of $2.6 million when compared to income of $7.9 million in the prior year. This was driven primarily by losses incurred from the sale of assets in the current year.

Income Taxes

During the year ended December 31, 2013, we recognized income tax expense of $87.4 million on income of $291.3 million, an effective tax rate of 30.0%, as compared to income tax expense of $51.5 million on income of $126.3 million, an effective tax rate of 40.8%, for the year ended December 31, 2012. The lower effective tax rate for the year ended December 31, 2013 was primarily due to reductions in the provision for uncertain tax positions and losses for which no tax benefit was recognized in the current year when compared to the prior year.

Income (Loss) from Discontinued Operations

Income from discontinued operations for the year ended December 31, 2013 decreased by approximately $14 million when compared to the prior year primarily due to lower demand for our trucks in the current year.

Gain (Loss) on Disposition of Discontinued Operations

For the year ended December 31, 2013, we recognized a gain from contractually obligated earnings based payments from the purchaser of a business sold in 2010. For the year ended December 31, 2012, we recognized a gain from contractually obligated earnings based payments from the purchaser of a business sold in 2010 partially offset by a loss associated with settlement of claims related to the sale of the Mining business.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Changes in the estimates and assumptions used by management could have significant impact on our financial results. Actual results could differ from those estimates.

We believe that the following are among our most significant accounting policies which are important in determining the reporting of transactions and events and which utilize estimates about the effect of matters that are inherently uncertain and therefore are based on management judgment. Please refer to Note A – “Basis of Presentation” in the accompanying Consolidated Financial Statements for a complete listing of our accounting policies.

Inventories – In valuing inventory, we are required to make assumptions regarding the level of reserves required to value potentially obsolete or over-valued items at the lower of cost or market. These assumptions require us to analyze the aging of and forecasted demand for our inventory, forecast future products sales prices, pricing trends and margins, and to make judgments and estimates regarding obsolete or excess inventory. Future product sales prices, pricing trends and margins are based on the best available information at that time including actual orders received, negotiations with our customers for future orders, including their plans for expenditures, and market trends for similar products. Our judgments and estimates for excess or obsolete inventory are based on analysis of actual and forecasted usage. The valuation of used equipment taken in trade from customers requires us to use the best information available to determine the value of the equipment to potential customers. This value is subject to change based on numerous conditions. Inventory reserves are established taking into account age, frequency of use, or sale, and in the case of repair parts, the installed base of machines. While calculations are made involving these factors, significant management judgment regarding expectations for future events is involved. Future events that could significantly influence our judgment and related estimates include general economic conditions in markets where our products are sold, new equipment price fluctuations, actions of our competitors, including the introduction of new products and technological advances, as well as new products and design changes we introduce. We make adjustments to our inventory reserve based on the identification of specific situations and increase our inventory reserves accordingly. As further changes in future economic or industry conditions occur, we will revise the estimates that were used to calculate its inventory reserves.

If actual conditions are less favorable than those we have projected, we will increase our reserves for lower of cost or market (“LCM”), excess and obsolete inventory accordingly. Any increase in our reserves will adversely impact our results of operations. The establishment of a reserve for LCM, excess and obsolete inventory establishes a new cost basis in the inventory. Such reserves are not reduced until the product is sold.

Accounts Receivable – We are required to judge our ability to collect accounts receivable from our customers. Valuation of receivables includes evaluating customer payment histories, customer leverage, availability of third-party financing, political and exchange risks and other factors. Many of these factors, including the assessment of a customer’s ability to pay, are influenced by economic and market factors that cannot be predicted with certainty. Given current economic conditions, there can be no assurance that our historical accounts receivable collection experience will be indicative of future results.

Guarantees – As of December 31, 2014, we have issued guarantees to financial institutions related to customer financing of equipment purchases by our customers. We must assess the probability of losses or non-performance in ways similar to the evaluation of accounts receivable, including consideration of a customer’s payment history, leverage, availability of third party financing, political and exchange risks, and other factors. Many of these factors, including the assessment of a customer's ability to pay, are influenced by economic and market factors that cannot be predicted with certainty.

Our customers, from time to time, may fund acquisition of our equipment through third-party finance companies. In certain instances, we may provide a credit guarantee to the finance company by which we agree to make payments to the finance company should the customer default. Our maximum liability is limited to the remaining payments due to the finance company at the time of default. In the event of customer default, we have generally been able to recover and dispose of the equipment at a minimum loss, if any, to us. There can be no assurance that our historical credit default experience will be indicative of future results. Our ability to recover losses experienced from our guarantees may be affected by economic conditions in effect at the time of loss.

We issue residual value guarantees under sales-type leases. A residual value guarantee involves a guarantee that a piece of equipment will have a minimum fair market value at a future point in time. We are generally able to mitigate the risk associated with these guarantees because the maturity of the guarantees is staggered, which limits the amount of used equipment entering the marketplace at any one time.

We guarantee, from time to time, that we will buy equipment from our customers in the future at a stated price if certain conditions are met by the customer. Such guarantees are referred to as buyback guarantees. These conditions generally pertain to the functionality and state of repair of the machine. We are generally able to mitigate the risk of these guarantees because the maturity of the guarantees is staggered, limiting the amount of used equipment entering the marketplace at any one time and through leveraging our access to the used equipment markets provided by our original equipment manufacturer status.

We record a liability for the estimated fair value of guarantees issued pursuant to Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 460, "Guarantees" ("ASC 460"). We recognize a loss under a guarantee when our obligation to make payment under the guarantee is probable and the amount of the loss can be estimated. A loss would be recognized if our payment obligation under the guarantee exceeds the value we could expect to recover to offset such payment, primarily through the sale of the equipment underlying the guarantee.

There can be no assurances that our historical experience in used equipment markets will be indicative of future results. Our ability to recover losses experienced from our guarantees may be affected by economic conditions in the used equipment markets at the time of loss.

See Note Q – "Litigations and Contingencies" in the Notes to the Consolidated Financial Statements for further information regarding our guarantees.

Revenue Recognition – Revenue and related costs are generally recorded when products are shipped and invoiced to either independently owned and operated dealers or to end-customers.

Revenue generated in the United States is recognized when title and risk of loss pass from us to our customers, which generally occurs upon shipment depending upon the shipping terms negotiated. We also have a policy requiring that certain criteria be met in order to recognize revenue, including satisfaction of the following requirements:

a) Persuasive evidence that an arrangement exists;
b) The price to the buyer is fixed or determinable;
c) Collectability is reasonably assured; and
d) We have no significant obligations for future performance.

In the United States, we have the ability to enter into a security agreement and receive a security interest in the product by filing an appropriate Uniform Commercial Code ("UCC") financing statement. However, a significant portion of our revenue is generated outside of the United States. In many countries outside of the United States, as a matter of statutory law, a seller retains title to a product until payment is made. The laws do not provide for a seller's retention of a security interest in goods in the same manner as established in the UCC. In these countries, we retain title to goods delivered to a customer until the customer makes payment so that we can recover the goods in the event of customer default on payment. In these circumstances, where we only retain title to secure our recovery in the event of customer default, we also have a policy, which requires meeting certain criteria in order to recognize revenue, including satisfaction of the following requirements:

a) Persuasive evidence that an arrangement exists;
b) Delivery has occurred or services have been rendered;
c) The price to the buyer is fixed or determinable;
d) Collectability is reasonably assured;
e) We have no significant obligations for future performance; and

f) We are not entitled to direct the disposition of the goods, cannot rescind the transaction, cannot prohibit the customer from moving, selling, or otherwise using the goods in the ordinary course of business and have no other rights of holding title that rest with a titleholder of property that is subject to a lien under the UCC.

In circumstances where the sales transaction requires acceptance by the customer for items such as testing on site, installation, trial period or performance criteria, revenue is not recognized unless the following criteria have been met:

a) Persuasive evidence that an arrangement exists;
b) Delivery has occurred or services have been rendered;
c) The price to the buyer is fixed or determinable;
d) Collectability is reasonably assured; and
e) The customer has given their acceptance, the time period for acceptance has elapsed or we have otherwise objectively demonstrated that the criteria specified in the acceptance provisions have been satisfied.

In addition to performance commitments, we analyze factors such as the reason for the purchase to determine if revenue should be recognized. This analysis is done before the product is shipped and includes the evaluation of factors that may affect the conclusion related to the revenue recognition criteria as follows:

a) Persuasive evidence that an arrangement exists;
b) Delivery has occurred or services have been rendered;
c) The price to the buyer is fixed or determinable; and
d) Collectability is reasonably assured.

Revenue from sales-type leases is recognized at the inception of the lease. Income from operating leases is recognized ratably over the term of the lease. We routinely sell equipment subject to operating leases and the related lease payments. If we do not retain a substantial risk of ownership in the equipment, the transaction is recorded as a sale. If we do retain a substantial risk of ownership, the transaction is recorded as a borrowing, the operating lease payments are recognized as revenue over the term of the lease and the debt is amortized over a similar period.

We, from time to time, issue buyback guarantees in conjunction with certain sales agreements. These primarily relate to trade value agreements (“TVAs”) in which a customer may trade in equipment in the future at a stated price/credit if the customer meets certain conditions. The trade-in price/credit is determined at the time of the original sale of equipment. In conjunction with the trade-in, these conditions include a requirement to purchase new equipment at fair market value at the time of trade-in, which fair value is required to be of equal or greater value than the original equipment cost. Other conditions also include the general functionality and state of repair of the machine. We have concluded that any credit provided to customers under a TVA/buyback guarantee, which is expected to be equal to or less than the fair value of the equipment returned on the trade-in date, is a guarantee to be accounted for in accordance with ASC 460.

The original sale of equipment, accompanied by a buyback guarantee, is a multiple element transaction wherein we offer our customer the right, after some period of time, for a limited period of time, to exchange purchased equipment for a fixed price trade-in credit toward another of our products. The fixed price trade-in credit is accounted for under the guidance provided by ASC 460. Pursuant to this right, we have agreed to make a payment (in the form of a trade-in credit) to the customer contingent upon the customer exercising its right to trade in the original purchased equipment. Under the guidance of ASC 460, we record the fixed price trade-in credit at its fair value. Accordingly, as noted above, we have accounted for the trade-in credit as a separate deliverable in a multiple element arrangement.

When a sales transaction includes multiple deliverables, such as sales of multiple products or sales of products and services that are delivered over multiple reporting periods, the multiple deliverables are evaluated to determine the units of accounting, and the entire fee from the arrangement is allocated to each unit of accounting based on the relative selling price. The selling price of a unit of accounting is determined using a selling price hierarchy. Vendor-specific objective evidence (“VSOE”) is established based upon the price charged for products and services that are sold separately in standalone transactions. If VSOE cannot be established, third-party evidence (“TPE”) is evaluated based on competitor prices for similar deliverables when sold separately. If neither VSOE or TPE is available, management's best estimate of selling price is established based upon the price at which we would sell the product on a standalone basis taking into consideration factors including, but not limited to, internal costs, gross margin objectives, pricing practices and market conditions. Revenue is recognized when the revenue recognition criteria for each unit of accounting are met.

Goodwill – Goodwill, representing the difference between the total purchase price and the fair value of assets (tangible and intangible) and liabilities at the date of acquisition, is reviewed for impairment annually, and more frequently as circumstances warrant, and written down only in the period in which the recorded value of such assets exceed their fair value. We selected October 1 as the date for our required annual impairment test.

Goodwill is tested for impairment at the reporting unit level, which is defined as an operating segment or a component of an operating segment that constitutes a business for which discrete financial information with similar economic characteristics is available and the operating results are regularly reviewed by our management. The AWP, Construction, Cranes and MP operating segments plus the Material Handling business and Port Solutions business of MHPS, comprise the six reporting units for goodwill impairment testing purposes.

We may elect to perform a qualitative analysis for our reporting units to determine whether it is more likely than not that the fair value of the reporting unit is greater than its carrying value. If the qualitative analysis indicates that it is more likely than not that the fair value of a reporting unit is less than its carrying amount or if we elect not to perform a qualitative analysis, we perform a quantitative analysis to determine whether a goodwill impairment exists.

The quantitative goodwill impairment analysis is a two-step process. The first step used to identify potential impairment involves comparing each reporting unit's estimated fair value to its carrying value, including goodwill. We use an income approach derived from the discounted cash flow model to estimate the fair value of our reporting units. The aggregate fair value of our reporting units is compared to our market capitalization on the valuation date to assess its reasonableness. The initial recognition of goodwill, as well as the annual review of the carrying value of goodwill, requires that we develop estimates of future business performance. These estimates are used to derive expected cash flow and include assumptions regarding future sales levels and the level of working capital needed to support a given business. We rely on data developed by business segment management as well as macroeconomic data in making these calculations. The discounted cash flow model also includes a determination of our weighted average cost of capital. The cost of capital is based on assumptions about interest rates as well as a risk-adjusted rate of return required by our equity investors. Changes in these estimates can impact the present value of the expected cash flow that is used in determining the fair value of acquired intangible assets as well as the overall expected value of a given business.

The second step of the process involves the calculation of an implied fair value of goodwill for each reporting unit for which step one indicated impairment. The implied fair value of goodwill is determined by measuring the excess of the estimated fair value of the reporting unit over the estimated fair values of the individual assets, liabilities and identifiable intangibles as if the reporting unit was being acquired in a business combination. If the implied fair value of goodwill exceeds the carrying value of goodwill assigned to the reporting unit, there is no impairment. If the carrying value of goodwill assigned to a reporting unit exceeds the implied fair value of the goodwill, an impairment charge is recorded for the excess. An impairment loss cannot exceed the carrying value of goodwill assigned to a reporting unit and subsequent reversal of goodwill impairment losses is not permitted.

There were no indicators of goodwill impairment in the tests performed as of October 1, 2014, 2013 and 2012. See Note J – "Goodwill and Intangible Assets, Net" in the Notes to the Consolidated Financial Statements.

In order to evaluate the sensitivity of any quantitative fair value calculations on the goodwill impairment test, we applied a hypothetical 10% decrease to the fair values of any reporting unit calculated. This hypothetical 10% decrease would still result in excess fair value over carrying value for the reporting units as of October 1, 2014.

Impairment of Long-Lived Assets – Our policy is to assess the realizability of our long-lived assets, including intangible assets, and to evaluate such assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets (or group of assets) may not be recoverable. Impairment is determined to exist if fair value based on the estimated future undiscounted cash flows are less than the asset's carrying value. Future cash flow projections include assumptions regarding future sales levels and the level of working capital needed to support each business. We use data developed by business segment management as well as macroeconomic data in making these calculations. There are no assurances that future cash flow assumptions will be achieved. The amount of any impairment then recognized would be calculated as the difference between the estimated fair value and the carrying value of the asset.

Accrued Warranties – We record accruals for unasserted warranty claims based on our claim experience. Warranty costs are accrued at the time revenue is recognized. However, adjustments to the initial warranty accrual are recorded if actual claim experience indicates that adjustments are necessary. These warranty costs are based upon management's assessment of past claims and current experience. However, actual claims could be higher or lower than amounts estimated, as the amount and value of warranty claims are subject to variation as a result of many factors that cannot be predicted with certainty, including the performance of new products, models and technology, changes in weather conditions for product operation, different uses for products and other similar factors.

Accrued Product Liability – We record accruals for product liability claims when deemed probable and estimable based on facts and circumstances and our prior claim experience. Accruals for product liability claims are valued based upon our prior claims experience, including consideration of the jurisdiction, circumstances of the accident, type of loss or injury, identity of plaintiff, other potential responsible parties, analysis of outside legal counsel, analysis of internal product liability counsel and the experience of our product safety team. Actual product liability costs could be different due to a number of variables such as the decisions of juries or judges.

Defined Benefit Plans – Pension benefits represent financial obligations that will be ultimately settled in the future with employees who meet eligibility requirements. As of December 31, 2014, we maintained one qualified defined benefit pension plan and one nonqualified plan covering certain U.S. employees. The benefits covering salaried employees are based primarily on years of service and employees' qualifying compensation during the final years of employment. The benefits covering bargaining unit employees are based primarily on years of service and a flat dollar amount per year of service. Participation in the qualified plan is frozen and participants are only credited with post-freeze service for purposes of determining vesting and retirement eligibility. It is our policy, generally, to fund the qualified U.S. plan based on the requirements of the Employee Retirement Income Security Act of 1974. See Note O – "Retirement Plans and Other Benefits" in the Notes to the Consolidated Financial Statements. The nonqualified plan provides retirement benefits to certain senior executives of the Company and is unfunded. Generally, the nonqualified plan provides a benefit based on average total compensation earned over a participant's final five years of employment and years of service reduced by benefits earned under any Company retirement program, excluding salary deferrals and matching contributions. In addition, benefits are reduced by Social Security Primary Insurance Amounts attributable to Company contributions. Participation in the nonqualified plan is frozen; however, eligible participants are credited with post-freeze service for purposes of determining vesting and the amount of benefits.

We maintain defined benefit plans in France, Germany, India, Switzerland and the United Kingdom ("U.K.") for some of our subsidiaries. The plans in France, Germany and India are unfunded plans. The plan in the U.K. is frozen. For our operations in Austria and Italy there are mandatory termination indemnity plans providing a benefit that is payable upon termination of employment in substantially all cases of termination. We record this obligation based on the mandated requirements. The measure of the current obligation is not dependent on the employees' future service and therefore is measured at current value.

Plan assets consist primarily of common stocks, bonds and short-term cash equivalent funds. For the U.S. plan, approximately 32% of the assets are in equity securities and 68% are in fixed income securities. For the non-U.S. funded plans, approximately 30% of the assets are in equity securities, 64% are in fixed income securities and 6% are in real estate investment securities. These allocations are reviewed periodically and updated to meet the long-term goals of the plans.

Determination of defined benefit pension and postretirement plan obligations and their associated expenses requires the use of actuarial valuations to estimate the benefits that employees earn while working, as well as the present value of those benefits. We use the services of independent actuaries to assist with these calculations. Inherent in these valuations are economic assumptions, including expected returns on plan assets, discount rates at which liabilities may be settled, rates of increase of health care costs, rates of future compensation increases as well as employee demographic assumptions such as retirement patterns, mortality and turnover. The actuarial assumptions used may differ materially from actual results due to changing market and economic conditions, higher or lower turnover rates, or longer or shorter life spans of participants. During 2014, the Society of Actuaries released a new mortality table, which is believed to better reflect mortality improvements and is to be used in calculating defined benefit pension obligations. The Company adopted these new tables for its U.S. pension plans for use in determining its projected benefit obligations. Actual results that differ from the actuarial assumptions used are recorded as unrecognized gains and losses. Unrecognized gains and losses that exceed 10% of the greater of the plan's projected benefit obligations or the market-related value of assets are amortized to earnings over the shorter of the estimated future service period of the plan participants or the period until any anticipated final plan settlements. The assumptions used in the actuarial models are evaluated periodically and are updated to reflect experience. We believe the assumptions used in the actuarial calculations are reasonable and are within accepted practices in each of the respective geographic locations in which we operate.

Expected long-term rates of return on pension plan assets were 7.50% for the U.S. plan, 6.00% for the U.K. plan and 3.00% for the Swiss plan at December 31, 2014. Our strategy with regard to the investments in the pension plans is to earn a rate of return sufficient to match or exceed the long-term growth of pension liabilities. The expected rate of return of plan assets represents an estimate of long-term returns on the investment portfolio. These rates are determined annually by management based on a weighted average of current and historical market trends, historical portfolio performance and the portfolio mix of investments. The expected long-term rate of return on plan assets at December 31 is used to measure the earnings effects for the subsequent year. The difference between the expected return and the actual return on plan assets affects the calculated value of plan assets and, ultimately, future pension expense (income).

The discount rates for pension plan liabilities were 4.02% for U.S. plan and 1.21% to 12.54% with a weighted average of 2.54% for non-U.S. plans at December 31, 2014. The discount rate enables us to estimate the present value of expected future cash flows on the measurement date. The rate used reflects a rate of return on high-quality fixed income investments that match the duration of expected benefit payments at the December 31 measurement date. The discount rate at December 31 is used to measure the year-end benefit obligations and the earnings effects on the subsequent year. Typically, a higher discount rate decreases the present value of benefit obligations and increases pension expense.

The expected rates of compensation increase for our non-U.S. pension plans were 1.00% to 9.00% with a weighted average of 1.51% at December 31, 2014. These estimated annual compensation increases are determined by management every year and are based on historical trends and market indices.

We have recorded the underfunded status on our balance sheet as a liability and the unrecognized prior service costs and actuarial gains (losses) as an adjustment to Stockholders' equity on the Consolidated Balance Sheet. The net increase in the liability and funded status of $43.5 million was due to changes in assumptions from the previous year, primarily decreases in the discount rates.

Actual results in any given year will often differ from actuarial assumptions because of demographic, economic and other factors. The market value of plan assets can change significantly in a relatively short period of time. Additionally, the measurement of plan benefit obligations is sensitive to changes in interest rates. As a result, if the equity market declines and/or interest rates decrease, the plans' estimated benefit obligations could increase, causing an increase in liabilities and a reduction in Stockholders' Equity.

We expect that any future obligations under our plans that are not currently funded will be funded from future cash flows from operations. If our contributions are insufficient to adequately fund the plans to cover our future obligations, or if the performance of the assets in our plans does not meet expectations, or if our assumptions are modified, contributions could be higher than expected, which would reduce cash available for our business. Changes in U.S. or foreign laws governing these plans could require additional contributions. In addition, changes in generally accepted accounting principles in the U.S. could require recording additional liabilities and costs related to these plans.

Assumptions used in computing our net pension expense and projected benefit obligation have a significant effect on the amounts reported. A 0.25% change in each assumption below would have the following effects upon net pension expense and projected benefit obligation, respectively, as of and for the year ended December 31, 2014:

	Increase		Decrease	
	Discount Rate	Expected long-term rate of return	Discount Rate	Expected long-term rate of return
	($ amounts in millions)			
U. S. Plan:				
Net pension expense	$(0.1)	$(0.3)	$0.1	$0.3
Projected benefit obligation	$(4.1)	$—	$4.1	$—
Non-U.S. Plans:				
Net pension expense	$(0.8)	$(0.4)	$0.8	$0.4
Projected benefit obligation	$(10.8)	$—	$11.5	$—

Income Taxes – We estimate income taxes based on enacted tax laws in the various jurisdictions where we conduct business. We recognize deferred income tax assets and liabilities, which represent future tax benefits or obligations of our legal entities. These deferred income tax balances arise from temporary differences due to divergent treatment of certain items for accounting and income tax purposes.

We evaluate our deferred tax assets each period to ensure that estimated future taxable income will be sufficient in character, amount and timing to result in the use of our deferred tax assets. "Character" refers to the type (ordinary income versus capital gain) as well as the source (foreign vs. domestic) of the income we generate. "Timing" refers to the period in which future income is expected to be generated. Timing is important because, in certain jurisdictions, net operating losses ("NOLs") and other tax attributes expire if not used within an established statutory time frame.

Based on these evaluations, we have determined that it is more likely than not that expected future earnings will be sufficient to use most of our deferred tax assets.

We do not provide for income taxes or tax benefits on the differences between financial reporting basis and tax basis of our non-U.S. subsidiaries where such differences are reinvested and, in our opinion, will continue to be indefinitely reinvested. If earnings of foreign subsidiaries are not considered indefinitely reinvested, deferred U.S. income taxes, foreign income taxes, and foreign withholding taxes may have to be provided. We do not record deferred income taxes on the temporary difference between the book and tax basis in domestic subsidiaries where permissible. At this time, determination of the unrecognized deferred tax liabilities for temporary differences related to the investment in subsidiaries is not practicable.

