TEREX CORP
Form DEF 14A
March 29, 2013

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant [X]
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Check the appropriate box:
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TEREX CORPORATION
(Name of Registrant as Specified in Its Charter)
…………………………………………………………………………
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TEREX CORPORATION
200 Nyala Farm Road, Westport, Connecticut 06880

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON MAY 9, 2013

The Annual Meeting of Stockholders of Terex Corporation ("Terex" or the "Company") will be held at the corporate offices of Terex Corporation, 200 Nyala Farm Road, Westport, Connecticut, on Thursday, May 9, 2013, at 10:00 a.m., local time. You may also attend the meeting virtually via the Internet at www.virtualshareholdermeeting.com/terex2013 where you will be able to vote electronically and submit questions during the meeting. At the Annual Meeting, the following items of business will be considered:

1) To elect ten (10) directors of the Company to hold office for one year or until their successors are duly elected and qualified.

2) To ratify the selection of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company for 2013.

3) To approve an amendment to the Terex Corporation 2009 Omnibus Incentive Plan, as amended (the "Omnibus Plan"), to increase the number of shares of the Company's common stock available for grant thereunder and to re-approve the material terms of the performance goals under the Omnibus Plan for tax-deductibility purposes.

4) To approve an amendment to the Terex Corporation Deferred Compensation Plan to comply with New York Stock Exchange regulations.

5) To approve the compensation of the Company's named executive officers.

6) To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

The foregoing items of business are described more fully in the Proxy Statement accompanying this Notice. The Board of Directors of the Company has fixed the close of business on March 15, 2013 as the record date for determining the stockholders entitled to notice of, and to vote at, the Annual Meeting.

The United States Securities and Exchange Commission rules allow us to furnish proxy materials to our stockholders on the Internet. We are pleased to utilize these rules and believe that they enable us to provide our stockholders with the information that they need while lowering the cost of delivery and reducing the environmental impact of our Annual Meeting.

On or about March 29, 2013, we will be mailing our Notice of Internet Availability of Proxy Materials to most of our stockholders, which contains instructions for our stockholders' use of this process, including how to access our 2013 Proxy Statement and 2012 Annual Report and how to vote online. If you received only a Notice of Internet Availability of Proxy Materials this year, the Notice contains instructions on how you may receive a paper copy of the Proxy Statement and Annual Report.

EVERY STOCKHOLDER'S VOTE IS IMPORTANT. While all stockholders are invited to attend the Annual Meeting (in person or virtually via the Internet), we urge you to vote whether or not you will be present at the Annual Meeting. You may vote by telephone or via the Internet. If you received a paper copy of the proxy card by mail, you may complete, date and sign the proxy card and return it in the envelope provided. No postage is required if the proxy card is mailed in the United States. You may withdraw your proxy or change your vote at any time before your proxy is voted, either by voting in person at the Annual Meeting, by proxy, by telephone or via the Internet. Please vote promptly in order to avoid the additional expense of further solicitation.

By order of the Board of Directors,

Eric I Cohen

Secretary

March 29, 2013

Westport, Connecticut

TEREX CORPORATION
200 Nyala Farm Road
Westport, Connecticut 06880

Proxy Statement for the
Annual Meeting of Stockholders
to be held on May 9, 2013

This Proxy Statement is furnished to stockholders of Terex Corporation ("Terex" or the "Company") in connection with the solicitation of proxies by and on behalf of the Company's Board of Directors (the "Board") for use at the Annual Meeting of Stockholders of the Company to be held at 10:00 a.m., local time, on May 9, 2013, at the corporate offices of Terex Corporation, 200 Nyala Farm Road, Westport, Connecticut, virtually via the Internet at www.virtualshareholdermeeting.com/terex2013 and at any adjournments or postponements thereof (collectively, the "Meeting"), for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders (the "Notice").

The Company will also be holding a stockholder forum on compensation matters (the "Compensation Forum"), immediately before the Meeting at 9:30 a.m., local time, on May 9, 2013, at the corporate offices of Terex Corporation, 200 Nyala Farm Road, Westport, Connecticut and virtually via the Internet at www.virtualshareholdermeeting.com/terex2013, in which stockholders will be given the opportunity to ask questions of the Company's Compensation Committee chairperson and provide feedback on the Company's executive compensation program. In addition, between March 29, 2013 and May 8, 2013, stockholders will be able to go to www.theinvestornetwork.com/forum/tex and post questions that they would like to have answered at the Compensation Forum.

As of March 15, 2013, the record date for determining the stockholders entitled to notice of, and to vote at, the Meeting, the Company had outstanding 111,018,612 shares of common stock, $.01 par value per share ("Common Stock").

Under rules and regulations of the United States Securities and Exchange Commission ("SEC"), instead of mailing a printed copy of our proxy materials to each stockholder of record or beneficial owner of our Common Stock, we are furnishing proxy materials, which include our Proxy Statement and Annual Report, to our stockholders over the Internet and providing a Notice of Internet Availability of Proxy Materials (the "Internet Notice") by mail to all of our stockholders, other than to stockholders who previously elected to receive a printed copy of the proxy materials. Those stockholders that previously elected to receive printed proxy materials will each receive such materials by mail. If you received an Internet Notice by mail, you will not receive a printed copy of the proxy materials unless you request to receive these materials in hard copy by following the instructions provided in the Internet Notice. Instead, the Internet Notice will instruct you how you may access and review all of the important information contained in the proxy materials over the Internet. The Internet Notice also instructs you how you may submit your proxy via telephone or the Internet. If you received an Internet Notice by mail and would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting such materials included in the Internet Notice.

We are mailing the Internet Notice to our stockholders on or about March 29, 2013.

Each share of Common Stock is entitled to one vote per share for each matter to be voted on at the Meeting. Nominees for the Board will be elected if more votes are cast in favor of the nominee than are cast against the nominee by the holders of shares present in person or represented by proxy and entitled to vote at the Meeting. The affirmative vote of a majority of the shares of Common Stock present in person or represented by proxy and entitled to vote is required to approve an amendment to the Terex Corporation 2009 Omnibus Incentive Plan (the "Omnibus Plan") and to re-approve the material terms of the performance goals under the Omnibus Plan for tax-deductibility purposes, and to approve an amendment to the Terex Corporation Deferred Compensation Plan, provided that the total votes cast on these proposals represent over 50% of the total number of shares entitled to vote on this proposal. Each other matter to be voted upon at the meeting requires the affirmative vote of a majority of the shares of Common Stock present in person or represented by proxy and entitled to vote is required for the approval of any matters voted upon at the Meeting. Each other matter to be voted upon at the meeting requires the affirmative vote of a majority of the shares of Common Stock present in person or represented by proxy and entitled to vote is required for the approval of any matters voted upon at the Meeting.

A quorum of stockholders is constituted by the presence, in person or by proxy, of holders of record of Common Stock representing a majority of the aggregate number of votes entitled to be cast. Abstentions and broker non-votes will be considered present for purposes of determining the presence of a quorum. With respect to all matters to be voted upon at the Meeting, abstentions will have the effect of a negative vote and broker non-votes will not be considered as votes cast and thus will have no effect on the outcome of the vote.