Judgments and estimates are required to determine tax expense and deferred tax valuation allowances and in assessing uncertain tax positions. Tax returns are subject to audit and local taxing authorities could challenge tax-filing positions we take. Our practice is to file income tax returns that conform to the requirements of each jurisdiction and to record provisions for tax liabilities, including interest and penalties, in accordance with ASC 740, “Income Taxes.” As our business has grown in geographic scope, size and complexity, so has our potential exposure to uncertain tax positions. Given the subjective nature of applicable tax laws, the results of an audit of some of our tax returns could have a significant impact on our financial statements.

RECENT ACCOUNTING PRONOUNCEMENTS

Please refer to Note A – “Basis of Presentation” in the accompanying Consolidated Financial Statements for a listing of recent accounting pronouncements.

LIQUIDITY AND CAPITAL RESOURCES

Our liquidity (cash and availability under our revolving credit line) increased from December 31, 2013 to December 31, 2014 by approximately $342 million. This was a result of a number of actions taken in 2014, including our continued focus on cash generation. We had free cash flow of approximately $329 million in the year ended December 31, 2014, which was meaningfully above our expectations to generate between $200 million and $250 million during 2014. This was primarily due to improved working capital efficiency and net income for the year. During 2014, we entered into a new credit facility, which extended the maturity dates on our term debt and revolving line of credit, increased borrowing capacity by $100 million on our revolving line of credit and lowered our interest cost. Please refer to Note M – “Long-Term Obligations” in the accompanying Consolidated Financial Statements for further information on the new credit facility. Additionally, we repaid approximately $118 million under our revolving credit line with cash generated from operations.

The following table reconciles Net cash provided by (used in) operating activities to free cash flow (in millions):

	Year Ended 12/31/2014	
Net cash provided by (used in) operating activities	410.7	
Less: Capital expenditures	(81.5	)
Free cash flow	$329.2	

Our main sources of funding are cash generated from operations, loans from our bank credit facilities, and funds raised in capital markets. We had cash and cash equivalents of $478.2 million at December 31, 2014. We expect the majority of the cash held by our foreign subsidiaries to be maintained locally because we plan to reinvest such cash and cash equivalents to support our operations and continued growth plans outside the United States through funding of capital expenditures, acquisitions, operating expenses or other similar cash needs of these operations. Such cash could be used in the U.S., if necessary, however cash repatriated to the U.S. could be subject to incremental local and U.S. taxation. Currently, there are no trends, demands or uncertainties as a result of the Company’s cash re-investment policy that are reasonably likely to have a material effect on us as a whole or that may be relevant to our financial flexibility.

We believe cash generated from operations together with access to our bank credit facilities and cash on hand, provide adequate liquidity to continue to support our internal operating initiatives and meet our operating and debt service requirements. See Item 1A “Risk Factors” for a detailed description of the risks resulting from our debt and our ability to generate sufficient cash flow to operate our business.

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Our ability to generate cash from operations is subject to numerous factors, including the following:

- Many of our customers fund their purchases through third-party finance companies that extend credit based on the credit-worthiness of the customers and the expected residual value of our equipment. Changes either in the customers' credit profile or used equipment values may affect the ability of customers to purchase equipment. There can be no assurance that third-party finance companies will continue to extend credit to our customers as they have in the past.
- As our sales change, the absolute amount of working capital needed to support our business may change.
- Our suppliers extend payment terms to us based on our overall credit rating. Declines in our credit rating may influence suppliers' willingness to extend terms and in turn increase the cash requirements of our business.
- Sales of our products are subject to general economic conditions, weather, competition, the translation effect of foreign currency exchange rate changes, and other factors that in many cases are outside our direct control. For example, during periods of economic uncertainty, our customers have delayed purchasing decisions, which reduces cash generated from operations.

For certain products, primarily port equipment and process cranes, we negotiate, when possible, advance payments from our customers for products with long lead times to help fund the substantial working capital investment in these products.

Typically, we have invested our cash in a combination of highly rated, liquid money market funds and in short-term bank deposits with large, highly rated banks. Our investment objective is to preserve capital and liquidity while earning a market rate of interest.

Our investment in financial services assets was approximately $163 million, net at December 31, 2014. We remain focused on expanding TFS in key markets like the U.S., Europe and China. We also anticipate using TFS to drive incremental sales by increasing end-customer financing through TFS when we believe the investments are justified. We intend to expand our investment in financial services assets in 2015 to leverage these assets for further reductions in borrowing costs.

During 2014, our cash used in inventory was approximately $27 million as we made investments in businesses showing improved order and inquiry activity. Working capital as a percent of trailing three month annualized net sales was 22.5% at December 31, 2014.

The following tables show the calculation of our working capital and trailing three months annualized sales as of December 31, 2014 (in millions):

	Three months ended 12/31/14
Net Sales	$1,789.4
x	4
Trailing Three Month Annualized Net Sales	$7,157.6

	As of 12/31/14
Inventories	$1,460.9
Trade Receivables	1,086.4
Less: Trade Accounts Payable	(736.1)
Less: Customer advances	(197.4)
Total Working Capital	$1,613.8

We have a credit agreement that provides us with a revolving line of credit of up to $600 million. See Note M – "Long-Term Obligations," in our Consolidated Financial Statements for information concerning our credit agreement.

We had $600.0 million available for borrowing under our revolving credit facilities at December 31, 2014. The credit agreement also allows incremental commitments, which may be extended at the option of the lenders and can be in the form of revolving credit commitments, term loan commitments, or a combination of both as long as we satisfy a secured debt financial ratio contained in the credit facilities. We had no outstanding borrowings under our revolving credit facilities as of December 31, 2014. Our U.S. dollar and Euro denominated term loans had $467.9 million outstanding under our credit agreement as of December 31, 2014.

Interest rates charged under our credit agreement are subject to adjustment based on our consolidated leverage ratio. The U.S. dollar term loans bear interest at a rate of London Interbank Offer Rate ("LIBOR") plus 2.75%, with a floor of 0.75% on LIBOR. The Euro term loans bear interest at a rate of Euro Interbank Offer Rate ("EURIBOR") plus 3.25%, with a floor of 0.75% on EURIBOR. At December 31, 2014, the weighted average interest rate on these term loans was 3.76%.

We manage our interest rate risk by maintaining a balance between fixed and floating rate debt, including the use of interest rate derivatives when appropriate. Over the long term, we believe this mix will produce lower interest cost than a purely fixed rate mix while reducing interest rate risk.

The revolving line of credit under our credit facility matures in August 2019 and our term loans under our credit facility mature in August 2021. Our 4% Convertible Senior Subordinated Notes mature in June 2015, our 6-1/2% Senior Notes mature April 1, 2020 and our 6% Senior Notes mature May 15, 2021. See Note M – "Long-Term Obligations," in our Consolidated Financial Statements.

In December 2013, our Board of Directors authorized the repurchase of up to $200 million of our outstanding shares of common stock through December 31, 2015. During 2014, we repurchased approximately 5.3 million shares for approximately $170 million, which brought our total amount purchased under this program to $200 million. We announced in February 2015 that our Board of Directors authorized the repurchase of up to an additional $200 million of our outstanding shares of common stock. In each quarter of 2014, we paid a $0.05 cash dividend to our shareholders. It is our intention to pay four quarterly dividends of $0.06 per share, for an aggregate of $0.24 per share, for the calendar year 2015. However, future declarations of quarterly dividends and the establishment of future record and payment dates are subject to the determination of our Board of Directors.

Our ability to access the capital markets to raise funds, through the sale of equity or debt securities, is subject to various factors, some specific to us, and others related to general economic and/or financial market conditions. These include results of operations, projected operating results for future periods and debt to equity leverage. Our ability to access the capital markets is also subject to our timely filing of periodic reports with the Securities and Exchange Commission ("SEC"). In addition, the terms of our bank credit facilities, senior notes and senior subordinated notes contain restrictions on our ability to make further borrowings and to sell substantial portions of our assets.

In January 2014, we paid approximately $71 million for the remaining outstanding shares of Terex Material Handling & Port Solutions AG ("TMHPS"). We now own 100% of TMHPS AG.

Cash Flows

Cash provided by operations for the year ended December 31, 2014 totaled $410.7 million, compared to cash provided by operations of $188.5 million for the year ended December 31, 2013. The change in cash from operations was primarily driven by higher net income in the current year and less cash used in working capital in the current year.

Cash provided by investing activities for the year ended December 31, 2014 was $95.0 million, compared to $37.4 million cash used in investing activities for the year ended December 31, 2013. Proceeds from the sale of the truck business, partially offset by investments in securities was the primary driver of the change.

Cash used in financing activities was $396.7 million for the year ended December 31, 2014, compared to cash used in financing activities for the year ended December 31, 2013 of $420.1 million. The decreased cash used in financing was primarily due to lower debt repayments net of borrowing in the current year. There were higher share repurchases and dividends paid in the current year, mostly offset by lower purchases of noncontrolling interest shares in the current year.

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Contractual Obligations

The following table sets out our specified contractual obligations at December 31, 2014 (in millions):

	Payments due by period				
	Total	< 1 year	1-3 years	3-5 years	> 5 years
Long-term debt obligations	$2,358.5	$248.4	$205.8	$197.6	$1,706.7
Capital lease obligations	4.0	0.7	1.0	1.0	1.3
Operating lease obligations	215.0	55.8	82.6	39.5	37.1
Purchase obligations (1)	710.3	709.3	0.8	0.2	—
Total	$3,287.8	$1,014.2	$290.2	$238.3	$1,745.1

(1) Purchase obligations include non-cancellable and cancellable commitments. In many cases, cancellable commitments contain penalty provisions for cancellation.

Long-term debt obligations include expected interest expense. Interest expense is calculated using fixed interest rates for indebtedness that has fixed rates and the implied forward rates as of December 31, 2014 for indebtedness that has floating interest rates.

As of December 31, 2014, our liability for uncertain income tax positions was $74.2 million. With respect to our tax audits worldwide, it is reasonably possible that we will make payments in 2015 of up to $5.1 million. Payments may be made in part to mitigate the accrual of interest in connection with income tax audit assessments that may be issued and that we would contest, or may in part be made to settle the matter with the tax authorities. Due to the high degree of uncertainty regarding the timing of potential future cash flows associated with the remaining liabilities, we are unable to make a reasonable estimate of the amount and period in which these remaining liabilities might be paid.

Additionally, at December 31, 2014, we had outstanding letters of credit that totaled $291.9 million and had issued $42.6 million in credit guarantees of customer financing to purchase equipment and $24.3 million in buyback guarantees.

We maintain defined benefit pension plans for some of our operations in the United States and Europe. It is our policy to fund the retirement plans at the minimum level required by applicable regulations. In 2014, we made cash contributions and payments to the retirement plans of $27.9 million, and we estimate that our retirement plan contributions will be approximately $19 million in 2015. Changes in market conditions, changes in our funding levels or actions by governmental agencies may result in accelerated funding requirements in future periods.

OFF-BALANCE SHEET ARRANGEMENTS

Guarantees

Our customers, from time to time, fund the acquisition of our equipment through third-party finance companies. In certain instances, we may provide a credit guarantee to the finance company by which we agree to make payments to the finance company should the customer default. Our maximum liability is generally limited to our customer’s remaining payments due to the finance company at the time of default. In the event of a customer default, we are generally able to recover and dispose of the equipment at a minimum loss, if any, to us.

We issue, from time to time, residual value guarantees under sales-type leases. A residual value guarantee involves a guarantee that a piece of equipment will have a minimum fair market value at a future date. We are generally able to mitigate the risk associated with these guarantees because the maturity of the guarantees is staggered, which limits the amount of used equipment entering the marketplace at any one time.

We guarantee, from time to time, that we will buy equipment from our customers in the future at a stated price if certain conditions are met by the customer. Such guarantees are referred to as buyback guarantees. These conditions generally pertain to the functionality and state of repair of the machine. We are generally able to mitigate the risk of these guarantees by staggering the timing of the buybacks and through leveraging our access to the used equipment markets provided by our original equipment manufacturer status.

See Note Q – "Litigations and Contingencies" in the Notes to the Consolidated Financial Statements for further information regarding our guarantees.

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

CONTINGENCIES AND UNCERTAINTIES

Foreign Currencies and Interest Rate Risk

Our products are sold in over 100 countries around the world and, accordingly, our revenues are generated in foreign currencies, while the costs associated with those revenues are only partly incurred in the same currencies. The major foreign currencies, among others, in which we do business are the Euro, Australian Dollar and British Pound. We may, from time to time, hedge specifically identified committed and forecasted cash flows in foreign currencies using forward currency sale or purchase contracts. At December 31, 2014, we had foreign exchange contracts with a notional value of $378.5 million that were initially designated as hedge contracts. The fair market value of these arrangements, which represents the cost to settle these contracts, was a net loss of $0.4 million at December 31, 2014. See Risk Factor entitled, "We are subject to currency fluctuations," for further information on our foreign exchange risk.

We manage exposure to interest rates by incurring a mix of indebtedness bearing interest at both floating and fixed rates at inception and maintaining an ongoing balance between floating and fixed rates on this mix of indebtedness using interest rate swaps when necessary.

See "Quantitative and Qualitative Disclosures About Market Risk" below for a discussion of the impact that changes in foreign currency exchange rates and interest rates may have on our financial performance.

Other

We are subject to a number of contingencies and uncertainties including, without limitation, product liability claims, workers' compensation liability, intellectual property litigation, self-insurance obligations, tax examinations, guarantees, class action lawsuits and other matters. See Note Q – "Litigation and Contingencies" in the Notes to the Consolidated Financial Statements for more information concerning contingencies and uncertainties, including our ERISA, securities and stockholder derivative lawsuits. We are insured for product liability, general liability, workers' compensation, employer's liability, property damage, intellectual property and other insurable risk required by law or contract with retained liability to us or deductibles. Many of the exposures are unasserted or proceedings are at a preliminary stage, and it is not presently possible to estimate the amount or timing of any of our costs. However, we do not believe that these contingencies and uncertainties will, individually or in the aggregate, have a material adverse effect on our operations. For contingencies and uncertainties other than income taxes, when it is probable that a loss will be incurred and possible to make reasonable estimates of our liability with respect to such matters, a provision is recorded for the amount of such estimate or for the minimum amount of a range of estimates when it is not possible to estimate the amount within the range that is most likely to occur.

See Item 1. Business – Safety and Environmental Considerations for additional discussion of safety and environmental items.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to certain market risks that exist as part of our ongoing business operations and we use derivative financial instruments, where appropriate, to manage these risks. As a matter of policy, we do not engage in trading or speculative transactions. For further information on accounting policies related to derivative financial instruments, refer to Note K – “Derivative Financial Instruments” in our Consolidated Financial Statements.

Foreign Exchange Risk

We are exposed to fluctuations in foreign currency cash flows related to third-party purchases and sales, intercompany product shipments and intercompany loans. We are also exposed to fluctuations in the value of foreign currency investments in subsidiaries and cash flows related to repatriation of these investments. Additionally, we are exposed to volatility in the translation of foreign currency earnings to U.S. Dollars. Primary exposures include the U.S. Dollar when compared to functional currencies of our major markets, which include the Euro, Australian Dollar and British Pound. We assess foreign currency risk based on transactional cash flows, identify naturally offsetting positions and purchase hedging instruments to partially offset anticipated exposures. See Risk Factor entitled, “We are subject to currency fluctuations,” for further information on our foreign exchange risk.

At December 31, 2014, we performed a sensitivity analysis on the impact that aggregate changes in the translation effect of foreign currency exchange rate changes would have on our operating income. Based on this sensitivity analysis, we have determined that a change in the value of the U.S. dollar relative to currencies outside the U.S. by 10% to amounts already incorporated in the financial statements for the year ended December 31, 2014 would have had an approximately $6 million impact on the translation effect of foreign currency exchange rate changes already included in our reported operating income for the period.

Interest Rate Risk

We are exposed to interest rate volatility with regard to future issuances of fixed rate debt and existing issuances of variable rate debt. Primary exposure includes movements in the U.S. prime rate, LIBOR and EURIBOR. We manage interest rate risk by incurring a mix of indebtedness bearing interest at both floating and fixed rates at inception and maintain an ongoing balance between floating and fixed rates on this mix of indebtedness using interest rate swaps when necessary. At December 31, 2014, approximately 28% of our debt was floating rate debt and the weighted average interest rate for all debt was 5.88%.

At December 31, 2014, we performed a sensitivity analysis for our derivatives and other financial instruments that have interest rate risk. We calculated the pretax earnings effect on our interest sensitive instruments. Based on this sensitivity analysis, we have determined that an increase of 10% in our average floating interest rates at December 31, 2014 would have increased interest expense by approximately $2 million for the year ended December 31, 2014.

Commodities Risk

Principal materials and components that we use in our manufacturing processes include steel, castings, engines, tires, hydraulics, cylinders, drive trains, electric controls and motors, and a variety of other commodities and fabricated or manufactured items. Extreme movements in the cost and availability of these materials and components may affect our financial performance. In 2014, input cost increases in certain purchased components were offset by reductions in European and Chinese steel prices, as well as global rubber prices and competitive sourcing activities. We continued to incur some net material cost increases as a result of legislation (primarily Tier 4 emission standards) and performance based changes in certain product areas, particularly engines.

In the absence of labor strikes or other unusual circumstances, substantially all materials and components are normally available from multiple suppliers. However, certain of our businesses receive materials and components from a single source supplier, although alternative suppliers of such materials may be generally available. Current and potential suppliers are evaluated regularly on their ability to meet our requirements and standards. We actively manage our material supply sourcing, and employ various methods to limit risk associated with commodity cost fluctuations and availability. The inability of suppliers, especially any single source suppliers for a particular business, to deliver materials and components promptly could result in production delays and increased costs to manufacture our products. We have designed and implemented plans to mitigate the impact of these risks by using alternate suppliers, expanding our supply base globally, leveraging our overall purchasing volumes to obtain favorable quantities and developing a closer working relationship with key suppliers. We are focusing on gaining efficiencies with suppliers based on our global purchasing power and resources.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The report of our independent registered public accounting firm and our Consolidated Financial Statements and Financial Statement Schedule are filed pursuant to this Item 8 and are included later in this report. See Index to Consolidated Financial Statements and Financial Statement Schedule on page F-1.

Unaudited Quarterly Financial Data

Certain amounts reported below have been changed from those previously reported on Forms 10-Q to reflect the impact of discontinued operations for all periods. Summarized quarterly financial data for 2014 and 2013 are as follows (in millions, except per share amounts):

	2014				2013			
	Fourth	Third	Second	First	Fourth	Third	Second	First
Net sales	$1,789.4	$1,809.8	$2,055.1	$1,654.6	$1,811.8	$1,757.0	$1,861.5	$1,653.7
Gross profit	339.0	357.3	423.8	333.4	385.7	381.4	351.2	321.2
Net income (loss) from continuing operations attributable to common stockholders	79.9	58.7	87.8	32.6	84.8	84.5	20.4	19.3
Income (loss) from discontinued operations – net of tax	—	—	0.5	0.9	1.6	10.3	0.9	1.6
Gain (loss) on disposition of discontinued operations – net of tax	0.1	5.5	51.5	1.5	—	(0.4)	—	3.0
Net income (loss) attributable to Terex Corporation	80.0	64.2	139.8	35.0	86.4	94.4	21.3	23.9
Per share:								
Basic								
Net income (loss) from continuing operations attributable to common stockholders	$0.74	$0.53	$0.80	$0.30	$0.76	$0.76	$0.18	$0.18
Income (loss) from discontinued operations – net of tax	—	—	—	0.01	0.02	0.09	0.01	0.01
Gain (loss) on disposition of discontinued operations – net of tax	—	0.05	0.47	0.01	—	—	—	0.03
Net income (loss) attributable to Terex Corporation	0.74	0.58	1.27	0.32	0.78	0.85	0.19	0.22
Diluted								
Net income (loss) from continuing operations attributable to common stockholders	$0.71	$0.51	$0.76	$0.28	$0.72	$0.73	$0.17	$0.17
Income (loss) from discontinued operations – net of	—	—	—	0.01	0.02	0.08	0.01	0.01

tax								
Gain (loss) on disposition of discontinued operations – net of tax	—	0.05	0.45	0.01	—	—	—	0.03
Net income (loss) attributable to Terex Corporation	0.71	0.56	1.21	0.30	0.74	0.81	0.18	0.21

The accompanying unaudited quarterly financial data has been prepared in accordance with generally accepted accounting principles in the United States for interim financial information and with Item 302 of Regulation S-K. In our opinion, all adjustments considered necessary for a fair statement have been made and were of a normal recurring nature.

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports we file under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), as appropriate, to allow timely decisions regarding required financial disclosure. In connection with the preparation of this Annual Report on Form 10-K, our management carried out an evaluation, under the supervision and with the participation of our management, including the CEO and CFO, as of December 31, 2014, of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) under the Exchange Act. Based upon this evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of December 31, 2014.

MANAGEMENT’S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes those policies and procedures that: pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has conducted an assessment, including testing, of the effectiveness of our internal control over financial reporting as of December 31, 2014. In making its assessment of internal control over financial reporting, management used the criteria in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, the Company’s management has concluded that, as of December 31, 2014, the Company’s internal control over financial reporting was effective.

The effectiveness of our internal control over financial reporting as of December 31, 2014 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears in this Annual Report on Form 10-K.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during our quarter ended December 31, 2014, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

The effectiveness of any system of controls and procedures is subject to certain limitations, and, as a result, there can be no assurance that our controls and procedures will detect all errors or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system will be attained.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by Item 10 is incorporated by reference to the definitive Terex Corporation Proxy Statement to be filed with the Securities and Exchange Commission not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is incorporated by reference to the definitive Terex Corporation Proxy Statement to be filed with the Securities and Exchange Commission not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Equity Compensation Plan Information

The following table summarizes information about the Company’s equity compensation plans as of December 31, 2014:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by stockholders	149,959 (1)	$46.07	4,420,358
Equity compensation plans not approved by stockholders	—	—	—
Total	149,959	$46.07	4,420,358

(1) This does not include 3,195,321 of restricted stock awards, which are also not included in the calculation of the weighted average exercise price of outstanding options, warrants and rights in column (b) of this table.

The other information required by Item 12 is incorporated by reference to the definitive Terex Corporation Proxy Statement to be filed with the Securities and Exchange Commission not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by Item 13 is incorporated by reference to the definitive Terex Corporation Proxy Statement to be filed with the Securities and Exchange Commission not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by Item 14 is incorporated by reference to the definitive Terex Corporation Proxy Statement to be filed with the Securities and Exchange Commission not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) (1) and (2) Financial Statements and Financial Statement Schedules.

See “Index to Consolidated Financial Statements and Financial Statement Schedule” on Page F-1.

(3) Exhibits

See “Exhibit Index” on Page E-1.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TEREX CORPORATION

By:	/s/ Ronald M. DeFeo Ronald M. DeFeo Chairman, Chief Executive Officer and Director	February 23, 2015

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

NAME	TITLE	DATE
/s/ Ronald M. DeFeo Ronald M. DeFeo	Chairman, Chief Executive Officer, and Director (Principal Executive Officer)	February 23, 2015
/s/ Kevin P. Bradley Kevin P. Bradley	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	February 23, 2015
/s/ Mark I. Clair Mark I. Clair	Vice President, Controller and Chief Accounting Officer (Principal Accounting Officer)	February 23, 2015
/s/ G. Chris Andersen G. Chris Andersen	Director	February 23, 2015
/s/ Paula H. J. Cholmondeley Paula H. J. Cholmondeley	Director	February 23, 2015
/s/ Don DeFosset Don DeFosset	Director	February 23, 2015
/s/ Thomas J. Hansen Thomas J. Hansen	Director	February 23, 2015
/s/ Raimund Klinkner Raimund Klinkner	Director	February 23, 2015
/s/ David A. Sachs David A. Sachs	Lead Director	February 23, 2015
/s/ Oren G. Shaffer Oren G. Shaffer	Director	February 23, 2015

/s/ David C. Wang David C. Wang	Director	February 23, 2015
/s/ Scott W. Wine Scott W. Wine	Director	February 23, 2015

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EXHIBIT INDEX

3.1	Restated Certificate of Incorporation of Terex Corporation (incorporated by reference to Exhibit 3.1 of the Form S-1 Registration Statement of Terex Corporation, Registration No. 33-52297).
3.2	Certificate of Elimination with respect to the Series B Preferred Stock (incorporated by reference to Exhibit 4.3 of the Form 10-K for the year ended December 31, 1998 of Terex Corporation, Commission File No. 1-10702).
3.3	Certificate of Amendment to Certificate of Incorporation of Terex Corporation dated September 5, 1998 (incorporated by reference to Exhibit 3.3 of the Form 10-K for the year ended December 31, 1998 of Terex Corporation, Commission File No. 1-10702).
3.4	Certificate of Amendment of the Certificate of Incorporation of Terex Corporation dated July 17, 2007 (incorporated by reference to Exhibit 3.1 of the Form 8-K Current Report, Commission File No. 1-10702, dated July 17, 2007 and filed with the Commission on July 17, 2007).
3.5	Amended and Restated Bylaws of Terex Corporation (incorporated by reference to Exhibit 3.1 of the Form 8-K Current Report, Commission File No. 1-10702, dated December 5, 2013 and filed with the Commission on December 10, 2013).
4.1	Indenture, dated July 20, 2007, between Terex Corporation and HSBC Bank USA, National Association, as Trustee, relating to senior debt securities (incorporated by reference to Exhibit 4.1 of the Form S-3 Registration Statement of Terex Corporation, Registration No. 333-144796).
4.2	Indenture, dated July 20, 2007, between Terex Corporation and HSBC Bank USA, National Association, as Trustee, relating to subordinated debt securities (incorporated by reference to Exhibit 4.2 of the Form S-3 Registration Statement of Terex Corporation, Registration No. 333-144796).
4.3	Second Supplemental Indenture, dated June 3, 2009, between Terex Corporation and HSBC Bank USA, National Association relating to 4% Convertible Senior Subordinated Notes Due 2015 (incorporated by reference to Exhibit 4.2 of the Form 8-K Current Report, Commission File No. 1-10702, dated June 3, 2009 and filed with the Commission on June 8, 2009).
4.4	Supplemental Indenture, dated as of February 7, 2011, to the Second Supplemental Indenture dated as of June 3, 2009 to the Subordinated Debt Indenture dated as of July 20, 2007, with HSBC Bank USA, National Association as Trustee relating to the 4% Convertible Senior Subordinated Notes due 2015 (incorporated by reference to Exhibit 4.3 of the Form 8-K Current Report, Commission File No. 1-10702, dated February 7, 2011 and filed with the Commission on February 10, 2011).
4.5	Third Supplemental Indenture, dated as of March 27, 2012, to Senior Debt Indenture dated as of July 20, 2007, with HSBC Bank USA, National Association as Trustee relating to the 6.50% Senior Notes due 2020 (incorporated by reference to Exhibit 4.1 of the Form 8-K Current Report, Commission File No. 1-10702, dated March 27, 2012 and filed with the Commission on March 30, 2012).
4.6	Fourth Supplemental Indenture, dated as of November 26, 2012, to the Senior Debt Indenture dated as of July 20, 2007, with HSBC Bank USA, National Association as Trustee relating to 6% Senior Notes due 2021 (incorporated by reference to Exhibit 4.1 of the Form 8-K Current Report, Commission File No. 1-10702, dated November 26, 2012 and filed with the Commission on November 30, 2012).

10.1	Terex Corporation Amended and Restated Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.2 of the Form 10-Q for the quarter ended June 30, 2007 of Terex Corporation, Commission File No. 1-10702). ***
10.2	1996 Terex Corporation Long Term Incentive Plan (incorporated by reference to Exhibit 10.1 of the Form S-8 Registration Statement of Terex Corporation, Registration No. 333-03983). ***
10.3	Amendment No. 1 to 1996 Terex Corporation Long Term Incentive Plan (incorporated by reference to Exhibit 10.5 of the Form 10-K for the year ended December 31, 1999 of Terex Corporation, Commission File No. 1-10702). ***
10.4	Amendment No. 2 to 1996 Terex Corporation Long Term Incentive Plan (incorporated by reference to Exhibit 10.6 of the Form 10-K for the year ended December 31, 1999 of Terex Corporation, Commission File No. 1-10702). ***
10.5	Terex Corporation Amended and Restated 2000 Incentive Plan (incorporated by reference to Exhibit 10.3 of the Form 8-K Current Report, Commission File No. 1-10702, dated October 14, 2008 and filed with the Commission on October 17, 2008). ***

10.6	Form of Restricted Stock Agreement under the Terex Corporation 2000 Incentive Plan between Terex Corporation and participants of the 2000 Incentive Plan (incorporated by reference to Exhibit 10.4 of the Form 8-K Current Report, Commission File No. 1-10702, dated January 1, 2005 and filed with the Commission on January 5, 2005). ***
10.7	Form of Option Agreement under the Terex Corporation 2000 Incentive Plan between Terex Corporation and participants of the 2000 Incentive Plan (incorporated by reference to Exhibit 10.5 of the Form 8-K Current Report, Commission File No. 1-10702, dated January 1, 2005 and filed with the Commission on January 5, 2005). ***
10.8	Terex Corporation Amended and Restated Supplemental Executive Retirement Plan (incorporated by reference to Exhibit 10.10 of the Form 10-K for the year ended December 31, 2008 of Terex Corporation, Commission File No. 1-10702). ***
10.9	Terex Corporation Amended and Restated Deferred Compensation Plan (incorporated by reference to Exhibit 10.11 of the Form 10-Q for the quarter ended June 30, 2004 of Terex Corporation, Commission File No. 1-10702). ***
10.10	Amendment to the Terex Corporation Amended and Restated Deferred Compensation Plan (incorporated by reference to Exhibit 10.1 of the Form 8-K Current Report, Commission File No. 1-10702, dated October 14, 2008 and filed with the Commission on October 17, 2008). ***
10.11	Terex Corporation Deferred Compensation Plan (incorporated by reference to Exhibit 10.2 of the Form 8-K Current Report, Commission File No. 1-10702, dated May 9, 2013 and filed with the Commission on May, 14, 2013). ***
10.12	Terex Corporation Amended and Restated 2009 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 of the Form 8-K Current Report, Commission File No. 1-10702, dated May 9, 2013 and filed with the Commission on May, 14, 2013). ***
10.13	Form of Restricted Stock Agreement (time based) under the Terex Corporation Amended and Restated 2009 Omnibus Incentive Plan between Terex Corporation and participants of the 2009 Omnibus Incentive Plan. ***
10.14	Form of Restricted Stock Agreement (performance based) under the Terex Corporation Amended and Restated 2009 Omnibus Incentive Plan between Terex Corporation and participants of the 2009 Omnibus Incentive Plan. ***
10.15	Credit Agreement dated as of August 13, 2014, among Terex Corporation, certain of its subsidiaries, the Lenders named therein and Credit Suisse AG, as Administrative Agent and Collateral Agent (incorporated by reference to Exhibit 10.1 of the Form 8-K Current Report, Commission File No. 1-10702, dated August 15, 2014 and filed with the Commission August 15, 2014).
10.16	Guarantee and Collateral Agreement dated as of August 13, 2014, among Terex Corporation, certain of its subsidiaries, and Credit Suisse AG, as Collateral Agent (incorporated by reference to Exhibit 10.2 of the Form 8-K Current Report, Commission File No. 1-10702, dated August 15, 2014 and filed with the Commission August 15, 2014).
10.17	

	Amended and Restated Employment and Compensation Agreement, dated August 9, 2012, between Terex Corporation and Ronald M. DeFeo (incorporated by reference to Exhibit 10.1 of the Form 8-K Current Report, Commission File No. 1-10702, dated August 9, 2012 and filed with the Commission on August 13, 2012). ***
10.18	Life Insurance Agreement, dated as of October 13, 2006, between Terex Corporation and Ronald M. DeFeo (incorporated by reference to Exhibit 10.1 of the Form 8-K Current Report, Commission File No. 1-10702, dated October 13, 2006 and filed with the Commission on October 16, 2006). ***
10.19	Transition and Retirement Agreement between Terex Corporation and Phillip C. Widman, dated October 19, 2012 (incorporated by reference to Exhibit 10.1 of the Form 8-K Current Report, Commission File No. 1-10702, dated October 19, 2012 and filed with the Commission on October 22, 2012). ***
10.20	Form of Change in Control and Severance Agreement between Terex Corporation and certain executive officers (incorporated by reference to Exhibit 10.1 of the Form 8-K Current Report, Commission File No. 1-10702, dated March 29, 2011 and filed with the Commission on March 31, 2011). ***
10.21	Form of Change in Control and Severance Agreement between Terex Corporation and certain executive officers (incorporated by reference to Exhibit 10.2 of the Form 8-K Current Report, Commission File No. 1-10702, dated March 29, 2011 and filed with the Commission on March 31, 2011). ***
12	Calculation of Ratio of Earnings to Fixed Charges. *
21.1	Subsidiaries of Terex Corporation.*

23.1	Consent of Independent Registered Public Accounting Firm PricewaterhouseCoopers LLP, Stamford, Connecticut.*
24.1	Power of Attorney.*
31.1	Chief Executive Officer Certification pursuant to Rule 13a-14(a)/15d-14(a). *
31.2	Chief Financial Officer Certification pursuant to Rule 13a-14(a)/15d-14(a). *
32	Chief Executive Officer and Chief Financial Officer Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes –Oxley Act of 2002. **
101.INS	XBRL Instance Document. *
101.SCH	XBRL Taxonomy Extension Schema Document. *
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document. *
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document. *
101.LAB	XBRL Taxonomy Extension Label Linkbase Document. *
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document. *

*	Exhibit filed with this document.
**	Exhibit furnished with this document.
***	Denotes a management contract or compensatory plan or arrangement.

TEREX CORPORATION AND SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE

TEREX CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2014 AND 2013
AND FOR EACH OF THE THREE YEARS
IN THE PERIOD ENDED December 31, 2014

FINANCIAL STATEMENT SCHEDULE

All other schedules for which provision is made in the applicable regulations of the Securities and Exchange Commission are not required under the related instructions, or are not applicable, and therefore have been omitted.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
and Stockholders of Terex Corporation

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Terex Corporation and its subsidiaries at December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company’s management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management’s Annual Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/PricewaterhouseCoopers LLP

Stamford, Connecticut

February 23, 2015

TEREX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME
(in millions, except per share data)

	Year Ended December 31, 2014	2013	2012
Net sales	$7,308.9	$7,084.0	$6,982.2
Cost of goods sold	(5,855.4)	(5,644.5)	(5,582.1)
Gross profit	1,453.5	1,439.5	1,400.1
Selling, general and administrative expenses	(1,030.4)	(1,020.4)	(1,033.3)
Income (loss) from operations	423.1	419.1	366.8
Other income (expense)			
Interest income	6.6	6.7	8.8
Interest expense	(119.1)	(126.1)	(164.6)
Loss on early extinguishment of debt	(2.6)	(5.2)	(83.0)
Amortization of debt issuance costs	(7.4)	(8.5)	(9.6)
Other income (expense) – net	(3.4)	5.3	7.9
Income (loss) from continuing operations before income taxes	297.2	291.3	126.3
(Provision for) benefit from income taxes	(37.7)	(87.4)	(51.5)
Income (loss) from continuing operations	259.5	203.9	74.8
Income (loss) from discontinued operations – net of tax	1.4	14.4	28.4
Gain (loss) on disposition of discontinued operations – net of tax	58.6	2.6	0.4
Net income (loss)	319.5	220.9	103.6
Net loss (income) attributable to noncontrolling interest	(0.5)	5.1	2.2
Net income (loss) attributable to Terex Corporation	$319.0	$226.0	$105.8
Amounts attributable to Terex Corporation common stockholders:			
Income (loss) from continuing operations	$259.0	$209.0	$77.0
Income (loss) from discontinued operations – net of tax	1.4	14.4	28.4
Gain (loss) on disposition of discontinued operations – net of tax	58.6	2.6	0.4
Net income (loss) attributable to Terex Corporation	$319.0	$226.0	$105.8
Basic Earnings (Loss) per Share Attributable to Terex Corporation Common Stockholders:			
Income (loss) from continuing operations	$2.36	$1.88	$0.70
Income (loss) from discontinued operations – net of tax	0.01	0.13	0.26
Gain (loss) on disposition of discontinued operations – net of tax	0.54	0.02	—
Net income (loss) attributable to Terex Corporation	$2.91	$2.03	$0.96
Diluted Earnings (Loss) per Share Attributable to Terex Corporation Common Stockholders:			
Income (loss) from continuing operations	$2.27	$1.79	$0.68
Income (loss) from discontinued operations – net of tax	0.01	0.12	0.25
Gain (loss) on disposition of discontinued operations – net of tax	0.51	0.02	—
Net income (loss) attributable to Terex Corporation	$2.79	$1.93	$0.93
Weighted average number of shares outstanding in per share calculation			
Basic	109.7	111.1	110.3
Diluted	114.2	117.0	113.9

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

TEREX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(in millions)

	Year Ended December 31,		
	2014	2013	2012
Net income (loss)	$319.5	$220.9	$103.6
Other comprehensive income (loss), net of tax:			
Cumulative translation adjustment, net of (provision for) benefit from taxes of $0.9, $(9.5) and $(5.1), respectively	(237.7)	(21.6)	54.2
Derivative hedging adjustment, net of (provision for) benefit from taxes of $1.2, $(0.8) and $(2.5), respectively	(3.4)	3.1	3.2
Debt and equity securities adjustment, net of (provision for) benefit from taxes of $0.0, $0.6 and $(0.5), respectively	1.6	(1.9)	1.0
Pension liability adjustment:			
Net gain (loss), net of (provision for) benefit from taxes of $11.4, $(13.7) and $22.5, respectively	(94.0)	24.6	(57.8)
Amortization of actuarial (gain) loss, net of provision for (benefit from) taxes of $(1.2), $(3.1) and $(1.6), respectively	4.9	6.5	4.1
Foreign exchange and other effects, net of (provision for) benefit from taxes of $(1.2), $0.9 and $1.1, respectively	15.2	(2.7)	(2.8)
Total pension liability adjustment	(73.9)	28.4	(56.5)
Other comprehensive income (loss)	(313.4)	8.0	1.9
Comprehensive income (loss)	6.1	228.9	105.5
Comprehensive loss (income) attributable to noncontrolling interest	(0.4)	4.7	1.7
Comprehensive income (loss) attributable to Terex Corporation	$5.7	$233.6	$107.2

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

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

	December 31, 2014	2013
Assets		
Current assets		
Cash and cash equivalents	$478.2	$408.1
Trade receivables (net of allowance of $30.5 and $47.6 at December 31, 2014 and 2013, respectively)	1,086.4	1,176.8
Inventories	1,460.9	1,613.2
Prepaid assets	248.0	220.9
Other current assets	82.7	91.1
Current assets – discontinued operations	—	129.3
Total current assets	3,356.2	3,639.4
Non-current assets		
Property, plant and equipment – net	690.3	789.4
Goodwill	1,131.0	1,245.6
Intangible assets – net	325.4	444.8
Other assets	425.1	401.9
Non-current assets – discontinued operations	—	15.6
Total assets	$5,928.0	$6,536.7
Liabilities and Stockholders' Equity		
Current liabilities		
Notes payable and current portion of long-term debt	$152.5	$86.8
Trade accounts payable	736.1	689.1
Accrued compensation and benefits	204.0	234.3
Accrued warranties and product liability	74.2	96.2
Customer advances	197.4	302.1
Other current liabilities	278.9	270.1
Current liabilities – discontinued operations	—	46.1
Total current liabilities	1,643.1	1,724.7
Non-current liabilities		
Long-term debt, less current portion	1,636.3	1,889.9
Retirement plans	432.5	388.2
Other non-current liabilities	177.0	259.5
Non-current liabilities – discontinued operations	—	5.7
Total liabilities	3,888.9	4,268.0
Commitments and contingencies		
Redeemable noncontrolling interest	—	53.9
Stockholders' equity		
Common stock, $.01 par value – authorized 300.0 shares; issued 124.6 and 123.7 shares at December 31, 2014 and 2013, respectively	1.2	1.2
Additional paid-in capital	1,251.5	1,247.5
Retained earnings	1,984.9	1,688.1
Accumulated other comprehensive (loss) income	(429.8)	(116.5)
Less cost of shares of common stock in treasury – 19.2 and 13.8 shares at December 31, 2014 and 2013, respectively	(801.9)	(630.2)

Total Terex Corporation stockholders’ equity	2,005.9	2,190.1
Noncontrolling interest	33.2	24.7
Total stockholders’ equity	2,039.1	2,214.8
Total liabilities, redeemable noncontrolling interest and stockholders’ equity	$5,928.0	$6,536.7

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

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(in millions)

	Outstanding Shares	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Common Stock in Treasury	Non-controlling Interest	Total
Balance at December 31, 2011	108.8	$ 1.2	$ 1,271.8	$ 1,361.9	$ (125.5)	$ (599.1)	$ 278.1	$ 2,188.4
Net Income (Loss)	—	—	—	105.8	—	—	(2.2)	103.6
Other Comprehensive Income (Loss) – net of tax:	—	—	—	—	1.4	—	0.5	1.9
Issuance of Common Stock	1.0	—	13.5	—	—	—	—	13.5
Compensation under Stock-based Plans – net	0.2	—	7.3	—	—	5.1	—	12.4
Acquisition	—	—	—	—	—	—	2.1	2.1
Divestiture	—	—	—	—	—	—	(7.4)	(7.4)
Redeemable noncontrolling interest	—	—	(12.5)	—	—	—	(247.5)	(260.0)
Purchase of noncontrolling interest	—	—	(0.3)	—	—	—	0.3	—
Distributions to noncontrolling interest	—	—	—	—	—	—	(0.3)	(0.3)
Convertible Debt	—	—	(19.1)	—	—	—	—	(19.1)
Acquisition of Treasury Stock	(0.1)	—	—	—	—	(3.8)	—	(3.8)
Balance at December 31, 2012	109.9	1.2	1,260.7	1,467.7	(124.1)	(597.8)	23.6	2,031.3
Net Income (Loss)	—	—	—	226.0	—	—	(5.1)	220.9
Other Comprehensive Income (Loss) – net of tax:	—	—	—	—	7.6	—	0.4	8.0
Issuance of Common Stock	0.8	—	17.9	—	—	—	—	17.9
Compensation under Stock-based Plans – net	0.1	—	22.1	—	—	1.3	—	23.4
Acquisition	—	—	—	—	—	—	7.8	7.8
Dividends	—	—	0.1	(5.6)	—	—	—	(5.5)
Divestiture	—	—	—	—	—	—	(2.0)	(2.0)
Purchase of noncontrolling interest	—	—	(54.0)	—	—	—	—	(54.0)
Convertible Debt	—	—	0.7	—	—	—	—	0.7
Acquisition of Treasury Stock	(0.9)	—	—	—	—	(33.7)	—	(33.7)
Balance at December 31, 2013	109.9	1.2	1,247.5	1,688.1	(116.5)	(630.2)	24.7	2,214.8
Net Income (Loss)	—	—	—	319.0	—	—	0.5	319.5
Other Comprehensive Income (Loss) – net of tax:	—	—	—	—	(313.3)	—	(0.1)	(313.4)
	0.9	—	21.7	—	—	—	—	21.7

Issuance of Common Stock								
Compensation under Stock-based Plans – net	—	—	8.8	—	—	1.2	—	10.0
Acquisition	—	—	—	—	—	—	8.1	8.1
Dividends	—	—	0.4	(22.2)	—	—	—	(21.8)
Purchase of noncontrolling interest	—	—	(26.9)	—	—	—	—	(26.9)
Acquisition of Treasury Stock	(5.4)	—	—	—	—	(172.9)	—	(172.9)
Balance at December 31, 2014	105.4	$ 1.2	$ 1,251.5	$ 1,984.9	$ (429.8)	$ (801.9)	$ 33.2	$ 2,039.1

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

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

	Year Ended December 31,		
	2014	2013	2012
OPERATING ACTIVITIES			
Net income (loss)	$319.5	$220.9	$103.6
Adjustments to reconcile net income (loss) to cash provided by (used in) operating activities:			
(Gain) loss on disposition of discontinued operations	(58.6)	(2.6)	(0.4)
Depreciation and amortization	155.7	152.3	153.0
Deferred taxes	(17.8)	(2.3)	(25.2)
(Gain) loss on sale of assets	16.6	4.3	(5.9)
Loss on early extinguishment of debt	2.6	5.2	99.0
Stock-based compensation expense	46.5	43.9	29.1
Other non-cash charges	32.3	53.1	70.1
Changes in operating assets and liabilities (net of effects of acquisitions and divestitures):			
Trade receivables	(4.2)	(153.1)	122.5
Inventories	(27.1)	(70.4)	(55.0)
Trade accounts payable	85.8	86.9	(126.3)
Income taxes payable / receivable	(68.3)	(80.7)	(144.8)
Customer advances	(75.2)	(16.5)	97.1
Other assets and liabilities	(17.4)	(46.4)	(31.6)
Other operating activities, net	20.3	(6.1)	7.1
Net cash provided by (used in) operating activities	410.7	188.5	292.3
INVESTING ACTIVITIES			
Capital expenditures	(81.5)	(82.8)	(82.5)
Other investments	(20.0)	—	(24.1)
Proceeds from disposition of discontinued operations	162.2	0.7	3.5
Proceeds from sale of assets	43.3	46.1	34.6
Other investing activities, net	(9.0)	(1.4)	(7.8)
Net cash provided by (used in) investing activities	95.0	(37.4)	(76.3)
FINANCING ACTIVITIES			
Repayments of debt	(1,801.8)	(571.8)	(1,533.0)
Proceeds from issuance of debt	1,684.2	425.2	1,234.3
Purchase of noncontrolling interest	(80.3)	(228.1)	(3.5)
Distributions to noncontrolling interest	—	(18.5)	(4.9)
Share repurchases	(171.2)	(31.4)	—
Dividends paid	(21.8)	(5.5)	—
Other financing activities, net	(5.8)	10.0	(16.2)
Net cash provided by (used in) financing activities	(396.7)	(420.1)	(323.3)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(38.9)	(0.9)	11.2
Net Increase (Decrease) in Cash and Cash Equivalents	70.1	(269.9)	(96.1)
Cash and Cash Equivalents at Beginning of Period	408.1	678.0	774.1
Cash and Cash Equivalents at End of Period	$478.2	$408.1	$678.0

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

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TEREX CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014
(dollar amounts in millions, unless otherwise noted, except per share amounts)

NOTE A – BASIS OF PRESENTATION

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

Reclassification. Certain prior year amounts have been reclassified to conform to the current year's presentation. On May 30, 2014, the Company sold its truck business, which was consolidated in the Construction segment, to Volvo Construction Equipment for approximately $160 million. As a result, reporting of the truck business has been included in discontinued operations for all periods presented. See Note D – "Discontinued Operations" for more information on discontinued operations.

Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

Cash and Cash Equivalents. Cash equivalents consist of highly liquid investments with original maturities of three months or less. The carrying amount of cash and cash equivalents approximates their fair value. Cash and cash equivalents at December 31, 2014 and 2013 include $13.5 million and $14.5 million, respectively, which were not immediately available for use. These consist primarily of cash balances held in escrow to secure various obligations of the Company.

Inventories. Inventories are stated at the lower of cost or market ("LCM") value. Cost is determined by the average cost and first-in, first-out ("FIFO") methods (approximately 52% and 48%, respectively). In valuing inventory, the Company is required to make assumptions regarding the level of reserves required to value potentially obsolete or over-valued items at the lower of cost or market. These assumptions require the Company to analyze the aging of and forecasted demand for its inventory, forecast future products sales prices, pricing trends and margins, and to make judgments and estimates regarding obsolete or excess inventory. Future product sales prices, pricing trends and margins are based on the best available information at that time including actual orders received, negotiations with the Company's customers for future orders, including their plans for expenditures, and market trends for similar products. The Company's judgments and estimates for excess or obsolete inventory are based on analysis of actual and forecasted usage. The valuation of used equipment taken in trade from customers requires the Company to use the best information available to determine the value of the equipment to potential customers. This value is subject to change based on numerous conditions. Inventory reserves are established taking into account age, frequency of use, or sale, and in the case of repair parts, the installed base of machines. While calculations are made involving these factors, significant management judgment regarding expectations for future events is involved. Future events that could significantly influence the Company's judgment and related estimates include general economic conditions in markets where the Company's products are sold, new equipment price fluctuations, actions of the Company's competitors, including the introduction of new products and technological advances, as well as new products and design changes the Company introduces. The Company makes adjustments to its inventory reserve based on the identification of specific situations and increases its inventory reserves accordingly. As further changes in future economic or industry conditions occur, the Company will revise the estimates that were used to calculate its inventory reserves. At December 31, 2014 and 2013, reserves for LCM, excess and obsolete inventory totaled $116.3 million and $132.5 million, respectively.

If actual conditions are less favorable than those the Company has projected, the Company will increase its reserves for LCM, excess and obsolete inventory accordingly. Any increase in the Company's reserves will adversely impact its results of operations. The establishment of a reserve for LCM, excess and obsolete inventory establishes a new cost basis in the inventory. Such reserves are not reduced until the product is sold.

Debt Issuance Costs. Debt issuance costs incurred in securing the Company's financing arrangements are capitalized and amortized over the term of the associated debt. Capitalized debt issuance costs related to debt that is extinguished early are charged to expense at the time of retirement. Debt issuance costs were $31.2 million and $31.0 million (net of accumulated amortization of $21.9 million and $17.0 million) at December 31, 2014 and 2013, respectively.

Intangible Assets. Intangible assets include purchased patents, trademarks, customer relationships and other specifically identifiable assets and are amortized on a straight-line basis over the respective estimated useful lives, which range from one to fifty-seven years. Intangible assets are reviewed for impairment when circumstances warrant. The Company has indefinite-lived intangible assets, consisting of tradenames. These indefinite-lived intangibles are tested annually for impairment, or when events or changes in circumstances indicate the potential for impairment. If the carrying amount of the indefinite-lived intangible exceeds the fair value, the intangible asset is written down to its fair value.

Goodwill. Goodwill, representing the difference between the total purchase price and the fair value of assets (tangible and intangible) and liabilities at the date of acquisition, is reviewed for impairment annually, and more frequently as circumstances warrant, and written down only in the period in which the recorded value of such assets exceed their fair value. The Company selected October 1 as the date for the required annual impairment test.

Goodwill is tested for impairment at the reporting unit level, which is defined as an operating segment or a component of an operating segment that constitutes a business for which discrete financial information with similar economic characteristics is available and the operating results are regularly reviewed by the Company’s management. The Aerial Work Platforms (“AWP”), Construction, Cranes and Materials Processing (“MP”) operating segments plus the Material Handling business and Port Solutions business of the Material Handling & Port Solutions (“MHPS”) segment, comprise the six reporting units for goodwill impairment testing purposes.

We may elect to perform a qualitative analysis for our reporting units to determine whether it is more likely than not that the fair value of the reporting unit is greater than its carrying value. If the qualitative analysis indicates that it is more likely than not that the fair value of a reporting unit is less than its carrying amount or if we elect not to perform a qualitative analysis, we perform a quantitative analysis to determine whether a goodwill impairment exists.

The quantitative goodwill impairment analysis is a two-step process. The first step used to identify potential impairment involves comparing each reporting unit’s estimated fair value to its carrying value, including goodwill. The Company uses an income approach derived from a discounted cash flow model to estimate the fair value of its reporting units. The aggregate fair value of the Company’s reporting units is compared to the Company’s market capitalization on the valuation date to assess its reasonableness. The initial recognition of goodwill, as well as the annual review of the carrying value of goodwill, requires that the Company develop estimates of future business performance. These estimates are used to derive expected cash flow and include assumptions regarding future sales levels and the level of working capital needed to support a given business. The Company relies on data developed by business segment management as well as macroeconomic data in making these calculations. The discounted cash flow model also includes a determination of the Company’s weighted average cost of capital. The cost of capital is based on assumptions about interest rates as well as a risk-adjusted rate of return required by the Company’s equity investors. Changes in these estimates can impact the present value of the expected cash flow that is used in determining the fair value of acquired intangible assets as well as the overall expected value of a given business.

The second step of the process involves the calculation of an implied fair value of goodwill for each reporting unit for which step one indicated impairment. The implied fair value of goodwill is determined by measuring the excess of the estimated fair value of the reporting unit over the estimated fair values of the individual assets, liabilities and identifiable intangibles as if the reporting unit was being acquired in a business combination. If the implied fair value of goodwill exceeds the carrying value of goodwill assigned to the reporting unit, there is no impairment. If the carrying value of goodwill assigned to a reporting unit exceeds the implied fair value of the goodwill, an impairment charge is recorded for the excess. An impairment loss cannot exceed the carrying value of goodwill assigned to a reporting unit and the subsequent reversal of goodwill impairment losses is not permitted.

There were no indicators of goodwill impairment in the tests performed as of October 1, 2014, 2013 and 2012. See Note J – “Goodwill and Intangible Assets, Net” in the Notes to the Consolidated Financial Statements.

Property, Plant and Equipment. Property, plant and equipment are stated at cost. Expenditures for major renewals and improvements are capitalized while expenditures for maintenance and repairs not expected to extend the life of an asset beyond its normal useful life are charged to expense when incurred. Plant and equipment are depreciated over the estimated useful lives (1-40 years and 2-20 years, respectively) of the assets under the straight-line method of depreciation for financial reporting purposes and both straight-line and other methods for tax purposes.

Impairment of Long-Lived Assets. The Company's policy is to assess the realizability of its long-lived assets, including intangible assets, and to evaluate such assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets (or group of assets) may not be recoverable. Impairment is determined to exist if fair value based on the estimated future undiscounted cash flows are less than the carrying value. Future cash flow projections include assumptions for future sales levels and the level of working capital needed to support each business. The Company uses data developed by business segment management as well as macroeconomic data in making these calculations. The amount of any impairment then recognized would be calculated as the difference between estimated fair value and the carrying value of the asset. Included in Selling, general & administrative ("SG&A") costs are $3.9 million of asset impairments for the years ended December 31, 2014 and 2013 and $8.9 million for the year ended December 31, 2012. See Note L – "Restructuring and Other Charges" for information on asset impairments recorded as part of restructuring activities.

Accounts Receivable and Allowance for Doubtful Accounts. Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in its existing accounts receivable. The Company determines the allowance based on historical customer review and current financial conditions. The Company reviews its allowance for doubtful accounts at least quarterly. Past due balances over 90 days and over a specified amount are reviewed individually for collectability. All other balances are reviewed on a pooled basis by type of receivable. Account balances are charged off against the allowance when the Company determines it is probable the receivable will not be recovered. There can be no assurance that the Company's historical accounts receivable collection experience will be indicative of future results. The Company has off-balance sheet credit exposure related to guarantees provided to financial institutions as disclosed in Note Q – "Litigation and Contingencies." Substantially all receivables were trade receivables at December 31, 2014 and 2013.

Revenue Recognition. Revenue and related costs are generally recorded when products are shipped and invoiced to either independently owned and operated dealers or to end-customers. Shipping and handling charges are recorded in Cost of goods sold.

Revenue generated in the United States is recognized when title and risk of loss pass from the Company to its customers which generally occurs upon shipment depending upon the shipping terms negotiated. The Company also has a policy which requires it to meet certain criteria in order to recognize revenue, including satisfaction of the following requirements:

a) Persuasive evidence that an arrangement exists;
b) The price to the buyer is fixed or determinable;
c) Collectability is reasonably assured; and
d) The Company has no significant obligations for future performance.

In the United States, the Company has the ability to enter into a security agreement and receive a security interest in the product by filing an appropriate Uniform Commercial Code ("UCC") financing statement. However, a significant portion of the Company's revenue is generated outside of the United States. In many countries outside of the United States, as a matter of statutory law, a seller retains title to a product until payment is made. The laws do not provide for a seller's retention of a security interest in goods in the same manner as established in the UCC. In these countries, the Company retains title to goods delivered to a customer until the customer makes payment so that the Company can recover the goods in the event of customer default on payment. In these circumstances, where the Company only retains title to secure its recovery in the event of customer default, the Company also has a policy requiring it to meet certain criteria in order to recognize revenue, including satisfaction of the following requirements:

a) Persuasive evidence that an arrangement exists;

b) Delivery has occurred or services have been rendered;
c) The price to the buyer is fixed or determinable;
d) Collectability is reasonably assured;
e) The Company has no significant obligations for future performance; and
f) The Company is not entitled to direct the disposition of the goods, cannot rescind the transaction, cannot prohibit the customer from moving, selling, or otherwise using the goods in the ordinary course of business and has no other rights of holding title that rest with a titleholder of property that is subject to a lien under the UCC.

In circumstances where the sales transaction requires acceptance by the customer for items such as testing on site, installation, trial period or performance criteria, revenue is not recognized unless the following criteria have been met:

a) Persuasive evidence that an arrangement exists;
b) Delivery has occurred or services have been rendered;
c) The price to the buyer is fixed or determinable;
d) Collectability is reasonably assured; and
e) The customer has given their acceptance, the time period has elapsed or the Company has otherwise objectively demonstrated that the criteria specified in the acceptance provisions have been satisfied.

In addition to performance commitments, the Company analyzes factors such as the reason for the purchase to determine if revenue should be recognized. This analysis is done before the product is shipped and includes the evaluation of factors that may affect the conclusion related to the revenue recognition criteria as follows:

a) Persuasive evidence that an arrangement exists;
b) Delivery has occurred or services have been rendered;
c) The price to the buyer is fixed or determinable; and
d) Collectability is reasonably assured.

Revenue from sales-type leases is recognized at the inception of the lease. Income from operating leases is recognized ratably over the term of the lease. The Company routinely sells equipment subject to operating leases and the related lease payments. If the Company does not retain a substantial risk of ownership in the equipment, the transaction is recorded as a sale. If the Company does retain a substantial risk of ownership, the transaction is recorded as a borrowing, the operating lease payments are recognized as revenue over the term of the lease and the debt is amortized over a similar period.

The Company, from time to time, issues buyback guarantees in conjunction with certain sales agreements. These primarily relate to trade value agreements (“TVAs”) in which a customer may trade in equipment in the future at a stated price/credit if the customer meets certain conditions. The trade-in price/credit is determined at the time of the original sale of equipment. In conjunction with the trade-in, these conditions include a requirement to purchase new equipment at fair market value at the time of trade-in, which fair value is required to be of equal or greater value than the original equipment cost. Other conditions also include the general functionality and state of repair of the machine. The Company has concluded that any credit provided to customers under a TVA/buyback guarantee, which is expected to be equal to or less than the fair value of the equipment returned on the trade-in date, is a guarantee to be accounted for in accordance with Accounting Standards Codification (“ASC”) 460, “Guarantees” (“ASC 460”).

The original sale of equipment, accompanied by a buyback guarantee, is a multiple element transaction wherein the Company offers its customer the right, after some period of time, for a limited period of time, to exchange purchased equipment for a fixed price trade-in credit toward another of our products. The fixed price trade-in credit is accounted for under the guidance provided by ASC 460. Pursuant to this right, the Company has agreed to make a payment (in the form of a trade-in credit) to the customer contingent upon the customer exercising its right to trade in the original purchased equipment. Under the guidance of ASC 460, the Company records the fixed price trade-in credit at its fair value. Accordingly, as noted above, the Company has accounted for the trade-in credit as a separate deliverable in a multiple element arrangement.

When a sales transaction includes multiple deliverables, such as sales of multiple products or sales of products and services that are delivered over multiple reporting periods, the multiple deliverables are evaluated to determine the units of accounting, and the entire fee from the arrangement is allocated to each unit of accounting based on the relative selling price. The selling price of a unit of accounting is determined using a selling price hierarchy.

Vendor-specific objective evidence (“VSOE”) is established based upon the price charged for products and services that are sold separately in standalone transactions. If VSOE cannot be established, third-party evidence (“TPE”) is evaluated based on competitor prices for similar deliverables when sold separately. If neither VSOE or TPE is available, management's best estimate of selling price is established based upon the price at which the Company would sell the product on a standalone basis taking into consideration factors including, but not limited to, internal costs, gross margin objectives, pricing practices and market conditions. Revenue is recognized when the revenue recognition criteria for each unit of accounting are met.

Guarantees. The Company records a liability for the estimated fair value of guarantees issued pursuant to ASC 460. The Company recognizes a loss under a guarantee when its obligation to make payment under the guarantee is probable and the amount of the loss can be estimated. A loss would be recognized if the Company’s payment obligation under the guarantee exceeds the value it can expect to recover to offset such payment, primarily through the sale of the equipment underlying the guarantee.

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

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

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

Balance as of December 31, 2012	$104.8	
Accruals for warranties issued during the period	84.6	
Changes in estimates	(1.1	)
Settlements during the year	(84.0	)
Foreign exchange effect/other	1.8	
Balance as of December 31, 2013	106.1	
Accruals for warranties issued during the period	73.6	
Changes in estimates	1.8	
Settlements during the year	(88.7	)
Foreign exchange effect/other	(6.3	)
Balance as of December 31, 2014	$86.5	

Accrued Product Liability. The Company records accruals for product liability claims when deemed probable and estimable based on facts and circumstances, and prior claim experience. Accruals for product liability claims are valued based upon the Company's prior claims experience, including consideration of the jurisdiction, circumstances of the accident, type of loss or injury, identity of plaintiff, other potential responsible parties, analysis of outside legal counsel, analysis of internal product liability counsel and the experience of the Company's director of product safety. Actual product liability costs could be different due to a number of variables such as the decisions of juries or judges.

Defined Benefit Pension and Other Postretirement Benefits. The Company provides postretirement benefits to certain former salaried and hourly employees and certain hourly employees covered by bargaining unit contracts that provide such benefits. The Company accounts for these benefits under ASC 715, "Compensation-Retirement Benefits" ("ASC 715"). ASC 715 requires balance sheet recognition of the overfunded or underfunded status of pension and postretirement benefit plans. Under ASC 715, actuarial gains and losses, prior service costs or credits, and any remaining transition assets or obligations that have not been recognized under previous accounting standards must be recognized in Accumulated other comprehensive income, net of tax effects, until they are amortized as a component of net periodic benefit cost. See Note O – "Retirement Plans and Other Benefits."

Deferred Compensation. The Company maintains a Deferred Compensation Plan, which is described more fully in Note O – "Retirement Plans and Other Benefits." The Company's common stock, par value $0.01 per share ("Common Stock") held in a rabbi trust pursuant to the Company's Deferred Compensation Plan, is treated in a manner similar to treasury stock and is recorded at cost within Stockholders' equity as of December 31, 2014 and 2013. The plan obligations for participant deferrals in the Company's Common Stock are classified as Additional paid-in capital within Stockholders' equity. The total of the Company's Common Stock required to settle this deferred compensation obligation is included in the denominator in both basic and diluted earnings per share calculations.

Stock-Based Compensation. At December 31, 2014, the Company had stock-based employee compensation plans, which are described more fully in Note P – “Stockholders’ Equity.” The Company accounts for those plans under the recognition and measurement principles of ASC 718, “Compensation–Stock Compensation” (“ASC 718”). ASC 718 requires that expense resulting from all share-based payment transactions be recognized in the financial statements at fair value.

Foreign Currency Translation. Assets and liabilities of the Company's non-U.S. operations are translated at year-end exchange rates. Income and expenses are translated at average exchange rates prevailing during the year. For operations whose functional currency is the local currency, translation adjustments are recorded in the Accumulated other comprehensive income component of Stockholders' equity. Gains or losses resulting from foreign currency transactions are recorded in the accounts based on the underlying transaction.

Derivatives. Derivative financial instruments are recorded in the Consolidated Balance Sheet at their fair value as either assets or liabilities. Changes in the fair value of derivatives are recorded each period in earnings or Accumulated other comprehensive income, depending on whether a derivative is designated and effective as part of a hedge transaction and, if it is, the type of hedge transaction. Gains and losses on derivative instruments reported in Accumulated other comprehensive income are included in earnings in the periods in which earnings are affected by the hedged item. See Note K – "Derivative Financial Instruments."

Environmental Policies. Environmental expenditures that relate to current operations are either expensed or capitalized depending on the nature of the expenditure. Expenditures relating to conditions caused by past operations that do not contribute to current or future revenue generation are expensed. Liabilities are recorded when environmental assessments and/or remedial actions are probable and the costs can be reasonably estimated. Such amounts were not material at December 31, 2014 and 2013.

Research and Development Costs. Research and development costs are expensed as incurred. Such costs incurred in the development of new products or significant improvements to existing products are included in Selling, general and administrative expenses. Research and development costs were $86.9 million, $85.3 million and $71.7 million during 2014, 2013 and 2012, respectively.

Income Taxes. The Company accounts for income taxes using the asset and liability method. This method requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement carrying amounts and the tax bases of assets and liabilities. See Note C – "Income Taxes."

Earnings Per Share. Basic (loss) earnings per share is computed by dividing Net (loss) income attributable to Terex Corporation for the period by the weighted average number of shares of Common Stock outstanding. Diluted earnings per share is computed by dividing Net (loss) income attributable to Terex Corporation for the period by the weighted average number of shares of Common Stock outstanding and potential dilutive common shares. See Note E – "Earnings Per Share."

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

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
Level 2 – Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability; and
Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

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

Recent Accounting Pronouncements. In March 2013, the FASB issued ASU 2013-05, “Parent’s Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity,” (“ASU 2013-05”). The objective of ASU 2013-05 is to clarify the applicable guidance for the release into net income of the cumulative translation adjustment upon derecognition of a subsidiary or group of assets within a foreign entity. ASU 2013-05 is effective for annual and interim reporting periods beginning after December 15, 2013 with early adoption permitted. Adoption of this guidance did not have a significant impact on the determination or reporting of the Company’s financial results. The future effects of ASU 2013-05 will depend on whether the Company derecognizes any foreign subsidiaries or groups of assets within a foreign entity.

In July 2013, the FASB issued ASU 2013-11, "Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists," ("ASU 2013-11"), an amendment to ASC 740, "Income Taxes." ASU 2013-11 clarifies that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward if such settlement is required or expected in the event the uncertain tax benefit is disallowed. In situations where a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction or the tax law of the jurisdiction does not require, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be netted with the deferred tax asset. The amendments in ASU 2013-11 are effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. Early adoption is permitted. The amendments should be applied prospectively to all unrecognized tax benefits that exist at the effective date. Retrospective application is permitted. Adoption of this guidance did not have a significant impact on the determination or reporting of the Company's financial results.

In April 2014, the FASB issued ASU 2014-08, "Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity," ("ASU 2014-08"). Under ASU 2014-08, only disposals representing a strategic shift in operations that have a major effect on the Company's operations and financial results should be presented as discontinued operations. Additionally, ASU 2014-08 requires expanded disclosures about discontinued operations that will provide financial statement users with more information about the assets, liabilities, income, and expenses of discontinued operations. The amendments in ASU 2014-08 are effective for fiscal years, and interim periods within those years, beginning after December 15, 2014. However, ASU 2014-08 should not be applied to a component that is classified as held for sale before the effective date even if the component is disposed of after the effective date. Early adoption is permitted, but only for disposals (or classifications as held for sale) that have not been reported in financial statements previously issued. The effects of ASU 2014-08 will depend on any future disposals by the Company.

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

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

In August 2014, the FASB issued ASU 2014-15, "Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern," ("ASU 2014-15"). ASU 2014-15 requires management to perform interim and annual assessments of an entity's ability to continue as a going concern for a one year period subsequent to the date of the financial statements. An entity must provide certain disclosures if conditions or events raise substantial doubt about the entity's ability to continue as a going concern. The guidance is effective for all entities for the first annual period ending after December

15, 2016 and interim periods thereafter, with early adoption permitted. Adoption of this guidance is not expected to have any impact on the determination or reporting of the Company’s financial results.

NOTE B – BUSINESS SEGMENT INFORMATION

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

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

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

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

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

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

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

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

The Company has no customers that accounted for more than 10% of consolidated sales in 2014. The results of businesses acquired during 2014, 2013 and 2012 are included from the dates of their respective acquisitions.

Included in Eliminations/Corporate are the eliminations among the five segments, as well as general and corporate items. Business segment information is presented below (in millions):

	Year Ended December 31,		
	2014	2013	2012
Net Sales			
AWP	$2,369.7	$2,131.0	$1,742.4
Construction	836.6	820.0	952.1
Cranes	1,791.1	1,925.5	1,987.6
MHPS	1,783.4	1,698.5	1,742.1
MP	653.1	628.2	661.5
Corporate and Other / Eliminations	(125.0)	(119.2)	(103.5)
Total	$7,308.9	$7,084.0	$6,982.2
Income (loss) from Operations			
AWP	$302.8	$325.8	$210.9
Construction	1.2	(24.8)	(69.3)
Cranes	85.9	110.5	168.0
MHPS	(17.2)	(41.8)	5.6
MP	60.6	71.8	75.3
Corporate and Other / Eliminations	(10.2)	(22.4)	(23.7)
Total	$423.1	$419.1	$366.8
Depreciation and Amortization			
AWP	$11.6	$9.9	$12.0
Construction	19.3	22.2	23.5
Cranes	29.9	31.5	29.6
MHPS	65.8	61.2	64.3
MP	6.0	5.9	5.1
Corporate	22.8	20.8	17.7
Total	$155.4	$151.5	$152.2
Capital Expenditures			
AWP	$28.6	$19.5	$15.1
Construction	3.7	3.8	6.6
Cranes	14.0	15.1	13.8
MHPS	21.8	24.1	32.9
MP	4.4	5.6	4.9
Corporate	7.5	11.4	7.9
Total	$80.0	$79.5	$81.2

Sales between segments are generally priced to recover costs plus a reasonable markup for profit, which is eliminated in consolidation.