Proxy solicitations by the Board will be made by mail, by phone, via the Internet or by personal interviews conducted by officers or employees of the Company. All costs of solicitations, including (a) printing and mailing of the Notice of Internet Availability of Proxy Materials, (b) the printing and mailing of this Proxy Statement and accompanying material, (c) the reimbursement of brokerage firms and others for their expenses in forwarding solicitation material to the beneficial owners of the Company's stock, and (d) supplementary solicitations to submit proxies, if any, will be borne by the Company.

How To Vote

In order that your shares of Common Stock may be represented at the Meeting, you are requested to vote your proxy using one of the following methods:

Via the Internet – You can vote your shares via the Internet as instructed in the proxy card or in the Internet Notice. The Internet procedures are designed to authenticate your identity to allow you to vote your shares and confirm that your instructions have been properly recorded.

By Telephone – The Internet Notice includes a toll-free number you can call to request printed copies of proxy materials and instructions on how to vote by telephone. The printed proxy materials include a different toll-free number you may call for voting.

By Mail – Stockholders who receive a paper proxy card may elect to vote by mail and should complete, sign and date their proxy card and mail it in the pre-addressed envelope that accompanies the delivery of paper proxy cards. Proxy cards submitted by mail must be received by the time of the Meeting in order for your shares to be voted. Stockholders who hold shares beneficially in street name may vote by mail by requesting a paper proxy card according to the instructions contained in the Internet Notice received from your broker or other agent, and then completing, signing and dating the voting instruction card provided by the brokers or other agents and mailing it in the pre-addressed envelope provided.

Please note that the rules regarding how brokers may vote your shares have changed. Brokers may no longer vote your shares on the election of directors in the absence of your specific instructions as to how to vote. The Company encourages you to provide instructions to your broker regarding the voting of your shares.

If you vote via the Internet, by telephone or by mailing a proxy card, we will vote your shares as you direct. For each item being submitted for stockholder vote, you may vote "for" or "against" the proposal or you may abstain from voting.

If you submit a proxy via the Internet, by telephone or by mailing a proxy card without indicating your instructions, we will vote your shares consistent with the recommendations of our Board as stated in this Proxy Statement and in the Internet Notice, specifically in favor of our nominees for directors, in favor of the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm, in favor of the amendment to the Omnibus Plan and to re-approve the material terms of the performance goals under the Omnibus Plan for tax deductibility purposes, in favor of the amendment to the Terex Corporation Deferred Compensation Plan and in favor of the compensation of our named executive officers. If any other matters are properly presented at the Meeting for consideration, then our officers named on your proxy will have discretion to vote for you on those matters. As of the date of the Internet Notice, we knew of no other matters to be presented at the Meeting.

Revocation of Proxies – Any stockholder giving a proxy has the right to attend the Meeting to vote his or her shares of Common Stock in person (thereby revoking any prior proxy). Any stockholder also has the right to revoke the proxy at any time by executing a later-dated proxy, by telephone, via the Internet or by written revocation received by the Secretary of the Company prior to the time the proxy is voted. All properly executed and unrevoked proxies delivered pursuant to this solicitation, if received at or prior to the Meeting, will be voted at the Meeting.

NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN THOSE CONTAINED IN THIS PROXY STATEMENT, AND, IF GIVEN OR MADE, SUCH INFORMATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED. THE DELIVERY OF THIS PROXY STATEMENT SHALL, UNDER NO CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE OF THIS PROXY STATEMENT.

PROPOSAL 1: ELECTION OF DIRECTORS

At the Meeting, ten directors of the Company are to be elected to hold office until the Company's next Annual Meeting of Stockholders or until their respective successors are duly elected and qualified. Each director shall be elected by a majority of the votes of shares of Common Stock represented at the Meeting in person or by proxy cast with respect to such director. Unless marked to the contrary, the proxies received by the Company will be voted FOR the election of the nine nominees listed below, all of whom are presently members of the Board.

Each nominee has consented to being named in this Proxy Statement and to serve as a director if elected. However, should any of the nominees for director decline or become unable to accept nomination if elected, it is intended that the Board will vote for the election of such other person as director as it shall designate. The Company has no reason to believe that any nominee will decline or be unable to serve if elected.

In the event of an uncontested election, as is the case this year, any nominee for director who is a current director and receives less than a majority of the votes cast in person or by proxy at the Meeting shall offer to resign from the Board. While the Board does not believe that in each such case a director should necessarily leave the Board, this presents an opportunity for the Board, through its Governance and Nominating Committee, to consider the resignation offer.

The information set forth below has been furnished to the Company by the nominees and sets forth for each nominee, as of March 25, 2013, such nominee's name, business experience for at least the past five years, other directorships held and age. There is no family relationship between any nominee and any other nominee or executive officer of the Company. For information regarding the beneficial ownership of the Common Stock by the current directors of the Company, see "Security Ownership of Certain Beneficial Owners and Management."

The Governance and Nominating Committee of the Board has nominated each of the following individuals based on various criteria, including, among others, a desire to maintain a balanced experience and knowledge base within the Board, the nominees' personal integrity, independence, diversity, experience, sound judgment and willingness to devote necessary time and attention to properly discharge the duties of director, and the ability of the nominees to make positive contributions to the leadership and governance of the Company.

The Board recommends that the stockholders vote FOR the following nominees for director.

Name	Age	Positions and Offices with Company	First Year As Company Director
Ronald M. DeFeo	61	Chairman of the Board, Chief Executive Officer and Director	1993
G. Chris Andersen	74	Lead Director	1992
Paula H. J. Cholmondeley	65	Director	2004
Donald DeFosset	64	Director	1999
Thomas J. Hansen	64	Director	2008
Raimund Klinkner	48	Director	2012
David A. Sachs	53	Director	1992
Oren G. Shaffer	70	Director	2007
David C. Wang	68	Director	2008
Scott W. Wine	46	Director	2011

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Ronald M. DeFeo

Business Experience: Ronald M. DeFeo joined the Company on May 1, 1992, was appointed President and Chief Operating Officer of the Company on October 4, 1993, Chief Executive Officer ("CEO") of the Company on March 24, 1995 and Chairman of the Board on March 4, 1998. Mr. DeFeo relinquished the titles of President and Chief Operating Officer of the Company on January 3, 2007. Pursuant to an Amended and Restated Employment and Compensation Agreement between Mr. DeFeo and the Company, dated as of August 9, 2012 (the "DeFeo Agreement"), Mr. DeFeo is to remain CEO of the Company through December 31, 2015 and the Company will use its best efforts, consistent with generally accepted best corporate governance standards, to have Mr. DeFeo elected Chairman of the Board during this time. Prior to joining the Company, Mr. DeFeo was a Senior Vice President of J.I. Case Company, the former Tenneco farm and construction equipment division, and also served as a Managing Director of Case Construction Equipment throughout Europe. While at J.I. Case, Mr. DeFeo was also a Vice President of North American Construction Equipment Sales and General Manager of Retail Operations. Mr. DeFeo serves as a director of Kennametal Inc. (a supplier of the Company).

Qualifications: Mr. DeFeo has 21 years of management and operating experience with the Company. Mr. DeFeo is well regarded in the equipment manufacturing industry. He has been named to the Association of Equipment Manufacturers ("AEM") Hall of Fame and has served as the Chairman of AEM. Based on his current role as CEO of the Company and his history with the Company and the industry, Mr. DeFeo provides the Board with skillful leadership, in-depth industry knowledge, insight into the Company's global operations and a thorough understanding of the Company's products and markets and the Company's dealings with its customers.

G. Chris Andersen

Business Experience: G. Chris Andersen has been an investment banker since the 1970s and is currently a partner of G. C. Andersen Partners, LLC, a private investment banking and advisory firm. Mr. Andersen also serves as a director of XPO Logistics, Inc. Previously, Mr. Andersen served as the non-executive Chairman of the Board of Directors of Millennium Cell Inc. from 1999 through 2008. Mr. Andersen also previously served on the boards of United Waste Systems Inc., United Artists Theater Company, Inc. and Sunshine Mining and Refining Company.

Qualifications: Mr. Andersen has an extensive knowledge of global capital markets, mergers and acquisitions transactions and investment community concerns. Mr. Andersen has been a member of the Board since 1992 and accordingly has an extensive knowledge of the Company. As a result, Mr. Andersen provides vital insight to the Board on many issues, including capital markets, mergers and acquisitions transactions and historical perspective of the Company.

Paula H. J. Cholmondeley

Business Experience: Paula H. J. Cholmondeley was a private consultant on strategic planning from 2004 through 2009. Ms. Cholmondeley served as Vice President and General Manager of Sappi Fine Paper, North America from 2000 through 2004, where she was responsible for their Specialty Products division. Ms. Cholmondeley held senior positions with various other companies from 1980 through 1998, including Owens Corning, The Faxon Company, Blue Cross of Greater Philadelphia, and Westinghouse Elevator Company, and also served as a White House Fellow assisting the U.S. Trade Representative during the Reagan administration. Ms. Cholmondeley, a former certified public accountant, is an alumnus of Howard University and received a Masters Degree in Accounting from the University of Pennsylvania, Wharton School of Finance. Ms. Cholmondeley is also a director of Dentsply International Inc., Albany International Corp. and Minerals Technologies Inc., and is an independent trustee of

Nationwide Mutual Funds. Previously, Ms. Cholmondeley served as a director of Ultralife Corporation from 2004 through 2010.

Qualifications: Ms. Cholmondeley has significant financial, international and operations experience with several multi-national manufacturing companies, held executive positions where she was responsible for leading strategic planning and involved in preparing financial statements as the chief financial officer of a large insurance company. She also has been heavily involved in technology development, as well as building, growing and selling manufacturing operations. Ms. Cholmondeley also currently serves as a part-time faculty member for the National Association of Corporate Directors. As a result of these professional and other experiences, and as Ms. Cholmondeley is an African American female raised in the Caribbean, she brings diverse perspectives and experiences, which provides the Board with greater insight into the Company's financial, operational and governance matters.

Donald DeFosset

Business Experience: Donald DeFosset retired in 2005 as Chairman, President and Chief Executive Officer of Walter Industries, Inc., a diversified company with principal operating businesses in homebuilding and home financing, water transmission products and energy services. Mr. DeFosset served since November 2000 as President and CEO, and since March 2002 as Chairman, of Walter Industries. Previously, he was Executive Vice President and Chief Operating Officer of Dura Automotive Systems, Inc. ("Dura"), a global supplier of engineered systems, from October 1999 through June 2000. Before joining Dura, Mr. DeFosset served as a Corporate Executive Vice President, President of the Truck Group and a member of the Office of Chief Executive Officer of Navistar International Corporation from October 1996 to August 1999. Mr. DeFosset also serves as a director of National Retail Properties Inc., Regions Financial Corporation and ITT Corporation. Previously, Mr. DeFosset served as a director of James Hardie Industries N.V. from 2006 through 2008 and Enpro Industries, Inc. from 2008 through 2011.

Qualifications: Mr. DeFosset has considerable experience as a chief executive of a large diversified industrial company and as a senior executive of an international machinery manufacturer. Mr. DeFosset has been a member of the Board since 1999 and accordingly has an extensive knowledge of the Company. As a result, Mr. DeFosset provides the Board with key knowledge and insights into the Company's manufacturing, operational and financial matters.

Thomas J. Hansen

Business Experience: Thomas J. Hansen retired in March 2012 as Vice Chairman of Illinois Tool Works Inc. ("ITW"), a manufacturer of fasteners and components, consumable systems and a variety of specialty products and equipment, and was responsible for ITW's worldwide Automotive Components and Fastener, Fluids and Polymers, Industrial Metal and Plastic and Construction businesses. He served as Vice Chairman from 2006 until March 2012. From 1998 until May 2006, Mr. Hansen served as Executive Vice President of ITW. Mr. Hansen joined ITW in 1980 as sales and marketing manager of the Shakeproof Industrial Products businesses and held several other positions of increasing responsibility with the company. Mr. Hansen is a member of the Northern Illinois University's Executive Club, a former member of the Economics Club of Chicago, is the former Chairman of the ITW Better Government Council, and is a former member of the Board of Trustees of MAPI (Manufacturers Alliance). Mr. Hansen also serves as a director of Mueller Water Products, Inc. and Standex International Corporation. Previously, Mr. Hansen served as a director of CDW Corporation from 2005 through 2008.

Qualifications: Mr. Hansen recently served as a senior executive of a large diversified industrial manufacturing company facing the same set of external economic, social and governance issues as the Company. He also has significant experience in the area of mergers and acquisitions and operating a company consisting of many business units brought together by acquisitions. As a result, Mr. Hansen provides the Board with a deep understanding of the complexities of operating a large multi-national business.

Raimund Klinkner

Business Experience: Raimund Klinkner is the Managing Partner of the IMX Institute for Manufacturing Excellence GmbH, a consultancy firm specialized in production and logistics, and is Chairman of the German Manufacturing Excellence Board since 2004. In addition, Dr. Klinkner is President of the German Logistics Association as well as a honorary professor of production logistics at the Berlin Technical University and has held that position since 2003.

Previously, Dr. Klinkner served as Chief Executive Officer of Knorr-Bremse AG, a manufacturer of braking systems for rail and commercial vehicles, from 2007 to 2011. Prior to that time, he held positions of increasing responsibility at Gildemeister AG, a manufacturer of cutting machine tools, from 1998 to 2006 culminating in his service as Deputy Chairman of the Board from 2003 to 2006. Dr. Klinkner began his career at Porsche AG in 1991 and held positions of increasing responsibility in the areas of logistics and supply chain management. Dr. Klinkner also serves as a Supervisory Board member of Gildemeister AG.

Qualifications: Dr. Klinkner has considerable experience as a chief executive of a large international manufacturing company. Dr. Klinkner has extensive operating experience in Germany, the country with the Company's largest number of team members, and is a highly regarded supply chain specialist. As a result, Dr. Klinkner provides the Board with important insights into managing the Company's operations, particularly its European operations.

David A. Sachs

Business Experience: David A. Sachs is a Senior Partner of Ares Management LLC ("Ares") and serves as a member of the Investment Committee of all funds managed by Ares. Mr. Sachs has been an investment banker and investment manager since 1981.