	December 31,	
	2014	2013
Identifiable Assets		
AWP	$1,143.5	$937.2
Construction	1,246.0	1,012.5
Cranes	1,959.7	2,040.3
MHPS	2,744.0	2,989.5
MP	813.6	945.6
Corporate and Other / Eliminations	(1,978.8)	(1,533.3)
Discontinued operations	—	144.9
Total	$5,928.0	$6,536.7

Geographic segment information is presented below (in millions):

	Year Ended December 31,		
	2014	2013	2012
Net Sales			
United States	$2,746.2	$2,592.3	$2,260.2
United Kingdom	401.7	247.2	263.8
Germany	642.8	621.4	659.2
Other European countries	1,480.5	1,226.6	1,343.7
All other	2,037.7	2,396.5	2,455.3
Total	$7,308.9	$7,084.0	$6,982.2

	December 31,	
	2014	2013
Long-lived Assets		
United States	$191.6	$200.6
United Kingdom	23.9	28.3
Germany	253.0	305.3
Other European countries	91.3	106.9
All other	130.5	148.3
Total	$690.3	$789.4

The Company attributes sales to unaffiliated customers in different geographical areas based on the location of the customer. Long-lived assets consist of net fixed assets, which can be attributed to the specific geographic regions.

NOTE C – INCOME TAXES

The components of income (loss) from continuing operations before income taxes are as follows (in millions):

	Year Ended December 31,		
	2014	2013	2012
United States	$314.1	$340.7	$127.2
Foreign	(16.9)	(49.4)	(0.9)
Income (loss) from continuing operations before income taxes	$297.2	$291.3	$126.3

Income (loss) before income taxes including Income (loss) from discontinued operations and Gain (loss) from disposition of discontinued operations attributable to the Company was $365.0 million, $305.1 million and $156.7 million for the years ended December 31, 2014, 2013 and 2012, respectively.

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The major components of the Company's provision for (benefit from) income taxes on continuing operations before income taxes are summarized below (in millions):

	Year Ended December 31,		
	2014	2013	2012
Current:			
Federal	$6.8	$49.3	$29.7
State	7.6	5.4	3.8
Foreign	41.0	36.5	45.9
Current income tax provision (benefit)	55.4	91.2	79.4
Deferred:			
Federal	7.1	22.2	(8.8)
State	(0.7)	1.3	(0.6)
Foreign	(24.1)	(27.3)	(18.5)
Deferred income tax (benefit) provision	(17.7)	(3.8)	(27.9)
Total provision for (benefit from) income taxes	$37.7	$87.4	$51.5

Including discontinued operations and disposition of discontinued operations, the total (benefit from) provision for income taxes was $45.5 million, $84.2 million and $53.1 million for the years ended December 31, 2014, 2013 and 2012, respectively.

Deferred tax assets and liabilities result from differences in the bases of assets and liabilities for tax and financial statement purposes. The tax effects of the basis differences and loss carry forwards as of December 31, 2014 and 2013 for continuing operations are summarized below for major balance sheet captions (in millions):

	2014	2013
Property, plant and equipment	$(79.0)	$(76.2)
Intangibles	(105.3)	(140.2)
Customer advances	(17.0)	(9.8)
Inventories	31.0	40.2
Accrued warranties and product liability	17.0	18.7
Loss carry forwards	241.8	210.7
Retirement plans	61.6	39.3
Accrued compensation and benefits	54.0	54.1
Investments	(10.4)	(10.6)
Currency translation adjustments	17.5	(3.2)
Credit carry forwards	8.9	12.1
Other	61.9	50.1
Deferred tax assets valuation allowance	(229.1)	(181.8)
Net deferred tax assets (liabilities)	$52.9	$3.4

Deferred tax assets for continuing operations total $329.5 million before valuation allowances of $229.1 million at December 31, 2014. Total deferred tax liabilities for continuing operations of $47.5 million include $6.7 million in current liabilities and $40.8 million in non-current liabilities on the Consolidated Balance Sheet at December 31, 2014. There were no net deferred tax assets for discontinued operations as of December 31, 2014. There were $3.0 million net deferred tax assets for discontinued operations as of December 31, 2013.

The Company evaluates the net realizable value of its deferred tax assets each reporting period. The Company must consider all objective evidence, both positive and negative, in evaluating the future realization of its deferred tax assets, including tax loss carry forwards. Historical information is supplemented by currently available information about future tax years. Realization requires sufficient taxable income to use deferred tax assets. To the extent that estimates of future taxable income decrease or do not materialize, additional valuation allowances may be required. The Company records a valuation allowance for each deferred tax asset for which realization is not assessed as more likely than not. The valuation allowance for deferred tax assets as of December 31, 2014 and 2013 was $229.1 million and $181.8 million, respectively. The net change in the total valuation allowance for the years ended December 31, 2014 and 2013 was an increase of $47.3 million and $9.6 million, respectively.

As of December 31, 2014, the Company determined that it was appropriate to retain its valuation allowance on deferred tax assets of its Italian subsidiaries. However, it is reasonably possible that, in the near term, continuing improvement in operating performance and other evidence could change the Company's assessment of the realizability of the Italian deferred tax assets resulting in the reversal of all, or part of, the related valuation allowance. As of December 31, 2014, the Company has recorded a valuation allowance on deferred tax assets of its German subsidiaries. During the fourth quarter of 2014, the German subsidiaries recognized unanticipated losses, including foreign exchange losses, increased pension liability accruals, and business restructuring expense. These events created sufficient objective negative evidence to outweigh the positive evidence supporting realization of the deferred tax assets of the German subsidiaries. For the year ended December 31, 2014, (Provision for) benefit from income tax included expense of $6.7 million related to the valuation allowance on the deferred tax assets of the Company's German subsidiaries. The Company recognized valuation allowances totaling $33.6 million almost completely offsetting deferred tax assets recorded for capital loss carry forwards generated by dispositions in 2014.

The Company's Provision for (benefit from) income taxes is different from the amount that would be provided by applying the statutory federal income tax rate to the Company's Income (loss) from continuing operations before income taxes. The reasons for the difference are summarized as follows (in millions):

	Year Ended December 31,		
	2014	2013	2012
Tax at statutory federal income tax rate	$104.0	$102.0	$44.2
State taxes (net of Federal benefit)	4.5	4.4	2.0
Change in valuation allowance	27.4	6.9	14.2
Foreign tax differential on income/losses of foreign subsidiaries	(10.7)	1.4	(7.8)
U.S. tax on multi-national operations	4.4	(12.3)	(0.4)
Change in foreign statutory rates	2.5	3.6	3.2
U.S. manufacturing and export incentives	(6.0)	(7.1)	(4.0)
Tax effect of dispositions	(84.9)	(1.5)	(6.3)
Other	(3.5)	(10.0)	6.4
Total provision for (benefit from) income taxes	$37.7	$87.4	$51.5

The effective tax rate on gain (loss) on disposition of discontinued operations in 2014 differs from the statutory rate primarily due to the majority of gains from sale of the truck business not being subject to tax. The effective tax rate on income from discontinued operations in 2013 differs from the statutory rate primarily due to recognition of uncertain tax positions.

Except for a limited number of immaterial subsidiaries and joint ventures accounted under the equity method, the Company does not provide for foreign income and withholding, U.S. Federal, or state income taxes or tax benefits on the financial reporting basis over the tax basis of its investments in foreign subsidiaries because such amounts are indefinitely reinvested to support operations and continued growth plans outside the U.S. At December 31, 2014, the Company's net unremitted retained earnings of its foreign subsidiaries was approximately $800 million. The Company reviews its plan to indefinitely reinvest on a quarterly basis. In making its decision to indefinitely reinvest, the Company evaluates its plans of reinvestment, its ability to control repatriation and to mobilize funds without triggering basis differences, and the profitability of U.S. operations and their cash requirements and the need, if any, to repatriate funds. If the assessment of the Company with respect to earnings of foreign subsidiaries changes, deferred U.S. income taxes, foreign income taxes, and foreign withholding taxes may have to be accrued. At this time, determination of the unrecognized deferred tax liabilities for temporary differences related to the investment in foreign subsidiaries is not practicable.

At December 31, 2014, the Company has various state net operating loss carry forwards available to reduce future state taxable income and income taxes. These net operating loss carry forwards expire at various dates through 2034.

In addition, the gross amount of the U.S. federal capital loss carryforward is $72.2 million which expires in 2019.

At December 31, 2014, the Company's foreign subsidiaries had approximately $718 million of loss carry forwards, consisting of $288 million in Germany, $159 million in Italy, $80 million in the United Kingdom, $56 million in China, $49 million in Spain, and $86 million in other countries, which are available to offset future foreign taxable income. The majority of these foreign tax loss carry forwards are available without expiration. In addition, the gross amount of the Australian capital loss carryforward is $31 million, and it has an unlimited carryforward period.

The Company had total net income tax (refunds) payments including discontinued operations of $124.1 million, $171.1 million and $224.2 million in 2014, 2013 and 2012, respectively. At December 31, 2014 and 2013, Other current assets included net income tax receivable amounts of $87.9 million and $12.3 million respectively.

The Company and its subsidiaries conduct business globally and file income tax returns in U.S. federal, state and foreign jurisdictions, as required. From a tax perspective, major jurisdictions where the Company is often subject to examination by tax authorities include Australia, Germany, Italy, the United Kingdom and the U.S. Currently, various entities of the Company are under audit in Germany, Italy, the U.S. and elsewhere. With few exceptions, including certain subsidiaries in Germany that are under audit, the statute of limitations for the Company and most of its subsidiaries has, expired for tax years prior to 2010. The Company assesses uncertain tax positions for recognition, measurement and effective settlement. Where the Company has determined that its tax return filing position does not satisfy the more likely than not recognition threshold of ASC 740, "Income Taxes," it has recorded no tax benefits. Where the Company has determined that its tax return filing positions are more likely than not to be sustained, the Company has measured and recorded the largest amount of tax benefit greater than 50% likely to be realized. The Company recognizes accrued interest and penalties, if any, related to income taxes as (Provision for) benefit from income taxes in its Consolidated Statement of Income.

The following table summarizes the activity related to the Company's total (including discontinued operations) unrecognized tax benefits (in millions):

Balance as of January 1, 2012	$169.6	
Additions for current year tax positions	—	
Additions for prior year tax positions	15.1	
Reductions for prior year tax positions	(22.3	)
Reductions for tax positions related to current year	—	
Reductions related to expiration of statute of limitations	(23.2	)
Settlements	(1.3	)
Acquired balances	10.7	
Balance as of December 31, 2012	148.6	
Additions for current year tax positions	—	
Additions for prior year tax positions	10.6	
Reductions for prior year tax positions	(17.0	)
Reductions for tax positions related to current year	—	
Reductions related to expiration of statute of limitations	(42.7	)
Settlements	(15.8	)
Acquired balances	—	
Balance as of December 31, 2013	83.7	
Additions for current year tax positions	1.9	
Additions for prior year tax positions	1.2	
Reductions for prior year tax positions	(10.1	)
Reductions for tax positions related to current year	—	
Reductions related to expiration of statute of limitations	(2.4	)
Settlements	(0.1	)
Acquired balances	—	
Balance as of December 31, 2014	$74.2	

The Company evaluates each reporting period whether it is reasonably possible that material changes to its uncertain tax position liability could occur in the next 12 months. Changes may occur as a result of uncertain tax positions being considered effectively settled, re-measured, paid, acquired or divested, as the result of a change in the accounting rules, tax law or judicial decision, or due to the expiration of the relevant statute of limitations. It is not possible to predict which uncertain tax positions, if any, may be challenged by tax authorities. The timing and impact of income tax audits and their resolution is highly uncertain. New facts, laws, pronouncements and judicial decisions can change assessments concerning technical merit and measurement. The amounts of or periods in which changes to reserves for uncertain tax positions will occur is rarely ascertainable. The Company believes it is reasonably possible that the total amount of unrecognized tax benefits disclosed as of December 31, 2014 may decrease approximately $30 million in the fiscal year ending December 31, 2015. Such possible decrease relates primarily to audit settlements for valuation, transfer pricing, deductibility issues and the expiration of statutes of limitation.

As of December 31, 2014 and 2013, the Company had $74.2 million and $83.7 million, respectively, of unrecognized tax benefits. Of the $74.2 million at December 31, 2014, $41.3 million, if recognized, would affect the effective tax rate. As of December 31, 2014 and 2013, the liability for potential penalties and interest was $12.9 million and $13.5 million, respectively. During each of the years ended December 31, 2014 and 2013, the Company recognized tax (benefit) expense of $(0.6) million for interest and penalties.

NOTE D – DISCONTINUED OPERATIONS

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

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

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

	Year Ended December 31,		
	2014	2013	2012
Net sales	$94.8	$225.8	$366.2
Income (loss) from discontinued operations before income taxes	$1.7	$10.3	$30.5
(Provision for) benefit from income taxes	(0.3)	4.1	(2.1)
Income (loss) from discontinued operations – net of tax	$1.4	$14.4	$28.4
Gain (loss) on disposition of discontinued operations	$66.1	$3.5	$(0.1)
(Provision for) benefit from income taxes	(7.5)	(0.9)	0.5
Gain (loss) on disposition of discontinued operations – net of tax	$58.6	$2.6	$0.4

During the year ended December 31, 2014, the Company recorded a gain of $57.1 million related to the sale of its truck business. During the years ended December 31, 2014, 2013, and 2012 the Company recorded a $1.5 million, $2.6 million and $2.3 million gain, respectively, primarily related to the sale of its Atlas heavy construction equipment and knuckle-boom cranes businesses based on contractually obligated earnings based payments from the purchaser. During the year ended December 31, 2012, the Company recorded a $1.9 million loss related to the settlement of a dispute with Bucyrus International, Inc.

The following table provides the amounts of assets and liabilities reported in discontinued operations in the Consolidated Balance Sheet (in millions) related to the truck business:

	December 31	
	2014	2013
Trade receivables, net	$—	$49.7
Inventories	—	73.6
Other current assets	—	6.0
Current assets – discontinued operations	$—	$129.3
Property, plant and equipment - net	$—	$9.5
Other assets	—	6.1
Non-current assets – discontinued operations	—	15.6
Trade accounts payable	$—	$35.9
Other current liabilities	—	10.2
Current liabilities – discontinued operations	$—	$46.1
Non-current liabilities – discontinued operations	$—	$5.7

NOTE E – EARNINGS PER SHARE

	For the year ended December 31, (in millions, except per share data)		
	2014	2013	2012
Net income (loss) from continuing operations attributable to Terex Corporation common stockholders	$259.0	$209.0	$77.0
Income (loss) from discontinued operations-net of tax	1.4	14.4	28.4
Gain (loss) on disposition of discontinued operations-net of tax	58.6	2.6	0.4
Net income (loss) attributable to Terex Corporation	$319.0	$226.0	$105.8
Basic shares:			
Weighted average shares outstanding	109.7	111.1	110.3
Earnings per share - basic:			
Income (loss) from continuing operations	$2.36	$1.88	$0.70
Income (loss) from discontinued operations-net of tax	0.01	0.13	0.26
Gain (loss) on disposition of discontinued operations-net of tax	0.54	0.02	—
Net income (loss) attributable to Terex Corporation	$2.91	$2.03	$0.96
Diluted shares:			
Weighted average shares outstanding	109.7	111.1	110.3
Effect of dilutive securities:			
Stock options, restricted stock awards and convertible notes	4.5	5.9	3.6
Diluted weighted average shares outstanding	114.2	117.0	113.9
Earnings per share - diluted:			
Income (loss) from continuing operations	$2.27	$1.79	$0.68
Income (loss) from discontinued operations-net of tax	0.01	0.12	0.25
Gain (loss) on disposition of discontinued operations-net of tax	0.51	0.02	—
Net income (loss) attributable to Terex Corporation	$2.79	$1.93	$0.93

The following table provides information to reconcile amounts reported on the Consolidated Statement of Income to amounts used to calculate earnings per share attributable to Terex Corporation common stockholders (in millions) for the year ended December 31:

Reconciliation of amounts attributable to common stockholders:	2014	2013	2012
Income (loss) from continuing operations	$259.5	$203.9	$74.8
Noncontrolling interest attributed to income (loss) from continuing operations	(0.5)	5.1	2.2
Income (loss) from continuing operations attributable to common stockholders	$259.0	$209.0	$77.0

Weighted average options to purchase 0.1 million shares, 0.2 million shares and 0.2 million shares of the Company's common stock, par value $0.01 per share ("Common Stock"), were outstanding during 2014, 2013 and 2012, respectively, but were not included in the computation of diluted shares as the effect would be anti-dilutive. Weighted average restricted stock awards of 0.4 million shares, 0.3 million shares and 0.3 million shares were outstanding during 2014, 2013 and 2012, respectively, but were not included in the computation of diluted shares because the effect would be anti-dilutive or performance targets were not yet achieved for awards contingent upon performance. ASC 260, "Earnings per Share," requires that employee stock options and non-vested restricted shares granted by the Company be treated as potential common shares outstanding in computing diluted earnings per share. Under the treasury stock method, the amount the employee must pay for exercising stock options, the amount of compensation cost for future services that the Company has not yet recognized and the amount of tax benefits that would be recorded in additional paid-in capital when the award becomes deductible are assumed to be used to repurchase shares. The Company includes the impact of pro forma deferred tax assets in determining the amount of tax benefits for potential windfalls and shortfalls (the differences between tax deductions and book expense) in this calculation.

The 4% Convertible Senior Subordinated Notes due 2015 (the "4% Convertible Notes") described in Note M – "Long-Term Obligations" are dilutive to the extent the volume-weighted average price of the Common Stock for the period evaluated was greater than $16.25 per share and earnings from continuing operations were positive. The number of shares that were contingently issuable for the 4% Convertible Notes during 2014, 2013 and 2012 was 3.4 million, 4.6 million and 2.9 million, respectively.

NOTE F – INVENTORIES

Inventories consist of the following (in millions):

	December 31,	
	2014	2013
Finished equipment	$425.7	$450.0
Replacement parts	170.5	168.4
Work-in-process	454.2	527.3
Raw materials and supplies	410.5	467.5
Inventories	$1,460.9	$1,613.2

Reserves for lower of cost or market value, excess and obsolete inventory were $116.3 million and $132.5 million at December 31, 2014 and 2013, respectively.

NOTE G – PROPERTY, PLANT AND EQUIPMENT

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

	December 31, 2014	2013
Property	$104.3	$121.2
Plant	359.5	412.5
Equipment	699.5	720.1
Property, Plant and Equipment – Gross	1,163.3	1,253.8
Less: Accumulated depreciation	(473.0)	(464.4)
Property, plant and equipment – net	$690.3	$789.4

Depreciation expense for the years ended December 31, 2014, 2013 and 2012, was $110.4 million, $104.4 million and $99.7 million, respectively.

NOTE H – EQUIPMENT SUBJECT TO OPERATING LEASES

Operating leases arise from leasing the Company's products to customers. Initial non-cancellable lease terms typically range up to 84 months. The net book value of equipment subject to operating leases was approximately $72 million and $80 million (net of accumulated depreciation of approximately $40 million and $40 million) at December 31, 2014 and 2013, respectively, and is included in Other assets on the Company's Consolidated Balance Sheet. The equipment is depreciated on a straight-line basis over its estimated useful life.

Future minimum lease payments to be received under non-cancellable operating leases with lease terms in excess of one year are as follows (in millions):

Years ending December 31,	
2015	$11.8
2016	8.4
2017	2.9
2018	1.7
2019	1.7
Thereafter	1.3
	$27.8

The Company received approximately $15 million and $16 million of rental income from assets subject to operating leases with lease terms greater than one year during 2014 and 2013, respectively, none of which represented contingent rental payments.

NOTE I – DISPOSITIONS

On December 19, 2014, the Company completed the sale of 51% of A.S.V., Inc. to Manitex International, Inc. ("Manitex"), resulting in a joint venture in compact track loaders and skid steers that is 51% owned by Manitex and 49% owned by Terex and accounted for it as an equity method investment. On December 31, 2014, the Company sold 100% of Demag Cranes and Components Pty. Ltd. The Company recorded a net loss on these dispositions of approximately $16 million in Selling, general and administrative expenses on the Consolidated Statement of Income. Cash received from these dispositions is included in the Consolidated Statement of Cash Flows investing activities.

NOTE J – GOODWILL AND INTANGIBLE ASSETS, NET

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

	AWP	Construction	Cranes	MHPS	MP	Total
Balance at December 31, 2012, gross	$139.9	$274.4	$233.9	$732.8	$204.7	$1,585.7
Accumulated impairment	(38.6)	(274.4)	(4.2)	—	(23.2)	(340.4)
Balance at December 31, 2012, net	101.3	—	229.7	732.8	181.5	1,245.3
Foreign exchange effect and other	0.7	—	2.0	(5.3)	2.9	0.3
Balance at December 31, 2013, gross	140.6	274.4	235.9	727.5	207.6	1,586.0
Accumulated impairment	(38.6)	(274.4)	(4.2)	—	(23.2)	(340.4)
Balance at December 31, 2013, net	102.0	—	231.7	727.5	184.4	1,245.6
Acquisitions	—	—	—	12.0	—	12.0
Divestiture	—	(141.6)	—	(6.1)	—	(147.7)
Foreign exchange effect and other	(2.1)	—	(18.3)	(90.6)	(9.5)	(120.5)
Balance at December 31, 2014, gross	138.5	132.8	217.6	642.8	198.1	1,329.8
Accumulated impairment	(38.6)	(132.8)	(4.2)	—	(23.2)	(198.8)
Balance at December 31, 2014, net	$99.9	$—	$213.4	$642.8	$174.9	$1,131.0

As of October 1, 2014, the Company performed its annual goodwill impairment test for the MP segment, which resulted in the fair market value of the MP reporting unit exceeding its carrying value by 24%. While no evidence of impairment was indicated, due to geopolitical uncertainty and short-term volatility in worldwide commodities markets, the Company reviewed the MP reporting unit at December 31, 2014 to determine if the results of the October 1 test would be significantly different. The Company did not find evidence of impairment at December 31, 2014, but it will continue to monitor the performance of the MP reporting unit and update the test as circumstances warrant. If the MP reporting unit is unable to achieve its projected cash flows, the outcome of any prospective tests may result in recording goodwill impairment charges in future periods.