Qualifications: Mr. Sachs has extensive knowledge of global capital markets and is valuable to the Board's discussions of the Company's capital and liquidity needs. Mr. Sachs has been a member of the Board since 1992 and accordingly has an extensive knowledge of the Company. As a result, Mr. Sachs provides vital insight to the Board on many issues, including capital markets, treasury and liquidity related matters.

Oren G. Shaffer

Business Experience: Oren G. Shaffer retired in 2007 as the Vice Chairman and Chief Financial Officer of Qwest Communications International Inc., a telecommunications provider, having served in that capacity from 2002 to 2007. From 2000 to 2002, Mr. Shaffer was President and Chief Operating Officer of Sorrento Networks, a company which develops intelligent optical networking solutions for telecommunication applications, and was a consultant for SBC Corp., a provider of wireless service technology. From October 1994 to January 2000, he served as Executive Vice President and Chief Financial Officer of Ameritech Corporation, a telecommunications company. He also held various senior executive positions in the areas of operations, finance and strategy in his 25 years with Goodyear Tire & Rubber Co. Mr. Shaffer also serves as a director of Belgacom SA, XPO Logistics, Inc. and Intermec, Inc.

Qualifications: Mr. Shaffer has chief financial officer experience at large international companies and operations experience at a large global manufacturing company. He has significant experience with European businesses and is currently a director of a Belgian-based telecommunications company. As a result, Mr. Shaffer provides the Board with knowledge and insight into overseeing the Company's financial, strategic and international matters.

David C. Wang

Business Experience: David C. Wang recently retired as Vice President of International Relations of The Boeing Company ("Boeing"), a large aerospace company and a manufacturer of commercial jetliners and military aircraft. He held this position from October 2002 until July 2011. Mr. Wang was also President of Boeing China Inc. from November 2002 until March 2011. Prior to joining Boeing, Mr. Wang served as Chairman and CEO of General Electric China from 1997 to 2001. Prior to that, Mr. Wang served in various positions of increasing responsibility with General Electric since 1980. Mr. Wang is also a director of KLA-Tencor Corporation.

Qualifications: Mr. Wang has substantial experience as a global manufacturing executive in the international and Chinese markets. Mr. Wang has extensive business experience in China, having lived and worked there from 1990 until 2011. As a result, he brings a unique perspective to the Board in a key developing market in which the Company has operations and hopes to further expand in the future.

Scott W. Wine

Business Experience: Scott W. Wine is the Chief Executive Officer of Polaris Industries Inc. Polaris designs, engineers, manufactures and markets innovative, high quality off-road vehicles, including all-terrain vehicles and the Polaris RANGER® for recreational and utility use, snowmobiles, motorcycles and on-road electric powered vehicles. He joined Polaris in September 2008 after serving as the President of Fire Safety Americas, a division of United

Technologies Corporation from 2007 to August 2008. Prior to that, Mr. Wine held senior leadership positions at Danaher Corporation from 2003 to 2007, serving as President of its Jacob Vehicle Systems and Veeder-Root subsidiaries. From 1996 to 2003, Mr. Wine held various international and domestic posts with Honeywell's Aerospace Division.

Qualifications: Mr. Wine is a chief executive officer of a large international manufacturing company facing the same set of external economic, social and governance issues as the Company. Mr. Wine has substantial operations experience as a senior executive of large diversified international manufacturers. He has a proven track record of growing profitable industrial businesses, acquiring and integrating businesses and rapidly driving results. As a result, Mr. Wine provides the Board with a deep and contemporaneous understanding of the complexities of operating a large multi-national business.

Director Emeritus – Donald P. Jacobs

Business Experience: Dr. Donald P. Jacobs was a director of the Company from 1998 through 2010. Dr. Jacobs has continued his service as an advisor to the Company in the capacity of Director Emeritus since May 2010. Dr. Jacobs is Dean Emeritus and the Gaylord Freeman Distinguished Professor of Banking of the J.L. Kellogg School of Management at Northwestern University. Prior to that, Dr. Jacobs was Dean of the Kellogg School. He presently teaches corporate governance, strategy and international business. In his role as Director Emeritus, Dr. Jacobs is invited to attend and participate in all Board and Governance and Nominating Committee meetings, and is expected to attend at least one Board and Governance and Nominating Committee meeting in person annually. As Director Emeritus, Dr. Jacobs is not entitled to a vote at such meetings.

Qualifications: Dr. Jacobs is a well-respected member of the academic community and specifically focuses on the fields of corporate governance, strategy and international business. Dr. Jacobs was a member of the Board from 1998-2010 and accordingly has an extensive knowledge of the Company. As a result, Dr. Jacobs provides vital insight to the Board on many issues, including corporate governance and strategy related matters.

Board Meetings and Corporate Governance

The Board met seven times in 2012 at regularly scheduled and special meetings, including telephonic meetings. All of the directors in office during 2012 attended at least 75% of the meetings of the Board and all committees of the Board on which they served during 2012. It is the Company's policy, as stated in the Company's Governance Guidelines (the "Guidelines"), that each director is expected to attend the annual meeting of stockholders. All of the directors then in office attended the Company's previous annual meeting of stockholders held on May 10, 2012.

Director Independence

It is the Company's policy that the Board consists of a majority of directors who qualify as independent directors under the listing standards of the New York Stock Exchange ("NYSE"), the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the requirements of any other applicable regulatory authority, including the SEC. The Board annually reviews the relationship of each director with the Company, and only those directors who the Board affirmatively determines have no material relationship with the Company are deemed to be independent directors. The Guidelines specifically define what is deemed to be a material relationship between the Company and an independent director. The following are the relationships that the Board considers in making its independence determination:

(i) whether the director or any of his or her immediate family members is or was within the past five years an officer of the Company;

(ii) whether the director is or was within the past five years an employee of the Company;

(iii) whether the director or any of his or her immediate family members is or was during the past five years affiliated with, or employed by, any past or present auditor of the Company (or an affiliate thereof);

(iv) whether the director or any of his or her immediate family members is or was within the past five years part of an interlocking directorate in which an executive officer of the Company serves or served on the compensation committee of a company that concurrently employs or employed the director or any of his or her immediate family members;

(v) whether the director is an executive officer, a partner, member, of counsel or beneficial owner of more than ten percent (10%) of the equity interest of a customer of, or a supplier of goods or services (including without limitation any investment banking firm or law firm) to, the Company where the amount involved in any of the last three fiscal years exceeds certain thresholds;

(vi) whether the director is an executive officer, a partner or beneficial owner of more than ten percent (10%) of the equity interest of a company to which the Company was indebted at the end of any fiscal quarter during the Company's most recently completed fiscal year or current fiscal year in an amount in excess of five percent (5%) of the Company's total consolidated assets at the end of such fiscal year;

(vii) whether the director is an executive officer, a partner or beneficial owner of more than ten percent (10%) of the equity interest of a company which was indebted to the Company;

(viii) whether the director or any of his or her immediate family members was indebted to the Company, other than in the ordinary course of business of the Company and the business of the director or the member of his or her immediate family, as applicable, at the end of any fiscal quarter during the Company's most recently completed fiscal year or current fiscal year in an amount in excess of $100,000 at the end of such fiscal year;

(ix) whether the director is affiliated with a tax exempt entity that within the preceding three years received the greater of (x) $1 million or (y) two percent (2%) of its consolidated gross revenues from the Company (based on the tax exempt entity's most recently completed fiscal year);

(x) whether the director or any of his or her immediate family members is during the current fiscal year or was during the most recently completed fiscal year a party to a transaction or series of similar transactions with the Company or its subsidiaries (excluding director fees, stock options and other director compensation), other than on arm's-length terms where the amount involved is not material to either party;

(xi) whether the director or any of his or her immediate family members received more than $100,000 per year in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service within the past three years; and

(xii) whether the director has any other relationships with the Company or the members of management of the Company that the Board has determined to be material and which are not described in (i) through (xi) above.

After consideration of all applicable matters, the Board determined, based on the above criteria, that none of the directors has a material relationship with the Company other than as a director or as a stockholder except for Mr. DeFeo, who is not an independent director. The Board considered that Mr. Sachs was a member of Ares which in the ordinary course of business held a small amount of the Company's debt. It was noted that the amount of debt was less than 0.1% of the Company's total consolidated assets, less than 0.3% of the Company's debt and less than 0.1% of the committed capital managed by Ares as of December 31, 2012. Accordingly, the Board has determined that all of the nominees for director are independent directors except for Mr. DeFeo, who has been nominated to serve on the Board as a result of his position as Chief Executive Officer of the Company.

Director Compensation

Directors who are employees of the Company receive no additional compensation by virtue of being directors of the Company. Outside directors receive compensation for their service as directors and reimbursement of their expenses incurred as a result of their service as directors. See "Director Compensation" for a detailed description of director compensation, including the Company's Common Stock ownership objective for outside directors.

Board Leadership Structure

The Board believes that the Company's Chief Executive Officer is best situated to serve as Chairman because he is the director most familiar with the Company's business and industry, and most capable of effectively identifying strategic priorities and leading the discussion and execution of strategy. The Company's independent directors bring experience, oversight and expertise from outside the Company and industry, but the Company's Chief Executive Officer, based on his proximity to the business, is in the best position to identify areas of focus for the Board and set the Board's initial agenda. The Board believes that the combined role of Chairman and Chief Executive Officer facilitates information flow between management and the Board, which is essential to effective governance.

One of the key responsibilities of the Board is to approve management's strategic direction and hold management accountable for the execution of strategy once it is approved. The Board believes the combined role of Chairman and Chief Executive Officer, working collaboratively with an independent Lead Director having the duties described below, is in the best interest of stockholders because it provides the appropriate balance between strategy development and independent oversight of management.

Since 2003, the Board has determined that, because the offices of Chairman and Chief Executive Officer have been combined in Mr. DeFeo, it has been desirable for the Company to have an independent director serve as Lead Director of the Board. The Lead Director provides independent leadership and guidance to the Board. The Lead Director acts as a liaison between senior management and the Board and provides guidance to senior management on issues that arise in between Board meetings. In addition, the Lead Director presides at all executive sessions of the non-management directors and consults with Mr. DeFeo on the setting of the Board agenda. Mr. Andersen has held the position of Lead Director since 2006. The Board and the Governance and Nominating Committee have been considering Lead Director succession planning for the past 24 months and the Board intends to appoint David Sachs as the next Lead Director at the Company's Board meeting occurring immediately after the 2013 Annual Meeting.

Risk Oversight

Management is responsible for identification of key risks and for development and implementation of processes for the mitigation and monitoring of risks. Management provides a comprehensive enterprise risk management assessment to the Board annually that describes the most significant risks facing the Company, measures the relative magnitude of the risks, identifies the risk owners for each major risk and describes the improvement or monitoring plans surrounding each major risk. The Board has an active role, as a whole and also at the committee level, in overseeing management of the Company’s risks. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire Board is regularly informed through direct presentations and committee reports about such risks. The Audit Committee oversees management of financial risks, financial controls, internal audit and potential conflicts of interest and receives regular internal audit and compliance risk updates from the Company’s Vice President, Audit Services as well as the Company’s Chief Ethics and Compliance Officer. The Company’s Compensation Committee is responsible for overseeing the management of risks relating to the Company’s human resources and executive compensation plans and arrangements. The Governance and Nominating Committee manages risks associated with the independence of the Board of Directors and receives regular updates from the Company's Chief Ethics and Compliance Officer on compliance risks. The Corporate Responsibility and Strategy Committee oversees management of risks associated with strategy, capital projects and environmental, health and safety matters.

The Board also reviews information regarding the Company's credit, liquidity and operations, as well as the risks associated with each, on a regular basis. In addition, management engages in an in-depth review and dialogue with the Board with respect to the most significant risks facing the Company on a rotating basis throughout the year.

Corporate Governance Principles

The Board and the Governance and Nominating Committee annually review the Company's corporate governance policies and practices and the Guidelines. The Board believes that the Guidelines effectively assist the Board in the exercise of its duties and responsibilities and serve the best interests of the Company. These Guidelines reflect the Board's commitment to monitor the effectiveness of policy and decision making both at the Board and management levels, with a view to achieving strategic objectives of the Company while enhancing stockholder value over the long term. The Board and the Governance and Nominating Committee will continue to review the Guidelines annually and may make changes as they determine are necessary and appropriate, including changes that may be necessary to comply with new or proposed laws, rules or regulations issued by the SEC and the NYSE. A copy of the Guidelines is available at the Company's website, www.terex.com, under "About Terex" – "Investor Relations" – "Corporate Governance." In addition, a copy of the Guidelines is available in print, without charge, to any stockholder who requests these materials from the Company.

The Board believes that periodic assessment of director performance is an important governance principle. On an annual basis, directors conduct an annual survey and rate the performance of the Board and its committees. In addition, on a bi-annual basis, individual director evaluations are conducted by the Lead Director.

Directors have complete access to management and the Company's outside advisors, and senior officers and other members of management frequently attend Board and committee meetings at the discretion of the Board. It is the policy of the Board that non-management directors also meet privately in executive sessions without the presence of any members of management at each regularly scheduled meeting of the Board and at such other times as the Board shall determine. In addition, the Board may retain and have access to independent advisors of its choice with respect to any issue relating to its activities, and the Company pays the expenses of such advisors.

If you wish to communicate with the non-management directors of the Board, you may correspond by filing a report through Ethicspoint, 24 hours a day, 7 days a week, via the Internet at www.ethicspoint.com or by calling, toll free, (877) 584-8488 or 1-877-ETHICSP. Reports should be submitted under the category "Director Communications." Ethicspoint is an independent third-party provider retained by the Company to offer a comprehensive, confidential and, upon request, anonymous reporting system for receiving communications, complaints and grievances. All communications received by Ethicspoint are relayed to the Board.

Board Committees

The Board has an Audit Committee, Compensation Committee, Corporate Responsibility and Strategy Committee, and Governance and Nominating Committee.

Audit Committee Meetings and Responsibilities

The Audit Committee of the Board consists of Messrs. DeFosset (chairperson), Hansen, Klinkner, Shaffer and Wine, each of whom is independent as defined in the listing standards of the NYSE and under the Exchange Act. The Audit Committee met 12 times during 2012.

Each member of the Audit Committee is required to be financially literate or must become financially literate within a reasonable time after appointment to the Audit Committee, and at least one member of the Audit Committee must have accounting or related financial management expertise.