Intangible assets, net were comprised of the following as of December 31, 2014 and 2013 (in millions):

		December 31, 2014			December 31, 2013		
	Weighted Average Life (in years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Definite-lived intangible assets:							
Technology	6	$58.8	$ 38.4	$ 20.4	$91.6	$ 48.7	$42.9
Customer Relationships	16	251.9	78.4	173.5	354.7	105.2	249.5
Land Use Rights	57	18.0	1.8	16.2	18.4	1.5	16.9
Other	7	44.6	38.2	6.4	52.2	40.4	11.8
Total definite-lived intangible assets		$373.3	$ 156.8	$ 216.5	$516.9	$ 195.8	$321.1
Indefinite-lived intangible assets:							
Tradenames		$108.9			$123.7		
Total indefinite-lived intangible assets		$108.9			$123.7		

For the Year Ended December 31,

(in millions)	2014	2013	2012
Aggregate Amortization Expense	$37.6	$38.6	$43.0

Estimated aggregate intangible asset amortization expense (in millions) for the next five years is as follows:

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

NOTE K – DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

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

In the Consolidated Statement of Income, the Company records hedging activity related to debt instruments in interest expense and hedging activity related to foreign currency in the accounts for which the hedged items are recorded. On the Consolidated Statement of Cash Flows, the Company records cash flows from hedging activities in the same manner as it records the underlying item being hedged.

In November 2007, the Company entered into an interest rate swap agreement that converted a fixed rate interest payment into a variable rate interest payment. In November 2012, this interest rate swap agreement was terminated. Furthermore, as discussed in Note M – "Long-Term Obligations," the Company redeemed the 8% Senior Subordinated notes associated with this swap and therefore, as a result of the termination and redemption, recorded a gain of approximately $16 million which decreased the Loss on early extinguishment of debt associated with the redemption.

The Company is also a party to currency exchange forward contracts that generally mature within one year to manage its exposure to changing currency exchange rates. At December 31, 2014, the Company had $378.5 million notional amount of currency exchange forward contracts outstanding that were initially designated as hedge contracts, most of which mature on or before December 31, 2015. The fair market value of these contracts at December 31, 2014 was a net loss of $0.4 million. At December 31, 2014, $313.4 million notional amount ($0.6 million of fair value losses) of these forward contracts have been designated as, and are effective as, cash flow hedges of forecasted and specifically identified transactions. During 2014 and 2013, the Company recorded the change in fair value for these cash flow hedges to Accumulated other comprehensive income and reclassified to earnings a portion of the deferred gain or loss from Accumulated other comprehensive income as the hedged transactions occurred and were recognized in earnings.

The Company records the interest rate swap and foreign exchange contracts at fair value on a recurring basis. There were no interest rate swaps recorded as of December 31, 2014 and 2013. The foreign exchange contracts designated as hedging instruments are categorized under Level 2 of the ASC 820 hierarchy and are recorded at December 31, 2014 and 2013 as a net liability of $0.4 million and a net asset of $3.8 million, respectively. See Note A – "Basis of Presentation," for an explanation of the ASC 820 hierarchy. The fair values of these foreign exchange forward contracts are derived using quoted forward foreign exchange prices to interpolate values of outstanding trades at the reporting date based on their maturities.

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

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

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

Asset Derivatives	Balance Sheet Account	December 31, 2014	December 31, 2013
Foreign exchange contracts	Other current assets	$10.1	$10.0
Liability Derivatives			
Foreign exchange contracts	Other current liabilities	10.5	6.2
Total Derivatives		$(0.4)	$3.8

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

Asset Derivatives	Balance Sheet Account	December 31, 2014	December 31, 2013
Foreign exchange contracts	Other current assets	$2.2	$4.1
Debt conversion feature	Other assets	3.0	—
Total asset derivatives		$5.2	$4.1
Liability Derivatives			
Foreign exchange contracts	Other current liabilities	1.0	0.8
Total liability derivatives		$1.0	$0.8
Total Derivatives		$4.2	$3.3

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The following tables provide the effect of derivative instruments that are designated as hedges in the Consolidated Statements of Income, Comprehensive Income and Accumulated other comprehensive income ("OCI") (in millions):

Gain Recognized on Derivatives in Income:		Year Ended December 31,		
Fair Value Derivatives	Location	2014	2013	2012
Interest rate contract	Interest expense	$—	$—	$16.3
Interest rate contract	Loss on early extinguishment of debt	—	—	16.0
Total		$—	$—	$32.3

(Loss) Gain Recognized on Derivatives in OCI:	Year Ended December 31,		
Cash Flow Derivatives	2014	2013	2012
Foreign exchange contracts	$(3.4)	$3.1	$3.2

(Loss) Gain Reclassified from Accumulated OCI into Income (Effective):	Year Ended December 31,		
Account	2014	2013	2012
Cost of goods sold	$3.0	$1.2	$(5.2)
Other income (expense) – net	0.5	3.2	(5.1)
Total	$3.5	$4.4	$(10.3)

Gain (Loss) Recognized on Derivatives (Ineffective) in Income:	Year Ended December 31,		
Account	2014	2013	2012
Other income (expense) – net	$(0.4)	$(2.8)	$4.9

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

Gain (Loss) Recognized on Derivatives not designated as hedges in Income:	Year Ended December 31,		
Account	2014	2013	2012
Cost of Goods Sold	$—	$0.7	$(0.8)
Other income (expense) – net	—	1.6	—
Total	$—	$2.3	$(0.8)

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

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

	Year Ended December 31,		
	2014	2013	2012
Balance at beginning of period	$2.7	$(0.4)	$(3.6)
Additional gains (losses) – net	(1.4)	6.1	(1.9)
Amounts reclassified to earnings	(2.0)	(3.0)	5.1
Balance at end of period	$(0.7)	$2.7	$(0.4)

The estimated amount of existing losses for derivative contracts recorded in OCI as of December 31, 2014 that are expected to be reclassified into earnings in the next 12 months is $0.7 million.

NOTE L – RESTRUCTURING AND OTHER CHARGES

The Company continually evaluates its cost structure to be appropriately positioned to respond to changing market conditions. Given economic trends in recent years, the Company initiated certain restructuring programs to better utilize its workforce and optimize facility utilization to match the demand for its products.

The Company established a restructuring program within the MP segment to realize cost synergies and support its joint brand strategy by consolidating certain of its crushing equipment manufacturing businesses. This program resulted in the relocation of its crusher manufacturing operations in Coalville, England to Omagh, Northern Ireland. The global design center for crushing equipment and certain component manufacturing was retained at Coalville. The program was completed in 2011. The Company has subsequently revised its plans for this site and intends to invest in its design and engineering team and re-implement manufacturing based at this location. The Coalville facility will become the MP center for research and development, with responsibility for providing new and innovative products. As a result of these revised plans, $2.4 million of restructuring reserve was reversed in the year ended December 31, 2012.

During the year ended December 31, 2012, the Company established a restructuring program in the MHPS segment to realize cost synergies and to optimize the SG&A expense structure. This program resulted in the closing of a production site in Spain and outsourcing of the related future production. The program cost $3.0 million, resulted in the reduction of 26 team members and was completed in 2014.

During the year ended December 31, 2012, the Company established a restructuring program in the Construction segment related to its compact construction operations in Germany to concentrate the segment on its core processes and competencies. This program resulted in the sale, closure or phase-out of several businesses in Germany. The program cost $11.7 million, resulted in the reduction of 250 team members and was completed in 2013 except for certain payments mandated by governmental agencies. During the year ended December 31, 2013, $2.6 million of restructuring reserves were reversed based on more team members staying with the sold business than originally anticipated.

During the year ended December 31, 2013, the Company established a restructuring program in the MHPS segment resulting in the consolidation of certain production facilities and the redesign of certain back office functions. The program cost $19.4 million, resulted in the reduction of 299 team members and was completed in 2014.

During the year ended December 31, 2013, the Company established a restructuring program in the Construction segment related to the distribution organization for Europe, the Middle East and Asia. This program will result in a more decentralized distribution function. The program cost $1.9 million, resulted in the reduction of 19 team members and was completed in 2014.

During the year ended December 31, 2014, the Company established restructuring programs in the MHPS segment primarily focused on operations in Germany. The programs included the closure of one of its materials handling manufacturing facilities, the consolidation of several materials handling sales and service locations, and realignment of the management structure for port solutions. The programs are expected to cost $35.5 million, result in the reduction of 199 team members and be completed in 2015.

The following table provides information for all restructuring activities by segment of the amount of expense incurred during the year ended December 31, 2014, the cumulative amount of expenses incurred since inception of the programs and the total amount expected to be incurred (in millions):

	Amount incurred	Cumulative amount	Total amount expected to be

	during the year ended December 31, 2014	incurred through December 31, 2014	incurred
Construction	$(0.1)	$11.0	$11.0
MHPS	30.4	58.6	58.6
Total	$30.3	$69.6	$69.6

The following table provides information by type of restructuring activity with respect to the amount of expense incurred during the year ended December 31, 2014, the cumulative amount of expenses incurred since inception of the programs and the total amount expected to be incurred (in millions):

	Employee Termination Costs	Facility Exit Costs	Asset Disposal and Other Costs	Total
Amount incurred in the year ended December 31, 2014	$30.3	$—	$—	$30.3
Cumulative amount incurred through December 31, 2014	$60.1	$0.3	$9.2	$69.6
Total amount expected to be incurred	$60.1	$0.3	$9.2	$69.6

The following table provides a roll forward of the restructuring reserve by type of restructuring activity for the year ended December 31, 2014 (in millions):

	Employee Termination Costs	Facility Exit Costs	Asset Disposal and Other Costs	Total
Restructuring reserve at December 31, 2013	$25.4	$—	$—	$25.4
Restructuring charges	30.3	—	—	30.3
Cash expenditures	(15.6)	—	—	(15.6)
Restructuring reserve at December 31, 2014	$40.1	$—	$—	$40.1

During the years ended December 31, 2014, 2013 and 2012 $19.0 million, $11.0 million and $8.4 million, respectively, of restructuring charges were included in Cost of goods sold ("COGS"). During the years ended December 31, 2014, 2013 and 2012 $11.3 million, $9.9 million and $3.5 million, respectively, of restructuring charges were included in SG&A costs. There were no asset impairments included in restructuring costs for the year ended December 31, 2013. There were $3.7 million and $5.7 million of asset impairments included in restructuring costs for the years ended December 31, 2014 and 2012, respectively.

NOTE M – LONG-TERM OBLIGATIONS

Long-term debt is summarized as follows (in millions):

	December 31,	
	2014	2013
6-1/2% Senior Notes due April 1, 2020	$300.0	$300.0
6% Senior Notes due May 15, 2021	850.0	850.0
4% Convertible Senior Subordinated Notes due June 1, 2015	125.0	116.7
2014/2011 Credit Agreement – term debt	467.9	495.3
2014/2011 Credit Agreement – revolver	—	117.7
Capital lease obligations	3.9	5.0
Other	42.0	92.0
Total debt	1,788.8	1,976.7
Less: Notes payable and current portion of long-term debt	(152.5)	(86.8)
Long-term debt, less current portion	$1,636.3	$1,889.9

2014 Credit Agreement

On August 13, 2014 the Company entered into a Credit Agreement (the "2014 Credit Agreement"), with the lenders party thereto and Credit Suisse AG, as administrative agent and collateral agent. In connection with the 2014 Credit

Agreement, the Company terminated its existing amended and restated credit agreement, dated as of August 5, 2011, as amended (the "2011 Credit Agreement"), among the Company and certain of its subsidiaries, the lenders thereunder and Credit Suisse AG, as administrative agent and collateral agent, and related agreements and documents.

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

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

In connection with the termination of the 2011 Credit Agreement, the Company recorded charges of $2.6 million for the accelerated amortization of debt acquisition costs and original issue discount as a loss on early extinguishment of debt for the year ended December 31, 2014.

On May 16, 2013, the Company repaid $110.0 million of the outstanding U.S. dollar denominated term loan and €83.5 million of the outstanding Euro denominated term loan under the 2011 Credit Agreement. As a result of the repayment the Company recorded a loss on early extinguishment of debt of $5.2 million in the Consolidated Statement of Income for the year ended December 31, 2014.

On October 12, 2012, the Company and its lenders entered into an amendment of the 2011 Credit Agreement (the "2012 Amendment"). As a result of the 2012 Amendment, the Company recorded a loss on early extinguishment of debt of $1.9 million in the Consolidated Statement of Income for the year ended December 31, 2012, which included non-cash charges for accelerated amortization of debt acquisition costs and original issue discount. In preparing the Consolidated Statement of Cash Flows, these non-cash items were added to net income.

As of December 31, 2014 and 2013, the Company had $467.9 million and $495.3 million, respectively, in U.S. dollar and Euro denominated term loans outstanding under its credit agreements. The weighted average interest rate on the term loans at December 31, 2014 and 2013 was 3.76% and 3.66%, respectively. The Company had no outstanding U.S. dollar and Euro denominated revolving credit amounts as of December 31, 2014. The Company had $117.7 million in U.S. dollar denominated revolving credit amounts outstanding as of December 31, 2013. The weighted average interest rate on the revolving credit amounts at December 31, 2013 was 5.30%.

The 2014 Credit Agreement incorporates facilities for issuance of letters of credit up to $400 million. Letters of credit issued under the 2014 Credit Agreement letter of credit facility decrease availability under the $600 million revolving line of credit. As of December 31, 2014 the Company had no letters of credit issued under the 2014 Credit Agreement. As of December 31, 2013, the Company had letters of credit issued under the 2011 Credit Agreement that totaled $54.2 million. The 2014 Credit Agreement also permits the Company to have additional letter of credit facilities up to $300 million, and letters of credit issued under such additional facilities do not decrease availability under the revolving line of credit. The Company had letters of credit issued under the additional letter of credit facilities of the 2014 Credit Agreement and 2011 Credit Agreement that totaled $30.4 million and $3.1 million as of

December 31, 2014 and 2013, respectively.

The Company also has bilateral arrangements to issue letters of credit with various other financial institutions. These additional letters of credit do not reduce the Company's availability under the 2014 Credit Agreement. The Company had letters of credit issued under these additional arrangements of $261.5 million and $283.1 million as of December 31, 2014 and 2013, respectively.

In total, as of December 31, 2014 and 2013, the Company had letters of credit outstanding of $291.9 million and $340.4 million, respectively. The letters of credit generally serve as collateral for certain liabilities included in the Consolidated Balance Sheet. Certain letters of credit serve as collateral guaranteeing the Company's performance under contracts.

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

6-1/2% Senior Notes

On March 27, 2012, the Company sold and issued $300 million aggregate principal amount of Senior Notes Due 2020 ("6-1/2% Notes") at par. The proceeds from these notes were used for general corporate purposes. The 6-1/2% Notes are redeemable by the Company beginning in April 2016 at an initial redemption price of 103.25% of principal amount. The 6-1/2% Notes are jointly and severally guaranteed by certain of the Company's domestic subsidiaries (see Note R – "Consolidating Financial Statements").

6% Senior Notes

On November 26, 2012, the Company sold and issued $850 million aggregate principal amount of Senior Notes due 2021 ("6% Notes") at par. The proceeds from this offering plus other cash was used to redeem all $800 million principal amount of the outstanding 8% Notes. The 6% Notes are redeemable by the Company beginning in November 2016 at an initial redemption price of 103.00% of principal amount. The 6% Notes are jointly and severally guaranteed by certain of the Company's domestic subsidiaries (see Note R – "Consolidating Financial Statements").

10-7/8% Senior Notes

On June 3, 2009, the Company sold and issued $300 million aggregate principal amount of Senior Notes Due 2016 ("10-7/8% Notes"). On September 28, 2012, the Company repaid the outstanding $299.9 million principal amount of its 10-7/8% Notes. The total cash paid to redeem the 10-7/8% Notes was $347.3 million which included a make whole call premium of 12.265%, totaling $36.8 million plus accrued and unpaid interest of $10.6 million at the redemption date.

The Company recorded a loss on early extinguishment of debt of $42.9 million in the Consolidated Statement of Income for the year ended December 31, 2012, which includes (a) cash payments of $36.8 million for call premiums associated with the repayment of $299.9 million of outstanding debt and (b) $6.1 million of non-cash charges for accelerated amortization of debt acquisition costs related to the redemption of the 10-7/8% Notes, and original issue discount, which all flow into the calculation of net income. In preparing the Consolidated Statement of Cash Flows, the non-cash item (b) was added to net income to reflect cash flow appropriately.

4% Convertible Senior Subordinated Notes

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

The Company, as issuer of the 4% Convertible Notes, must separately account for the liability and equity components of the 4% Convertible Notes in a manner that reflects the Company's nonconvertible debt borrowing rate at the date of issuance when interest cost is recognized in subsequent periods. The Company allocated $54.3 million of the $172.5 million principal amount of the 4% Convertible Notes to the equity component, which represents a discount to the debt and will be amortized into interest expense using the effective interest method through June 2015. The Company recorded a related deferred tax liability of $19.4 million on the equity component. During the third quarter of 2012, the Company purchased approximately 25% of the principal amount outstanding of its 4% Convertible Notes due 2015 for approximately $64 million, including $0.3 million of accrued interest. These purchases reduced the balance of the 4% Convertible Notes outstanding by $36.1 million and reduced equity by $19.1 million. The Company recorded a loss on early retirement of debt in the Consolidated Statement of Income of $6.5 million for the year ended December 31, 2012, which includes (a) cash payments of $5.9 million for debt principal over book value and (b) $0.6 million for non-cash charges for accelerated amortization of debt issuance costs.

The balance of the 4% Convertible Notes was $125.0 million and $116.7 million at December 31, 2014 and 2013, respectively, reflecting the impact of the purchase discussed above. The Company recognized interest expense of $13.5 million and $12.6 million on the 4% Convertible Notes for the years ended December 31, 2014 and 2013, respectively. The interest expense recognized for the 4% Convertible Notes will increase as the discount is amortized using the effective interest method, which accretes the debt balance over its term to $128.8 million at maturity. Interest expense on the 4% Convertible Notes throughout its term includes 4% annually of cash interest on the maturity balance of $128.8 million plus non-cash interest expense accreted to the debt balance as described.

The Company paid a dividend of $0.05 per share in each quarter of 2014. Under the terms of the 4% Convertible Notes, cumulative dividends have changed the initial conversion ratio from 61.5385 to 61.9685 shares of common stock.

8% Senior Subordinated Notes

On November 13, 2007, the Company sold and issued $800 million aggregate principal amount of 8% Notes. The 8% Notes were redeemable by the Company beginning in November 2012 at an initial redemption price of 104.00% of principal amount.

In the fourth quarter of 2012, the Company used the net proceeds from the 6% Notes offering plus other cash to redeem, via tender and subsequent call, all $800 million principal amount of its outstanding 8% Notes. Total cash paid to redeem the 8% Notes was $837.3 million and included tender/call premiums of $34.6 million and accrued interest of $2.7 million.

The Company recorded a loss on early extinguishment of debt of $28.7 million in the Consolidated Statement of Income for the year ended December 31, 2012, which includes (a) cash payments of $35.4 million for call premiums and other expenses associated with the repayment of outstanding debt, (b) $9.3 million of non-cash charges for accelerated amortization of debt acquisition costs related to the redemption of the 8% Notes and (c) $16.0 million of gain related to the termination of the swap agreement associated with the redemption of the Notes, which all flow into the calculation of net income. In preparing the Consolidated Statement of Cash Flows, the non-cash item (b) was added to net income and the swap termination item (c) was added to Loss on early extinguishment of debt, to reflect cash flow appropriately.

Schedule of Debt Maturities

Scheduled annual maturities of the principal portion of long-term debt outstanding at December 31, 2014 in the successive five-year period are summarized below. Amounts shown are exclusive of minimum lease payments for capital lease obligations disclosed in Note N – "Lease Commitments" (in millions):

2015	$ 151.8
2016	9.1
2017	13.7
2018	6.7
2019	6.6
Thereafter	1,597.0
Total	$ 1,784.9

Based on indicative price quotations from financial institutions multiplied by the amount recorded on the Company's Consolidated Balance Sheet ("Book Value"), the Company estimates the fair values ("FV") of its debt set forth below as of December 31, 2014 and 2013 , as follows (in millions, except for quotes):

2014	Book Value	Quote	FV
6-1/2% Notes	$300.0	$ 1.04500	$314

6% Notes	$850.0	$1.02000	$867
4% Convertible Notes (net of discount)	$125.0	$1.73392	$217
2014 Credit Agreement Term Loan (net of discount) – USD	$227.5	$0.99000	$225
2014 Credit Agreement Term Loan (net of discount) – EUR	$240.4	$0.99500	$239

2013	Book Value	Quote	FV
6-1/2% Senior Notes	$300.0	$1.06750	$320
6% Notes	$850.0	$1.03250	$878
4% Convertible Notes (net of discount)	$116.7	$2.62875	$307
2011 Credit Agreement Term Loan (net of discount) – USD	$340.4	$1.00500	$342
2011 Credit Agreement Term Loan (net of discount) – EUR	$154.9	$1.00250	$155

The fair value of debt reported in the tables above is based on price quotations on the debt instrument in an active market and therefore categorized under Level 1 of the ASC 820 hierarchy. See Note A – "Basis of Presentation," for an explanation of the ASC 820 hierarchy. The Company believes that the carrying value of its other borrowings, including amounts outstanding for the revolving line of credit under the 2011 Credit Agreement, approximates fair market value based on maturities for debt of similar terms. The fair value of these other borrowings are categorized under Level 2 of the ASC 820 hierarchy.

The Company paid $109.6 million, $114.8 million and $156.0 million of interest in 2014, 2013 and 2012, respectively.

NOTE N – LEASE COMMITMENTS

The Company leases certain facilities, machinery, equipment and vehicles with varying terms. Under most leasing arrangements, the Company pays the property taxes, insurance, maintenance and expenses related to the leased property. Certain of the equipment leases are classified as capital leases and the related assets have been included in Property, Plant and Equipment. Net assets under capital leases were $11.0 million and $13.0 million, net of accumulated amortization of $4.9 million and $5.2 million, at December 31, 2014 and 2013, respectively.

Future minimum capital and noncancellable operating lease payments and the related present value of capital lease payments at December 31, 2014 are as follows (in millions):

	Capital Leases	Operating Leases
2015	$0.7	$55.8
2016	0.5	47.3
2017	0.5	35.3
2018	0.5	23.4
2019	0.5	16.1
Thereafter	1.3	37.1
Total minimum obligations	4.0	$215.0
Less: amount representing interest	(0.1)	
Present value of net minimum obligations	3.9	
Less: current portion	(0.6)	
Long-term obligations	$3.3	

Most of the Company's operating leases provide the Company with the option to renew the leases for varying periods after the initial lease terms. These renewal options enable the Company to renew the leases based upon the fair rental values at the date of expiration of the initial lease. Total rental expense under operating leases was $79.3 million, $77.1 million, and $78.5 million in 2014, 2013 and 2012, respectively.

NOTE O – RETIREMENT PLANS AND OTHER BENEFITS

U.S. Pension Plan

As of December 31, 2014, the Company maintained one qualified defined benefit pension plan covering certain domestic employees (the “Terex Plan”). Participation in the Terex Plan for all employees has been frozen. Participants are credited with post-freeze service for purposes of determining vesting and retirement eligibility only. The benefits covering salaried employees are based primarily on years of service and employees’ qualifying compensation during the final years of employment. The benefits covering bargaining unit employees are based primarily on years of service and a flat dollar amount per year of service. It is the Company’s policy generally to fund the Terex Plan based on the requirements of the Employee Retirement Income Security Act of 1974 (“ERISA”). Plan assets consist primarily of common stocks, bonds and short-term cash equivalent funds.