The Board, in its business judgment, believes that each of the current members of the Audit Committee is financially literate and that each of its members has accounting or financial management expertise: Mr. DeFosset through his business experience as a corporate executive, his involvement in preparing financial statements at various public companies and particularly his experience as a Chief Executive Officer of a public company; Mr. Hansen through his business experience as a corporate executive and his involvement in preparing financial statements as a senior executive of a large multinational company; Dr. Klinkner through his business experience as a corporate executive and his involvement in preparing financial statements as a senior executive of a large multinational company; Mr. Shaffer through his extensive experience and involvement in preparing financial statements as the Chief Financial Officer of a large public company; Mr. Wine through his business experience as a corporate executive, his involvement in preparing financial statements at various public companies and particularly his experience as a Chief Executive Officer of a public company. The Board has determined that each of Messrs. DeFosset, Hansen, Klinkner, Shaffer and Wine is an "audit committee financial expert," as such term is defined under the regulations of the SEC.

The Audit Committee assists the Board in fulfilling its oversight responsibilities by meeting regularly with the Company's independent registered public accounting firm and operating and financial management personnel. The Audit Committee reviews the audit performed by the Company's independent registered public accounting firm and reports the results of such audit to the Board. The Audit Committee reviews the Company's annual financial statements and all material financial reports provided to the stockholders and reviews the Company's internal auditing, accounting and financial controls.

As stated in the Audit Committee Charter, the Audit Committee also reviews related party transactions and any other matters pertaining to potential conflicts of interest or adherence to the Company's standards of business conduct. Related party transactions must be approved by the Audit Committee, who will approve the transaction only if they determine that it is in the best interests of the Company. In considering the transaction, the Audit Committee will consider all relevant factors, including, as applicable: (i) the Company's business rationale for entering into the transaction; (ii) the alternatives to entering into a related party transaction; (iii) whether the transaction is on terms comparable to those available to third parties, or in the case of employment relationships, to employees generally; (iv) the potential for the transaction to lead to an actual or apparent conflict of interest and any safeguards imposed to prevent such actual or apparent conflicts; and (v) the overall fairness of the transaction to the Company.

The Audit Committee is also responsible for appointing, setting compensation for, and overseeing the work of, the Company's independent registered public accounting firm. The Audit Committee has established a policy requiring its pre-approval of all audit and permissible non-audit services provided by the independent registered public accounting firm. On a periodic basis, the Chief Financial Officer of the Company provides the Audit Committee an estimate for the services needed and seeks pre-approval of such services from the Audit Committee. The Audit Committee considers whether such services are consistent with the rules of the SEC on auditor independence. The policy prohibits the Audit Committee from delegating to management the Audit Committee's responsibility to pre-approve permitted services of the independent registered public accounting firm.

Requests for pre-approval for services must be detailed as to the services to be provided and the estimated total cost and must be submitted to the Company's Chief Financial Officer. The Chief Financial Officer then determines whether the services requested fall within the guidance of the Audit Committee as to the services eligible for pre-approval. If the service was not of a type that was already pre-approved or the estimated cost would exceed the amount already pre-approved, then the Chief Financial Officer seeks pre-approval of the Audit Committee on a timely basis.

The Audit Committee operates under a written charter adopted by the Board that complies with all applicable requirements of the SEC and the NYSE. A copy of the Audit Committee Charter is available at the Company's website, www.terex.com, under "About Terex" – "Investor Relations" – "Corporate Governance." In addition, a copy of the charter is available in print, without charge, to any stockholder who requests this material from the Company. This charter sets out the responsibilities, authority and duties of the Audit Committee.

See "Audit Committee Report" for a discussion of the Audit Committee's review of the audited financial statements of the Company for the Company's fiscal year ended December 31, 2012.

Compensation Committee Meetings and Responsibilities

The Compensation Committee of the Board consists of Messrs. Shaffer (chairperson), DeFosset, Wang and Wine, each of whom is independent as defined in the listing standards of the NYSE. Each member of the Compensation Committee must have a basic understanding of the components of executive compensation and the role of each component as part of a comprehensive program linking compensation to corporate and individual performance in support of the Company's objectives. The Compensation Committee met nine times during 2012.

The Compensation Committee assists the Board in its responsibilities regarding compensation of the Company's senior executives and outside directors, including overall responsibility for approving, evaluating and modifying the Company's plans, policies and programs for compensation of key management personnel. The Compensation Committee establishes compensation arrangements for executive officers and for certain other key management personnel.

The Compensation Committee operates under a written charter adopted by the Board that complies with all applicable requirements of the NYSE. A copy of the Compensation Committee Charter is available at the Company's website, www.terex.com, under "About Terex" – "Investor Relations" – "Corporate Governance." In addition, a copy of the charter is available in print, without charge, to any stockholder who requests this material from the Company. This charter sets out the responsibilities, authority and duties of the Compensation Committee. The charter does not provide for any delegation of the Compensation Committee's duties.

See "Compensation Discussion and Analysis" for a description of the Company's executive compensation philosophy and executive compensation program, including a discussion of how the compensation of the Company's executive officers was determined.

Compensation Risk Assessment

The Company conducted a risk assessment of its compensation policies and practices for its employees, including those related to its executive compensation programs. The findings of the risk assessment were discussed with the Compensation Committee. Based upon the assessment, the Company believes that its compensation policies and practices do not encourage excessive or unnecessary risk-taking and are not reasonably likely to have a material adverse effect on the Company.

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee served as one of the Company's officers or employees during 2012 or was formerly an officer of the Company. None of the Company's executive officers served as a member of the compensation committee of any other company that has an executive officer serving as a member of the Board or Compensation Committee during 2012. None of the Company's executive officers served as a member of the board of directors of any other company that has an executive officer serving as a member of the Compensation Committee during 2012.

Corporate Responsibility and Strategy Committee Meetings and Responsibilities

The Corporate Responsibility and Strategy Committee of the Board consists of Ms. Cholmondeley (chairperson), and Messrs. Klinkner, Sachs and Wang, each of whom is independent as defined in the listing standards of the NYSE. The Corporate Responsibility and Strategy Committee met five times during 2012.

The Corporate Responsibility and Strategy Committee assists the Board in fulfilling its oversight responsibility of the Company's citizenship responsibilities, as well as preliminarily reviewing management's long-term strategic planning, including potential acquisitions and divestitures. The Committee assesses policies and activities of the Company in light of the interests of the Company's stockholders and the ethical principles expected of a socially responsible corporation. The Committee also reviews the Company's employee health and safety performance, product safety function and the environmental impact of the Company's facilities.

The Corporate Responsibility and Strategy Committee operates under a written charter adopted by the Board. A copy of the Corporate Responsibility and Strategy Committee Charter is available at the Company's website, www.terex.com, under "About Terex" – "Investor Relations" – "Corporate Governance." In addition, a copy of the charter is available in print, without charge, to any stockholder who requests this material from the Company. This charter sets out the responsibilities, authority and duties of the Corporate Responsibility and Strategy Committee.

Governance and Nominating Committee Meetings and Responsibilities

The Governance and Nominating Committee of the Board consists of Messrs. Sachs (chairperson) and Hansen and Ms. Cholmondeley, each of whom is independent as defined in the listing standards of the NYSE. The Governance and Nominating Committee met five times during 2012.

The Governance and Nominating Committee plays a central role in planning the size and composition of the Board, developing criteria and implementing the process of identifying, screening and nominating candidates for election to the Board, recommending corporate governance guidelines and actions to improve corporate governance and evaluating individual director and full Board performance. The Governance and Nominating Committee is also responsible for overseeing a review and assessment of the performance of the Board and its committees at least annually, including establishing the evaluation criteria and implementing the process for evaluation. The Governance and Nominating Committee, as well as the Board as a whole, does a self-assessment of its performance annually, including with respect to the nomination process.

In considering whether to recommend any candidate for inclusion in the Board's slate of recommended director nominees, including candidates recommended by stockholders, the Governance and Nominating Committee applies the criteria set forth in the Guidelines and gives strong consideration to a wide range of diversity factors as a matter of practice when evaluating director nominees, such as race, gender, age, national origin, work experience and tenure with the Board. These criteria include the candidate's independence, integrity, diversity, experience, sound judgment in areas relevant to the Company's businesses, and willingness to commit sufficient time to the Board, all in the context of an assessment of the perceived needs of the Board at that point in time. Maintaining a balanced experience and knowledge base within the total Board includes considering whether the candidate: (i) is a CEO in companies engaged in capital and industrial goods industries; (ii) has significant executive management experience for multinational business operations; (iii) has extensive knowledge and experience in financial services and capital markets; (iv) has substantial knowledge of the Company and its business; and (v) has unique knowledge and experience and can provide significant contributions to the Board's effectiveness. The Board does not have a formal policy regarding director diversity, but considers how the differences in its directors' backgrounds broaden its business perspective. All candidates for director are reviewed in the same manner, regardless of the source of the recommendation. For details on how stockholders may submit nominations for directors, see "Other Matters."

The Governance and Nominating Committee operates under a written charter adopted by the Board that complies with all applicable requirements of the NYSE. A copy of the Governance and Nominating Committee Charter is available at the Company's website, www.terex.com, under "About Terex" – "Investor Relations" – "Corporate Governance." In addition, a copy of the charter is available in print, without charge, to any stockholder who requests this material from the Company. This charter sets out the responsibilities, authority and duties of the Governance and Nominating

Committee.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of the Common Stock by each person known by the Company to own beneficially more than 5% of the Company's Common Stock, by each director, by each director nominee, by each executive officer of the Company named in the summary compensation table below, and by all directors and executive officers as a group, as of March 1, 2013 (unless otherwise indicated below). Each person named in the following table has sole voting and investment power with respect to all shares of Common Stock shown as beneficially owned by such person, except as otherwise set forth in the notes to the table. Shares of Common Stock that any person has a right to acquire within 60 days after March 1, 2013, pursuant to an exercise of options or otherwise, are deemed to be outstanding for the purpose of computing the percentage ownership of such person, but are not deemed to be outstanding for computing the percentage ownership of any other person shown in the table.

NAME AND ADDRESS OF BENEFICIAL OWNER (1)	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP (2)		PERCENT OF CLASS
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	10,382,880	(3)	9.4%
Pennant Capital (as defined below) One DeForest Avenue, Suite 200 Summit, NJ 07901	9,848,172	(4)	8.9%
The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	6,833,339	(5)	6.2%
G. Chris Andersen	160,224	(6)	*
Paula H. J. Cholmondeley	27,999		*
Ronald M. DeFeo	1,598,170	(7)	1.4%
Donald DeFosset	95,368	(8)	*
Thomas J. Hansen	22,817		*
Raimund Klinkner	6,141		*
David A. Sachs	423,188	(9)	*
Oren G. Shaffer	35,805		*
David C. Wang	23,771		*
Scott W. Wine	17,244		*
Phillip C. Widman	378,184	(10)	*
Eric I Cohen	227,223	(11)	*
Timothy A. Ford	217,788	(12)	*
Stoyan (Steve) Filipov	169,607	(13)	*
All directors and executive officers as a group (22 persons)	4,613,415	(14)	4.2%

* Amount owned does not exceed one percent (1%) of the class so owned.

(1) Unless indicated otherwise, each person's principal address is c/o Terex Corporation, 200 Nyala Farm Road, Westport, CT 06880.

(2) Certain executive officers and directors maintain margin securities accounts, and the positions held in such margin accounts, which may from time to time include shares of Common Stock, are pledged as collateral security for the repayment of debit balances, if any, in the accounts. At March 1, 2013, no executive officer or director had a debit

balance in such accounts.

(3) BlackRock, Inc. (“BlackRock”) filed a Schedule 13G, dated February 4, 2013, disclosing the beneficial ownership of 10,382,880 shares of Common Stock. This includes BlackRock having sole voting power over 10,382,880 shares of Common Stock and sole dispositive power over 10,382,880 shares of Common Stock.

(4) Pennant Capital Management L.L.C., Pennant Windward Master Fund, L.P. and Alan Fournier (collectively, “Pennant Capital”) filed a Schedule 13G, dated February 14, 2013, disclosing the beneficial ownership of 9,848,172 shares of Common Stock. This includes Pennant Capital having shared voting power over 9,848,172 shares of Common Stock and shared dispositive power over 9,848,172 shares of Common Stock.

(5) The Vanguard Group ("Vanguard") filed a Schedule 13G, dated February 7, 2013, disclosing the beneficial ownership of 6,833,339 shares of Common Stock. This includes Vanguard having sole voting power over 78,470 shares of Common Stock, sole dispositive power over 6,759,769 shares of Common Stock and shared dispositive power over 73,570 shares of Common Stock.

(6) Includes 5,174 shares of Common Stock issuable upon the exercise of options exercisable within 60 days.

(7) Includes 80,000 shares of Common Stock issuable upon the exercise of options exercisable within 60 days.

(8) Includes 2,587 shares of Common Stock issuable upon the exercise of options exercisable within 60 days.

(9) Includes 7,800 shares of Common Stock owned by Mr. Sachs' wife. Mr. Sachs disclaims the beneficial ownership of such shares. Also includes 27,524 shares of Common Stock issuable upon the exercise of options exercisable within 60 days.

(10) Includes 22,000 shares of Common Stock issuable upon the exercise of options exercisable within 60 days.

(11) Includes 21,000 shares of Common Stock issuable upon the exercise of options exercisable within 60 days.

(12) Includes 10,000 shares of Common Stock issuable upon the exercise of options exercisable within 60 days.

(13) Includes 12,500 shares of Common Stock issuable upon the exercise of options exercisable within 60 days.

(14) Includes 267,652 shares of Common Stock issuable upon the exercise of options exercisable within 60 days.

EXECUTIVE OFFICERS

The following table sets forth, as of March 25, 2013, the respective names and ages of the Company's executive officers, indicating all positions and offices held by each such person. Each officer is elected by the Board to hold office for one year or until his or her successor is duly elected and qualified.