The Company maintains a nonqualified Supplemental Executive Retirement Plan ("SERP"). The SERP provides retirement benefits to certain senior executives of the Company. Generally, the SERP provides a benefit based on average total compensation earned over a participant's final five years of employment and years of service reduced by benefits earned under any Company retirement program, excluding salary deferrals and matching contributions. In addition, benefits are reduced by Social Security Primary Insurance Amounts attributable to Company contributions. The SERP is unfunded and participation in the SERP has been frozen. There is a defined contribution plan for certain senior executives of the Company.

During July 2012, the Moving Ahead for Progress in the 21st Century Act ("MAP 21") was enacted in the U.S. MAP 21 provided short-term relief of minimum contribution requirements by increasing the interest rates used to value pension liabilities beginning January 1, 2012 and increased the premiums due to the Pension Benefit Guaranty Corporation beginning in 2013 through 2015. As a result of the enactment of MAP 21, and existing funding commitments, there were no minimum contribution requirements for the 2014, 2013 and 2012 plan years.

During 2014, the Society of Actuaries released a new mortality table, which is believed to better reflect mortality improvements and is to be used in calculating defined benefit pension obligations. The Company adopted these new tables for its U.S. pension plans for use in determining its projected benefit obligations. Adoption of the new mortality tables increased the Company's projected benefit obligation by approximately $16 million at December 31, 2014.

Non-U.S. Plans

The Company maintains defined benefit plans in France, Germany, India, Switzerland and the United Kingdom for some of its subsidiaries. Participation in the United Kingdom plan has been frozen. The United Kingdom plan is a funded plan and the Company funds this plan in accordance with funding regulations in the United Kingdom and a negotiated agreement between the Company and the plan's trustees. The plans in France, Germany and India are unfunded plans. For the Company's operations in Austria and Italy there are mandatory termination indemnity plans providing a benefit that is payable upon termination of employment in substantially all cases of termination. The Company records this obligation based on the mandated requirements. The measure of the current obligation is not dependent on the employees' future service and therefore is measured at current value.

Other Postemployment Benefits

The Company has several non-pension post-retirement benefit programs. The Company provides postemployment health and life insurance benefits to certain former salaried and hourly employees. The health care programs are contributory, with participants' contributions adjusted annually, and the life insurance plan is noncontributory.

Savings Plans

The Company sponsors various tax deferred savings plans into which eligible employees may elect to contribute a portion of their compensation. The Company may, but is not obligated to, contribute to certain of these plans. The Company's Common Stock held in a rabbi trust pursuant to the Deferred Compensation Plan is treated in a manner similar to treasury stock. The number of shares of the Company's Common Stock held in the rabbi trust was 0.8 million at December 31, 2014 and 2013.

Charges recognized for the Deferred Compensation Plan and these other savings plans were $20.2 million, $16.6 million and $16.3 million for the years ended December 31, 2014, 2013 and 2012, respectively. For the years ended December 31, 2014 and 2013, Company matching contribution to tax deferred savings plans were invested at the direction of plan participants.

Information regarding the Company's plans, including SERP, was as follows (in millions, except percent values):

	U.S. Pension Benefits		Non-U.S. Pension Benefits		Other Benefits	
	2014	2013	2014	2013	2014	2013
Accumulated benefit obligation at end of year	$177.2	$155.8	$533.6	$492.8		
Change in benefit obligation:						
Benefit obligation at beginning of year	$162.1	$182.3	$504.0	$511.6	$5.8	$7.6
Service cost	0.9	1.1	5.4	6.0	—	—
Interest cost	7.2	6.6	18.1	16.6	0.2	0.3
Acquisitions and divestitures	(0.9)	—	4.7	(4.7)	—	—
Actuarial loss (gain)	25.6	(17.9)	91.3	(20.1)	0.3	(1.4)
Benefits paid	(10.0)	(10.0)	(23.7)	(21.2)	(0.6)	(0.7)
Foreign exchange effect	—	—	(59.1)	15.8	—	—
Benefit obligation at end of year	184.9	162.1	540.7	504.0	5.7	5.8
Change in plan assets:						
Fair value of plan assets at beginning of year	125.8	123.6	141.9	132.5	—	—
Acquisitions	—	—	2.2	—	—	—
Actual return on plan assets	15.2	6.4	14.9	8.5	—	—
Employer contribution	5.8	5.8	21.5	18.5	0.6	0.7
Employee contribution	—	—	0.6	0.6	—	—
Benefits paid	(10.0)	(10.0)	(23.7)	(21.2)	(0.6)	(0.7)
Foreign exchange effect	—	—	(10.6)	3.0	—	—
Fair value of plan assets at end of year	136.8	125.8	146.8	141.9	—	—
Funded status	$(48.1)	$(36.3)	$(393.9)	$(362.1)	$(5.7)	$(5.8)
Amounts recognized in the statement of financial position consist of:						
Current liabilities	$1.1	$0.2	$13.4	$15.0	$0.7	$0.8
Non-current liabilities	47.0	36.1	380.5	347.1	5.0	5.0
Total liabilities	$48.1	$36.3	$393.9	$362.1	$5.7	$5.8
Amounts recognized in accumulated other comprehensive income consist of:						
Actuarial net loss	$77.8	$60.9	$159.6	$93.7	$1.2	$0.9
Prior service cost	0.6	0.7	0.3	0.4	(0.1)	(0.1)
Total amounts recognized in accumulated other comprehensive income	$78.4	$61.6	$159.9	$94.1	$1.1	$0.8

	U.S. Pension Benefits			Non-U.S.Pension Benefits			Other Benefits		
	2014	2013	2012	2014	2013	2012	2014	2013	2012
Weighted-average assumptions as of December 31:									
Discount rate	4.02 %	4.64 %	3.75 %	2.54 %	3.78 %	3.39 %	3.74 %	4.17 %	3.75 %
Expected return on plan assets	7.50 %	7.50 %	7.50 %	5.49 %	5.49 %	5.59 %	N/A	N/A	N/A
Rate of compensation increase	3.75 %	3.75 %	3.75 %	1.51 %	1.56 %	1.67 %	N/A	N/A	N/A

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	U.S. Pension Benefits			Non-U.S. Pension Benefits			Other Benefits		
	2014	2013	2012	2014	2013	2012	2014	2013	2012
Components of net periodic cost:									
Service cost	$0.9	$1.1	$1.2	$5.4	$6.0	$7.8	$—	$—	$—
Interest cost	7.2	6.6	7.2	18.1	16.6	17.0	0.2	0.3	0.3
Expected return on plan assets	(9.2)	(9.0)	(8.8)	(7.7)	(7.0)	(6.8)	—	—	—
Recognition of prior service cost	0.1	0.1	0.1	2.5	—	10.8	—	—	—
Amortization of actuarial loss	2.1	4.0	4.8	3.1	5.3	0.4	0.1	0.1	—
Other	—	—	—	(0.6)	(0.6)	(0.5)	—	—	—
Net periodic cost	$1.1	$2.8	$4.5	$20.8	$20.3	$28.7	$0.3	$0.4	$0.3

Due to clarification of requirements in Brazil, during the year ended December 31, 2012, the Company recognized a liability of $10.8 million related to a provision for post-employment benefits. This amount is included above in Net periodic cost as Recognition of prior service cost.

	U.S. Pension Benefits		Non-U.S. Pension Benefits		Other Benefits	
	2014	2013	2014	2013	2014	2013
Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income:						
Net (gain) loss	$19.9	$(15.3)	$85.2	$(21.6)	$0.3	$(1.4)
Amortization of actuarial losses	(3.0)	(4.0)	(3.1)	(5.5)	—	(0.1)
Amortization of prior service cost	(0.1)	(0.1)	—	—	—	—
Foreign exchange effect	—	—	(16.3)	3.9	—	—
Total recognized in other comprehensive income	$16.8	$(19.4)	$65.8	$(23.2)	$0.3	$(1.5)

	U.S. Pension Benefits	Non-U.S. Pension Benefits	Other Benefits
Amounts expected to be recognized as components of net periodic cost for the year ending December 31, 2015:			
Actuarial net loss	$3.7	$8.0	$—
Prior service cost	0.1	—	—
Total amount expected to be recognized as components of net periodic cost for the year ending December 31, 2015	$3.8	$8.0	$—

For the Company's plans, including the SERP, that have accumulated benefit obligations in excess of plan assets the projected benefit obligation, accumulated benefit obligation and fair value of plan assets were (in millions):

	U.S. Pension Benefits		Non-U.S. Pension Benefits	
	2014	2013	2014	2013
Projected benefit obligation	$184.9	$162.1	$540.7	$504.0
Accumulated benefit obligation	$177.2	$155.8	$533.6	$492.8
Fair value of plan assets	$136.8	$125.8	$146.8	$141.9

Determination of plan obligations and associated expenses requires the use of actuarial valuations based on certain economic assumptions, which includes discount rates and expected rates of returns on plan assets. The discount rate enables the Company to estimate the present value of expected future cash flows on the measurement date. The rate used reflects a rate of return on high-quality fixed income investments that matches the duration of expected benefit payments at the December 31 measurement date.

The rate used for the expected return on plan assets for the U.S. plan is based on a review of long-term historical asset performances aligned with the Company's investment strategy and portfolio mix. While the Company examines performance annually, it also views historic asset portfolios and performance over a long period of years before recommending a change. In the short term, there may be fluctuations of positive and negative yields year-over-year, but over the long-term, the return is expected to be approximately 7.5%.

The Company's overall investment strategy for the U.S. defined benefit plan balances two objectives, investing in fixed income securities whose maturity broadly matches the maturity of the pension liabilities and investing in equities and other assets expected to generate higher returns. The Company invests through a number of investment funds with diversified asset types, strategies and managers. Equity securities, including investments in large to small-cap companies in the U.S. and internationally, constitute approximately 32% of the portfolio at December 31, 2014 and 2013. Fixed income securities including corporate bonds of companies from diversified industries, U.S. Treasuries and other securities, which may include mortgage-backed securities, asset-backed securities and collateralized mortgage obligations, constitute approximately 68% of the portfolio at December 31, 2014 and 2013. The target investment allocation for 2015 is approximately 23% to 36% for equity securities and approximately 64% to 77% for fixed income securities.

The methodology used to determine the rate of return on non-U.S. pension plan assets was based on average rate of earnings on funds invested and to be invested. Based on historical returns and future expectations, the Company believes the investment return assumptions are reasonable. The expected rate of return of plan assets represents an estimate of long-term returns on the investment portfolio. This assumption is reviewed by the trustees and varies with each of the plans.

The overall investment strategy for the Non-U.S. defined benefit plans is to achieve a mix of investments to support long-term growth and minimize volatility while maximizing rates of return by diversification of asset types, fund strategies and fund managers. Fixed income investments include investments in European government securities and European corporate bonds and constitute approximately 64% and 58% of the portfolio at December 31, 2014 and 2013, respectively. Equity investments, multi-asset investment funds and real estate investments that invest in a diversified range of property principally in the retail, office and industrial/warehouse sectors constitute approximately 36% and 42% of the portfolio at December 31, 2014 and 2013, respectively. Investments of the plans primarily include investments in companies from diversified industries with approximately 93% invested internationally and 7% invested in North America. The target investment allocations to support the investment strategy for 2015 are approximately 76% to 84% fixed income securities and approximately 16% to 24% equity securities, multi-asset investment funds and real estate investments.

The fair value of cash in the table below is based on price quotations in an active market and therefore categorized under Level 1 of the ASC 820 hierarchy. The fair value of the investment funds is priced on the market value of the underlying investments in the portfolio and therefore categorized as Level 2 of the ASC 820 hierarchy. See Note A – "Basis of Presentation," for an explanation of the ASC 820 hierarchy.

The fair value of the Company's plan assets at December 31, 2014 are as follows (in millions):

	U.S. Pension Plan			Non-U.S. Pension Plans		
	Total	Level 1	Level 2	Total	Level 1	Level 2
Cash, including money market funds	$6.0	$6.0	$—	$4.3	$4.3	$—
U.S. equities	31.0	—	31.0	9.3	—	9.3
Non-U.S. equities	10.0	—	10.0	34.4	—	34.4
U.S. corporate bonds	63.8	—	63.8	1.1	—	1.1
Non-U.S. corporate bonds	—	—	—	29.8	—	29.8
U.S. government securities	15.3	—	15.3	0.6	—	0.6

Non-U.S. government securities	0.9	—	0.9	44.2	—	44.2
Real estate	—	—	—	8.8	—	8.8
Other securities	9.8	—	9.8	14.3	—	14.3
Total investments measured at fair value	$136.8	$6.0	$130.8	$146.8	$4.3	$142.5

The fair value of the Company’s plan assets at December 31, 2013 are as follows (in millions):

	U.S. Pension Plan			Non-U.S. Pension Plans		
	Total	Level 1	Level 2	Total	Level 1	Level 2
Cash, including money market funds	$9.4	$9.4	$—	$3.5	$3.5	$—
U.S. equities	25.0	—	25.0	8.4	—	8.4
Non-U.S. equities	10.2	—	10.2	35.0	—	35.0
U.S. corporate bonds	56.9	—	56.9	1.0	—	1.0
Non-U.S. corporate bonds	—	—	—	28.0	—	28.0
U.S. government securities	18.1	—	18.1	0.1	—	0.1
Non-U.S. government securities	0.8	—	0.8	42.7	—	42.7
Real estate	—	—	—	9.0	—	9.0
Other securities	5.4	—	5.4	14.2	—	14.2
Total investments measured at fair value	$125.8	$9.4	$116.4	$141.9	$3.5	$138.4

The Company plans to contribute approximately $1 million to its U.S. defined benefit pension and post-retirement plans and approximately $18 million to its non-U.S. defined benefit pension plans in 2015. During the year ended December 31, 2014, the Company contributed $6.4 million to its U.S. defined benefit pension plans and post-retirement plans and $21.5 million to its non-U.S. defined benefit pension plans.

The Company’s estimated future benefit payments under its plans are as follows (in millions):

Year Ending December 31,	U.S. Pension Benefits	Non-U.S. Pension Benefits	Other Benefits
2015	$ 11.1	$19.7	$0.7
2016	$ 11.0	$19.6	$0.6
2017	$ 11.0	$20.5	$0.5
2018	$ 11.0	$21.5	$0.4
2019	$ 11.0	$21.8	$0.4
2020-2024	$ 55.7	$117.4	$1.9

For the other benefits, for measurement purposes, a 7.00% rate of increase in the per capita cost of covered health care benefits was assumed for 2015, decreasing one-percentage-point per year until it reaches 5.00% for 2017 and thereafter. Assumed health care cost trend rates may have a significant effect on the amounts reported for the health care plan.

A one-percentage-point change in assumed health care cost trend rates would have the following effects (in millions):

	1-Percentage-Point Increase	1-Percentage-Point Decrease
Effect on total service and interest cost components	$0.2	$(0.1)
Effect on postretirement benefit obligation	$1.7	$(1.4)

NOTE P– STOCKHOLDERS’ EQUITY

On December 31, 2014, there were 124.6 million shares of Common Stock issued and 105.4 million shares of Common Stock outstanding. Of the 175.4 million unissued shares of Common Stock at that date, 3.3 million shares of Common Stock were reserved for issuance for the exercise of stock options and the vesting of restricted stock. Additionally, 7.9 million shares of Common Stock were reserved for issuance for the shares that are contingently issuable for the 4% Convertible Notes.

Common Stock in Treasury. The Company values treasury stock on an average cost basis. As of December 31, 2014, the Company held 19.2 million shares of Common Stock in treasury totaling $801.9 million, including 0.8 million shares held in a trust for the benefit of the Company's Deferred Compensation Plan at a total of $17.8 million.

Preferred Stock. The Company's certificate of incorporation was amended in June 1998 to authorize 50.0 million shares of preferred stock, $0.01 par value per share. As of December 31, 2014 and 2013, there were no shares of preferred stock outstanding.

Long-Term Incentive Plans. In May 2009, the stockholders approved the Terex Corporation 2009 Omnibus Incentive Plan (the “2009 Plan”). The purpose of the 2009 Plan is to provide a means whereby employees, directors and third-party service providers of the Company develop a sense of proprietorship and personal involvement in the development and financial success of the Company, and to encourage them to devote their best efforts to the business of the Company, thereby advancing the interests of the Company and its stockholders. The 2009 Plan provides for incentive compensation in the form of (i) options to purchase shares of Common Stock, (ii) stock appreciation rights, (iii) restricted stock awards and restricted stock units, (iv) other stock awards, (v) cash awards, and (vi) performance awards. In May 2013, the stockholders approved an increase in the number of shares of Common Stock authorized for issuance under the 2009 Plan from 5.0 million shares to 8.0 million shares. The maximum number of shares available for issuance under the 2009 Plan is 8.0 million shares plus the number of shares remaining available for issuance under the Terex Corporation 2000 Incentive Plan (the “2000 Plan”) and the 1996 Terex Corporation Long-Term Incentive Plan (the “1996 Plan”). As of December 31, 2014, 4.4 million shares were available for grant under the 2009 Plan.

In May 2000, the stockholders approved the 2000 Plan. The purpose of the 2000 Plan is to assist the Company in attracting and retaining selected individuals to serve as directors, officers, consultants, advisers and employees of the Company and its subsidiaries and affiliates who will contribute to the Company’s success and to achieve long-term objectives which will inure to the benefit of all stockholders of the Company through the additional incentive inherent in the ownership of the Common Stock. The maximum number of shares available for issuance under the 2000 Plan is 12.0 million shares plus any shares related to awards under the 2000 Plan that were not issued or were subsequently forfeited, expired or otherwise terminated.

In May 1996, the stockholders approved the 1996 Plan. The maximum number of shares available for issuance under the 1996 Plan is 4.0 million shares plus any shares related to awards under the 1996 Plan that were not issued or were subsequently forfeited, expired or otherwise terminated.

Substantially all stock option grants under the 2000 Plan and the 1996 Plan vested over a four year period and have a contractual life of ten years. There were no options granted during the years ended December 31, 2014, 2013 or 2012. The total intrinsic value of options exercised during the years ended December 31, 2014, 2013 and 2012 was $0.2 million, $1.2 million and $0.2 million, respectively.

The following table is a summary of stock options under all of the Company’s plans.

	Number of Options	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value
Outstanding at December 31, 2013	209,557	$ 38.92		
Exercised	(52,098)	$ 17.36		
Canceled or expired	(7,500)	$ 45.75		
Outstanding at December 31, 2014	149,959	$ 46.07	1.46	$0.29
Exercisable at December 31, 2014	149,959	$ 46.07	1.46	$0.29
Vested at December 31, 2014	149,959	$ 46.07	1.46	$0.29

Under the 2009 Plan, 2000 Plan and the 1996 Plan, approximately 11% of all restricted stock awards vest over a four year period, with 25% of each grant vesting on each of the first four anniversary dates of the grant; approximately 5% of all restricted stock awards vest over a five year period and approximately 83% of all restricted stock awards vest over a three year period with approximately 52% of these awards vesting on the first three anniversary dates and approximately 48% vesting at the end of the three year period. Approximately 49% of the outstanding restricted stock awards are subject to performance targets that may or may not be met and for which the performance period has not yet been completed.

The fair value of the restricted stock awards is based on the market price at the date of grant except for 0.9 million shares of performance grants based on a market condition. The Company uses the Monte Carlo method to provide grant date fair value for awards with a market condition. The Monte Carlo method is a statistical simulation technique used to provide the grant date fair value of an award. The following table presents the weighted-average assumptions used in the valuations:

	February 26, 2014	February 27, 2013	February 29, 2012	March 27, 2012
Dividend yields	0.46%	—%	—%	—%
Expected volatility	56.84%	60.03%	59.15%	56.83%
Risk free interest rate	0.63%	0.35%	0.41%	0.47%
Expected life (in years)	3	3	3	3
Grant date fair value per share	$53.17	$43.64	$32.58	$29.50

As of December 31, 2014, unrecognized compensation costs related to restricted stock totaled approximately $43.4 million, which will be expensed over a weighted average period of 1.7 years. The grant date weighted average fair value for restricted stock awards during the years ended December 31, 2014, 2013 and 2012 was $44.23, $33.84 and $25.74, respectively. The total fair value of shares vested for restricted stock awards was $36.2 million, $19.0 million and $16.1 million for the years ended December 31, 2014, 2013 and 2012, respectively.

During the year ended December 31, 2014, the Company issued 33 thousand shares of its outstanding Common Stock which were contributed into a deferred compensation plan under a Rabbi Trust.

The following table is a summary of restricted stock awards under all of the Company's plans:

	Restricted Stock Awards	Weighted Average Grant Date Fair Value
Nonvested at December 31, 2013	3,721,424	$26.14
Granted	999,622	$44.23
Vested	(1,245,147)	$29.11
Canceled or expired	(280,578)	$32.44
Nonvested at December 31, 2014	3,195,321	$33.56

Compensation expense recognized under all stock-based compensation arrangements was $46.1 million, $44.7 million and $29.8 million for the years ended December 31, 2014, 2013 and 2012, respectively. The stock-based compensation expense was included in Selling, general and administrative expenses in the Consolidated Statements of Income. The related tax benefit was $14.6 million, $13.5 million and $9.1 million for the years ended December 31, 2014, 2013 and 2012, respectively.

Cash received from option exercises under all stock-based compensation arrangements totaled $1.0 million.

The excess tax benefit for all stock-based compensation is included in the Consolidated Statement of Cash Flows as an operating cash outflow and a financing cash inflow.

Comprehensive Income (Loss). The following table reflects the accumulated balances of other comprehensive income (loss) (in millions):

Accumulated Other Comprehensive Income (Loss) Attributable to Terex Corporation

	Cumulative Translation Adjustment	Derivative Hedging Adjustment	Debt & Equity Securities Adjustment	Pension Liability Adjustment	Accumulated Other Comprehensive

					Income (Loss)
Balance at January 1, 2012	$(39.6)	$(3.6)	$0.9	$(83.2)	$(125.5)
Current year change	53.7	3.2	1.0	(56.5)	1.4
Balance at December 31, 2012	14.1	(0.4)	1.9	(139.7)	(124.1)
Current year change	(22.0)	3.1	(1.9)	28.4	7.6
Balance at December 31, 2013	(7.9)	2.7	—	(111.3)	(116.5)
Current year change	(237.6)	(3.4)	1.6	(73.9)	(313.3)
Balance at December 31, 2014	$(245.5)	$(0.7)	$1.6	$(185.2)	$(429.8)

Accumulated Other Comprehensive Income (Loss) Attributable to Noncontrolling Interest

	Cumulative Translation Adjustment	Derivative Hedging Adjustment	Debt & Equity Securities Adjustment	Pension Liability Adjustment	Accumulated Other Comprehensive Income (Loss)
Balance at January 1, 2012	$—	$—	$—	$—	$—
Current year change	0.5	—	—	—	0.5
Balance at December 31, 2012	0.5	—	—	—	0.5
Current year change	0.4	—	—	—	0.4
Balance at December 31, 2013	0.9	—	—	—	0.9
Current year change	(0.1)	—	—	—	(0.1)
Balance at December 31, 2014	$0.8	$—	$—	$—	$0.8

Accumulated Other Comprehensive Income (Loss)

	Cumulative Translation Adjustment	Derivative Hedging Adjustment	Debt & Equity Securities Adjustment	Pension Liability Adjustment	Accumulated Other Comprehensive Income (Loss)
Balance at January 1, 2012	$(39.6)	$(3.6)	$0.9	$(83.2)	$(125.5)
Current year change	54.2	3.2	1.0	(56.5)	1.9
Balance at December 31, 2012	14.6	(0.4)	1.9	(139.7)	(123.6)
Current year change	(21.6)	3.1	(1.9)	28.4	8.0
Balance at December 31, 2013	(7.0)	2.7	—	(111.3)	(115.6)
Current year change	(237.7)	(3.4)	1.6	(73.9)	(313.4)
Balance at December 31, 2014	$(244.7)	$(0.7)	$1.6	$(185.2)	$(429.0)

As of December 31, 2014, accumulated other comprehensive income for the pension liability adjustment and the derivative hedging adjustment are net of a tax benefit of $54.2 million and a tax provision of $0.1 million, respectively.

Changes in Accumulated Other Comprehensive Income

The table below presents changes in AOCI by component for the year ended December 31, 2014 and 2013. All amounts are net of tax (in millions).

	Year ended December 31, 2014					Year ended December 31, 2013				
	CTA [1]	Derivative Hedging Adj.	Debt & Equity Securities Adj.	Pension Liability Adj.	Total	CTA	Derivative Hedging Adj.	Debt & Equity Securities Adj.	Pension Liability Adj.	Total
Beginning balance	$(7.0)	$ 2.7	$—	$(111.3)	$(115.6)	$14.6	$ (0.4)	$1.9	$(139.7)	$(123.6)
Other comprehensive income before reclassifications	(264.6)	(1.4)	1.6	(78.8)	(343.2)	(19.0)	6.1	—	21.9	9.0
Amounts reclassified from AOCI	26.9	(2.0)	—	4.9	29.8	(2.6)	(3.0)	(1.9)	6.5	(1.0)
Net Other Comprehensive Income (Loss)	(237.7)	(3.4)	1.6	(73.9)	(313.4)	(21.6)	3.1	(1.9)	28.4	8.0
Ending balance	$(244.7)	$ (0.7)	$1.6	$(185.2)	$(429.0)	$(7.0)	$ 2.7	$—	$(111.3)	$(115.6)

[1] Reclassification from dispositions of Demag Cranes and Components Pty. Ltd. and the truck business of $22.9 million and $4.0 million was recorded in Selling, general and administrative expenses and Gain (loss) on disposition of discontinued operations, respectively, for year ended December 31, 2014.

Share Repurchases and Dividends

In December 2013, the Company's Board of Directors announced authorization for the repurchase of up to $200 million of the Company's outstanding shares of common stock through December 31, 2015. During the year ended December 31, 2014 the Company repurchased approximately 5.3 million shares for approximately $170 million under this program. In total, the Company has purchased approximately 6.1 million shares under this program for approximately $200 million. In February 2015, the Company's Board of Directors announced authorization for the repurchase of up to an additional $200 million of the Company's outstanding shares of common stock. The Company declared and paid a dividend of $0.05 per share in each quarter of 2014. Additionally in February 2015, the Company declared a $0.06 per share dividend to be paid in March 2015.

Redeemable Noncontrolling Interest

Noncontrolling interest with redemption features that are not solely within the Company's control ("redeemable noncontrolling interest") are presented separately from Total stockholders' equity in the Consolidated Balance Sheet at the maximum redemption value. If the maximum redemption value is greater than carrying value, the increase is adjusted directly to additional paid in capital and does not impact net income.

The following is a summary of redeemable noncontrolling interest as of December 31, 2014 and 2013 (in millions):

Balance at January 1, 2013	$246.9	
Redemptions and Purchases	(174.1	)
Accrued guaranteed payment obligation	3.7	
Payments of guaranteed obligations	(18.4	)
Reversal of guaranteed obligations	(5.7	)
Foreign currency translation	1.5	
Balance at December 31, 2013	$53.9	
Purchases	(53.7	)
Foreign currency translation	(0.2	)
Balance at December 31, 2014	$—	

In January 2014, the Company paid $71.3 million for the remaining outstanding shares of Terex Material Handling & Port Solutions AG ("TMHPS"), of which $53.7 million was recorded as a reduction of redeemable noncontrolling interest and $17.6 million was recorded as a reduction in additional paid-in capital for the excess of the purchase price over the carrying value of redeemable noncontrolling interest. The Company now owns 100% of TMHPS.

NOTE Q – LITIGATION AND CONTINGENCIES

General

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

ERISA, Securities and Stockholder Derivative Lawsuits

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

- A consolidated complaint in the ERISA lawsuit was filed in the United States District Court, District of Connecticut on September 20, 2010 and is entitled In Re Terex Corp. ERISA Litigation.
- A consolidated class action complaint for violations of securities laws in the securities lawsuit was filed in the United States District Court, District of Connecticut on November 18, 2010 and is entitled Sheet Metal Workers Local 32 Pension Fund and Ironworkers St. Louis Council Pension Fund, individually and on behalf of all others similarly situated v. Terex Corporation, et al.
- A stockholder derivative complaint for violation of the Securities and Exchange Act of 1934, breach of fiduciary duty, waste of corporate assets and unjust enrichment was filed on April 12, 2010 in the United States District Court, District of Connecticut and is entitled Peter Derrer, derivatively on behalf of Terex Corporation v. Ronald M. DeFeo, Phillip C. Widman, Thomas J. Riordan, G. Chris Andersen, Donald P. Jacobs, David A. Sachs, William H. Fike, Donald DeFosset, Helge H. Wehmeier, Paula H.J. Cholmondeley, Oren G. Shaffer, Thomas J. Hansen, and David C. Wang, and Terex Corporation.

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

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

Other

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

Credit Guarantees

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

As of December 31, 2014 and 2013, the Company's maximum exposure to such credit guarantees was $42.6 million and $53.6 million, respectively, including total guarantees issued by Terex Cranes Germany GmbH, part of the Cranes segment, of $23.4 million and $34.7 million, respectively. The terms of these guarantees coincide with the financing arranged by the customer and generally do not exceed five years. Given the Company's position as the original equipment manufacturer and its knowledge of end markets, the Company, when called upon to fulfill a guarantee, generally has been able to liquidate the financed equipment at a minimal loss, if any, to the Company.

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

Buyback Guarantees

The Company from time to time guarantees that it will buy equipment from its customers in the future at a stated price if certain conditions are met by the customer. Such guarantees are referred to as buyback guarantees. These conditions generally pertain to the functionality and state of repair of the machine. As of December 31, 2014 and 2013, the Company's maximum exposure pursuant to buyback guarantees was $24.3 million and $46.7 million, respectively, including total guarantees issued by entities in the MHPS segment of $20.1 million and $35.1 million. The Company is generally able to mitigate some of the risk of these guarantees because the maturity of the guarantees is staggered, limiting the amount of used equipment entering the marketplace at any one time and through leveraging its access to the used equipment markets provided by the Company's original equipment manufacturer status.

See Note A – "Basis of Presentation – Revenue Recognition," for a discussion of revenue recognition on arrangements with buyback guarantees.

The Company has recorded an aggregate liability within Other current liabilities and Other non-current liabilities in the Consolidated Balance Sheet of approximately $3 million and $4 million as of December 31, 2014 and 2013, respectively, for the estimated fair value of all guarantees provided.

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

NOTE R – CONSOLIDATING FINANCIAL STATEMENTS

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

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

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

TERREX CORPORATION
CONDENSED CONSOLIDATING STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2014
(in millions)

	Terex Corporation	Wholly-owned Guarantors	Non-guarantor Subsidiaries	Intercompany Eliminations	Consolidated
Net sales	$42.5	$ 3,352.1	$ 4,958.3	$(1,044.0)	$7,308.9
Cost of goods sold	(39.2)	(2,762.3)	(4,097.9)	1,044.0	(5,855.4)
Gross profit	3.3	589.8	860.4	—	1,453.5
Selling, general and administrative expenses	7.3	(250.9)	(786.8)	—	(1,030.4)
Income (loss) from operations	10.6	338.9	73.6	—	423.1
Interest income	129.7	73.8	4.5	(201.4)	6.6
Interest expense	(165.6)	(16.5)	(138.4)	201.4	(119.1)
Income (loss) from subsidiaries	390.0	14.6	(2.5)	(402.1)	—
Loss on early extinguishment of debt	(1.5)	—	(1.1)	—	(2.6)
Other income (expense) – net	(56.8)	5.2	40.8	—	(10.8)
Income (loss) from continuing operations before income taxes	306.4	416.0	(23.1)	(402.1)	297.2
(Provision for) benefit from income taxes	4.7	(22.3)	(20.1)	—	(37.7)
Income (loss) from continuing operations	311.1	393.7	(43.2)	(402.1)	259.5
Income from discontinued operations – net of tax	0.6	—	0.8	—	1.4
Gain (loss) on disposition of discontinued operations – net of tax	7.3	—	51.3	—	58.6
Net income (loss)	319.0	393.7	8.9	(402.1)	319.5
Net loss (income) attributable to noncontrolling interest	—	—	(0.5)	—	(0.5)
Net income (loss) attributable to Terex Corporation	$319.0	$ 393.7	$ 8.4	$(402.1)	$319.0
Comprehensive income (loss), net of tax	$5.7	$ 390.3	$ (241.5)	$(148.4)	$6.1
Comprehensive loss (income) attributable to noncontrolling interest	—	—	(0.4)	—	(0.4)
Comprehensive income (loss) attributable to Terex Corporation	$5.7	$ 390.3	$ (241.9)	$(148.4)	$5.7

TEREX CORPORATION
CONDENSED CONSOLIDATING STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2013
(in millions)

	Terex Corporation	Wholly-owned Guarantors	Non-guarantor Subsidiaries	Intercompany Eliminations	Consolidated
Net sales	$173.2	$ 3,156.1	$ 4,814.2	$(1,059.5)	$7,084.0
Cost of goods sold	(162.3)	(2,542.4)	(3,999.3)	1,059.5	(5,644.5)
Gross profit	10.9	613.7	814.9	—	1,439.5
Selling, general and administrative expenses	(23.9)	(234.1)	(762.4)	—	(1,020.4)
Income (loss) from operations	(13.0)	379.6	52.5	—	419.1
Interest income	272.4	337.8	11.9	(615.4)	6.7
Interest expense	(431.6)	(151.1)	(158.8)	615.4	(126.1)
Income (loss) from subsidiaries	392.6	35.0	(0.6)	(427.0)	—
Loss on early extinguishment of debt	—	—	(5.2)	—	(5.2)
Other income (expense) – net	(57.4)	3.6	50.6	—	(3.2)
Income (loss) from continuing operations before income taxes	163.0	604.9	(49.6)	(427.0)	291.3
(Provision for) benefit from income taxes	50.6	(125.6)	(12.4)	—	(87.4)
Income (loss) from continuing operations	213.6	479.3	(62.0)	(427.0)	203.9
Income (loss) from discontinued operations – net of tax	12.8	—	1.6	—	14.4
Gain (loss) on disposition of discontinued operations – net of tax	(0.4)	—	3.0	—	2.6
Net income (loss)	226.0	479.3	(57.4)	(427.0)	220.9
Net loss (income) attributable to noncontrolling interest	—	—	5.1	—	5.1
Net income (loss) attributable to Terex Corporation	$226.0	$ 479.3	$ (52.3)	$(427.0)	$226.0
Comprehensive income (loss), net of tax	233.6	484.3	(95.7)	(393.3)	228.9
Comprehensive loss (income) attributable to noncontrolling interest	—	—	4.7	—	4.7
Comprehensive income (loss) attributable to Terex Corporation	$233.6	$ 484.3	$ (91.0)	$(393.3)	$233.6

TEREX CORPORATION
CONDENSED CONSOLIDATING STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2012
(in millions)

	Terex Corporation	Wholly-owned Guarantors	Non-guarantor Subsidiaries	Intercompany Eliminations	Consolidated
Net sales	$195.8	$ 2,656.1	$ 4,992.8	$(862.5)	$6,982.2
Cost of goods sold	(177.3)	(2,226.5)	(4,040.8)	862.5	(5,582.1)
Gross profit	18.5	429.6	952.0	—	1,400.1
Selling, general and administrative expenses	(31.9)	(208.2)	(793.2)	—	(1,033.3)
Income (loss) from operations	(13.4)	221.4	158.8	—	366.8
Interest income	225.5	258.2	10.6	(485.5)	8.8
Interest expense	(364.3)	(109.3)	(176.5)	485.5	(164.6)
Income (loss) from subsidiaries	310.3	(4.1)	(0.6)	(305.6)	—
Loss on early extinguishment of debt	(79.6)	—	(3.4)	—	(83.0)
Other income (expense) – net	(33.1)	32.4	(1.0)	—	(1.7)
Income (loss) from continuing operations before income taxes	45.4	398.6	(12.1)	(305.6)	126.3
(Provision for) benefit from income taxes	50.2	(76.3)	(25.4)	—	(51.5)
Income (loss) from continuing operations	95.6	322.3	(37.5)	(305.6)	74.8
Income (loss) from discontinued operations – net of tax	12.1	—	16.3	—	28.4
Gain (loss) on disposition of discontinued operations – net of tax	(1.9)	—	2.3	—	0.4
Net income (loss)	105.8	322.3	(18.9)	(305.6)	103.6
Net loss (income) attributable to noncontrolling interest	—	—	2.2	—	2.2
Net income (loss) attributable to Terex Corporation	$105.8	$ 322.3	$ (16.7)	$(305.6)	$105.8
Comprehensive income (loss), net of tax	$107.2	$ 323.3	$ (69.0)	$(256.0)	$105.5
Comprehensive loss (income) attributable to noncontrolling interest	—	—	1.7	—	1.7
Comprehensive income (loss) attributable to Terex Corporation	$107.2	$ 323.3	$ (67.3)	$(256.0)	$107.2

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

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

TEREX CORPORATION
CONDENSED CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2013
(in millions)

	Terex Corporation	Wholly-owned Guarantors	Non-guarantor Subsidiaries	Intercompany Eliminations	Consolidated
Assets					
Current assets					
Cash and cash equivalents	$16.3	$ 3.9	$ 387.9	$—	$408.1
Trade receivables – net	34.9	328.2	813.7	—	1,176.8
Intercompany receivables	52.8	121.8	124.0	(298.6)	—
Inventories	28.6	392.6	1,192.0	—	1,613.2
Prepaid assets	47.9	40.3	132.7	—	220.9
Other current assets	42.5	0.4	48.2	—	91.1
Current assets – discontinued operations	21.3	—	108.0	—	129.3
Total current assets	244.3	887.2	2,806.5	(298.6)	3,639.4
Property, plant and equipment – net	72.5	118.6	598.3	—	789.4
Goodwill	—	170.1	1,075.5	—	1,245.6
Non-current intercompany receivables	1,586.4	2,157.8	42.0	(3,786.2)	—
Investment in and advances to (from) subsidiaries	3,874.9	191.7	162.3	(4,138.9)	90.0
Other assets	36.7	178.2	541.8	—	756.7
Non-current assets – discontinued operations	1.2	—	14.4	—	15.6
Total assets	$5,816.0	$ 3,703.6	$ 5,240.8	$(8,223.7)	$6,536.7
Liabilities and Stockholders' Equity					
Current liabilities					
Notes payable and current portion of long-term debt	$3.7	$ 0.7	$ 82.4	$—	$86.8
Trade accounts payable	14.0	221.7	453.4	—	689.1
Intercompany payables	46.9	97.2	154.5	(298.6)	—
Accruals and other current liabilities	68.1	130.9	703.7	—	902.7
Current liabilities – discontinued operations	3.9	—	42.2	—	46.1
Total current liabilities	136.6	450.5	1,436.2	(298.6)	1,724.7
Long-term debt, less current portion	1,271.0	4.8	614.1	—	1,889.9
Non-current intercompany payables	2,143.2	41.8	1,601.2	(3,786.2)	—
Other non-current liabilities	75.1	27.1	545.5	—	647.7
Non-current liabilities – discontinued operations	—	—	5.7	—	5.7
Redeemable non-controlling interest	—	—	53.9	—	53.9
Total stockholders' equity	2,190.1	3,179.4	984.2	(4,138.9)	2,214.8
Total liabilities, redeemable noncontrolling interest and stockholders' equity	$5,816.0	$ 3,703.6	$ 5,240.8	$(8,223.7)	$6,536.7

TERREX CORPORATION
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2014
(in millions)

	Terex Corporation	Wholly-owned Guarantors	Non-guarantor Subsidiaries	Intercompany Eliminations	Consolidated
Net cash provided by (used in) operating activities	$(113.4)	$ 691.4	$ 245.7	$(413.0)	$410.7
Cash flows from investing activities					
Capital expenditures	(4.4)	(32.2)	(44.9)	—	(81.5)
Other investments	(20.0)	—	—	—	(20.0)
Proceeds from disposition of discontinued operations	31.3	—	130.9	—	162.2
Proceeds from sale of assets	25.0	12.1	6.2	—	43.3
Intercompany investing activities (1)	363.5	—	—	(363.5)	—
Other investing activities, net	—	(1.6)	(7.4)	—	(9.0)
Net cash provided by (used in) investing activities	395.4	(21.7)	84.8	(363.5)	95.0
Cash flows from financing activities					
Repayments of debt	(1,018.8)	(3.2)	(779.8)	—	(1,801.8)
Proceeds from issuance of debt	1,011.0	51.9	621.3	—	1,684.2
Purchase of noncontrolling interest	—	—	(80.3)	—	(80.3)
Intercompany financing activities (1)	—	(717.5)	(59.0)	776.5	—
Share repurchases	(171.2)	—	—	—	(171.2)
Dividends paid	(21.8)	—	—	—	(21.8)
Other financing activities, net	1.5	(2.9)	(4.4)	—	(5.8)
Net cash provided by (used in) financing activities	(199.3)	(671.7)	(302.2)	776.5	(396.7)
Effect of exchange rate changes on cash and cash equivalents	—	—	(38.9)	—	(38.9)
Net increase (decrease) in cash and cash equivalents	82.7	(2.0)	(10.6)	—	70.1
Cash and cash equivalents, beginning of period	16.3	3.9	387.9	—	408.1
Cash and cash equivalents, end of period	$99.0	$ 1.9	$ 377.3	$—	$478.2

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

TEREX CORPORATION
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2013
(in millions)

	Terex Corporation	Wholly-owned Guarantors	Non-guarantor Subsidiaries	Intercompany Eliminations	Consolidated
Net cash provided by (used in) operating activities	$(244.1)	$ 599.9	$ 7.7	$(175.0)	$188.5
Cash flows from investing activities					
Capital expenditures	(9.4)	(24.5)	(48.9)	—	(82.8)
Proceeds from disposition of discontinued operations	(2.8)	—	3.5	—	0.7
Proceeds from sale of assets	4.4	35.1	6.6	—	46.1
Intercompany investing activities (1)	253.1	(18.7)	(0.6)	(233.8)	—
Other investing activities, net	—	—	(1.4)	—	(1.4)
Net cash provided by (used in) investing activities	245.3	(8.1)	(40.8)	(233.8)	(37.4)
Cash flows from financing activities					
Repayments of debt	(54.0)	(0.1)	(517.7)	—	(571.8)
Proceeds from issuance of debt	61.8	3.8	359.6	—	425.2
Purchase of noncontrolling interest	—	—	(228.1)	—	(228.1)
Distributions to noncontrolling interest	—	—	(18.5)	—	(18.5)
Intercompany financing activities (1)	—	(592.0)	183.2	408.8	—
Share repurchases	(31.4)	—	—	—	(31.4)
Dividends paid	(5.5)	—	—	—	(5.5)
Other financing activities, net	4.6	—	5.4	—	10.0
Net cash provided by (used in) financing activities	(24.5)	(588.3)	(216.1)	408.8	(420.1)
Effect of exchange rate changes on cash and cash equivalents	—	—	(0.9)	—	(0.9)
Net increase (decrease) in cash and cash equivalents	(23.3)	3.5	(250.1)	—	(269.9)
Cash and cash equivalents, beginning of period	39.6	0.4	638.0	—	678.0
Cash and cash equivalents, end of period	$16.3	$ 3.9	$ 387.9	$—	$408.1

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

TERREX CORPORATION

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2012

(in millions)

	Terex Corporation	Wholly-owned Guarantors	Non-guarantor Subsidiaries	Intercompany Eliminations	Consolidated
Net cash provided by (used in) operating activities	$(15.5)	$136.5	$171.3	$—	$292.3
Cash flows from investing activities					
Capital expenditures	(7.1)	(17.1)	(58.3)	—	(82.5)
Other investments	(4.5)	—	(19.6)	—	(24.1)
Proceeds from disposition of discontinued operations	—	—	3.5	—	3.5
Proceeds from sale of assets	0.6	6.1	27.9	—	34.6
Intercompany investing activities	(89.6)	(127.3)	134.0	82.9	—
Other investing activities, net	—	—	(7.8)	—	(7.8)
Net cash provided by (used in) investing activities	(100.6)	(138.3)	79.7	82.9	(76.3)
Cash flows from financing activities					
Repayments of debt	(1,260.4)	(0.1)	(272.5)	—	(1,533.0)
Proceeds from issuance of debt	1,175.0	—	59.3	—	1,234.3
Purchase of noncontrolling interest	—	—	(3.5)	—	(3.5)
Distributions to noncontrolling interest	—	—	(4.9)	—	(4.9)
Intercompany financing activities	(6.0)	—	88.9	(82.9)	—
Other financing activities, net	(16.9)	—	0.7	—	(16.2)
Net cash provided by (used in) financing activities	(108.3)	(0.1)	(132.0)	(82.9)	(323.3)
Effect of exchange rate changes on cash and cash equivalents	—	—	11.2	—	11.2
Net increase (decrease) in cash and cash equivalents	(224.4)	(1.9)	130.2	—	(96.1)
Cash and cash equivalents, beginning of period	264.0	2.3	507.8	—	774.1
Cash and cash equivalents, end of period	$39.6	$0.4	$638.0	$—	$678.0

SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

(Amounts in millions)

	Balance Beginning of Year	Additions		Deductions (2)	Balance End of Year
		Charges to Earnings	Other (1)		
Year ended December 31, 2014					
Deducted from asset accounts:					
Allowance for doubtful accounts	$47.6	$1.8	$(3.8)	$ (15.1)	$30.5
Reserve for inventory	132.5	13.0	(16.7)	(12.5)	116.3
Valuation allowances for deferred tax assets	181.8	25.7	21.6	—	229.1
Totals	$361.9	$40.5	$1.1	$ (27.6)	$375.9
Year ended December 31, 2013					
Deducted from asset accounts:					
Allowance for doubtful accounts	$38.5	$7.1	$5.6	$ (3.6)	$47.6
Reserve for inventory	131.9	37.6	(0.3)	(36.7)	132.5
Valuation allowances for deferred tax assets	172.2	5.8	3.8	—	181.8
Totals	$342.6	$50.5	$9.1	$ (40.3)	$361.9
Year ended December 31, 2012					
Deducted from asset accounts:					
Allowance for doubtful accounts	$42.2	$5.6	$(6.2)	$ (3.1)	$38.5
Reserve for inventory	117.2	35.6	13.8	(34.7)	131.9
Valuation allowances for deferred tax assets	183.3	14.2	(25.3)	—	172.2
Totals	$342.7	$55.4	$(17.7)	$ (37.8)	$342.6

(1) Primarily represents the impact of foreign currency exchange, purchase accounting adjustments for deferred tax assets, business divestitures and other amounts recorded to accumulated other comprehensive income (loss).

(2) Primarily represents the utilization of established reserves, net of recoveries.