NAME	AGE	POSITIONS AND OFFICES WITH COMPANY
Ronald M. DeFeo	61	Chairman of the Board, Chief Executive Officer and Director
Kevin Bradley	50	Senior Vice President and Chief Financial Officer
Eric I Cohen	54	Senior Vice President, Secretary and General Counsel
Brian J. Henry	54	Senior Vice President, Finance and Business Development
Kevin A. Barr	53	Senior Vice President, Human Resources
Douglas R. Friesen Jr.	55	Senior Vice President, Terex Business Systems
Matthew Fearon	52	President, Terex Aerial Work Platforms
George Ellis	52	President, Terex Construction
Timothy A. Ford	51	President, Terex Cranes
Stoyan (Steve) Filipov	44	President, Terex Material Handling & Port Solutions
Kieran Hegarty	46	President, Terex Materials Processing
Kenneth D. Lousberg	45	President, Terex China

For information regarding Mr. DeFeo, refer to the section above titled "Election of Directors."

Kevin Bradley became Senior Vice President and Chief Financial Officer on March 20, 2013. He was named Senior Vice President on January 14, 2013 and prior to that was President, Terex Cranes since January 4, 2011. Previously, Mr. Bradley had been serving as President of Terex Financial Services since August 2005. Prior to joining the Company, Mr. Bradley spent nine years each at GE Capital Corporation and AT&T Capital Corporation, holding positions of increasing responsibility.

Eric I Cohen became Senior Vice President, Secretary and General Counsel of the Company on January 1, 1998. Prior to joining the Company, Mr. Cohen was a partner with the New York City law firm of Robinson Silverman Pearce Aronsohn & Berman LLP (which firm has since merged with Bryan Cave LLP) since January 1992 and was an associate attorney with that firm from 1983 to 1992.

Brian J. Henry was appointed Senior Vice President, Finance and Business Development on October 18, 2002. Mr. Henry previously held the positions of Vice President, Finance and Business Development, Vice President-Finance and Treasurer, and Vice President-Corporate Development and Acquisitions. Mr. Henry also served as the Company's Director of Investor Relations. Mr. Henry has been employed by the Company since 1993. From 1990 to 1993, Mr. Henry was employed by KCS Industries, L.P. and its predecessor, KCS Industries, Inc., an entity that until December 31, 1993, provided administrative, financial, marketing, technical, real estate and legal services to the Company and its subsidiaries.

Kevin A. Barr became the head of Human Resources for the Company on September 25, 2000 and has held the title Senior Vice President, Human Resources of the Company since January 3, 2006. Prior to joining the Company, Mr. Barr served as Vice President-Human Resources at DBT Online since 1998. From 1995 to 1998, Mr. Barr was at Nabisco, Inc. as Vice President-Human Resources, Asia/Pacific. Prior to that, Mr. Barr served as Vice President-Human Resources, Asia/Pacific and Latin America with Dun and Bradstreet Corporation from 1990 to 1995, and in various human resources executive positions at Chase Manhattan Bank, N.A. from 1981 to 1990.

Douglas R. Friesen Jr. was named Senior Vice President, Terex Business System effective on April 1, 2011. Prior to that, Mr. Friesen led the Company's Cranes operations in Zweibrucken, Germany, as Vice President and Managing Director from September 2008 to March 2011. Mr. Friesen joined the Company in 2005 as Vice President and General Manager, North America, for Terex Cranes. Prior to joining the Company, Mr. Friesen held senior leadership roles with JCB Construction Equipment, General Motors Corporation and Toyota Corporation, and has extensive training and experience in implementing lean business processes.

Matthew Fearon was named President, Terex Aerial Work Platforms (AWP) on January 14, 2013. At that time, Mr. Fearon had been serving as Vice President and General Manager of the AWP Americas business since October 2010. Prior to that, Mr.

Fearon was Managing Director of AWP Europe since March 2007. Mr. Fearon joined Genie Industries, Inc. in 1995, which was acquired by Terex in 2002 and Mr. Fearon has held a number of operating positions of increasing responsibility since 1995.

George Ellis was named President, Terex Construction on October 1, 2009 and effective January 14, 2013, Mr. Ellis has responsibility for the Company's operations in India. Previously, Mr. Ellis had been serving as Senior Vice President, Terex Business System, with additional responsibilities leading the Company's Roadbuilding, Manufacturing Services and Health Safety & Environment organizations. Prior to that, he was Vice President and General Manager of the Terex Utility group. Mr. Ellis joined Genie Industries as a site director in 2000 and after the Terex acquisition of Genie Industries in 2002, he became General Manager of the Southaven operation of Terex Construction. Prior to joining Genie Industries, Mr. Ellis held leadership positions at General Electric Company, the Pratt & Whitney division of United Technologies Corporation and PPG Industries, Inc.

Timothy A. Ford was named President, Terex Cranes on January 14, 2013. Mr. Ford also has responsibility for the Company's Latin American operations as well as Corporate Strategic Accounts and Government Programs. Previously, Mr. Ford had been serving as President, Terex Aerial Work Platforms since October 2, 2006. Prior to joining the Company, since 2005, Mr. Ford was Executive Vice President of The Toro Company, a lawn care and turf maintenance product and service provider. Previous to that, Mr. Ford held various senior executive positions with The Toro Company since 2001. Prior to that, he held various senior management positions with Honeywell International Inc. from 1998 through 2001. Mr. Ford began his career at General Electric Company in 1985.

Stoyan (Steve) Filipov was named President, Terex Material Handling & Port Solutions on January 14, 2013. Mr. Filipov also has responsibility for the Company's operations in Russia and corporate marketing. Previously, Mr. Filipov had been serving as President, Developing Markets and Strategic Accounts since January 16, 2008. Prior to that, Mr. Filipov had been serving as President, Terex Cranes since January 1, 2004. At that time, Mr. Filipov had been serving as President of the international operations for Terex Cranes since July 1, 2002. Prior to that, Mr. Filipov held various other positions with a number of the Company's international businesses. Mr. Filipov started with the Company on September 1, 1995 as Export Manager for one of the Company's crane operations in France.

Kieran Hegarty was named President, Terex Material Processing in March 2010. Prior to that, Mr. Hegarty had been serving as Vice President, Terex Material Processing since January 2006. Previously, he held various general management positions within the Powerscreen group of companies since 1992.

Kenneth D. Lousberg was named President, Terex China on January 4, 2011. At that time, Mr. Lousberg had been serving as President, China Operations and Business Transformation since November 2009. Prior to that, Mr. Lousberg had been serving as Vice President and General Manager of Terex Cranes Europe since 2007. Previous to that, Mr. Lousberg had been serving as Vice President, Terex Business Systems for Terex Cranes since 2005. Mr. Lousberg joined Genie Industries in 1997 as Plant Manager of the scissor lift business. Mr. Lousberg took on further expanding roles with Genie Industries both before and after the Terex acquisition of Genie Industries. Prior to joining Genie Industries, Mr. Lousberg was an engineering manager for the Trane Company and principal consultant of lean manufacturing for Delta Point Consulting.

Code of Ethics and Conduct

The Company has adopted a code of ethics and conduct that applies to all of its directors and employees, including the Company’s principal executive officer, principal financial officer and principal accounting officer, among others. This code of ethics and conduct is a set of written standards reasonably designed to deter wrongdoing and to promote: honest and ethical conduct; full, fair, accurate, timely and understandable disclosure; compliance with applicable governmental laws, rules and regulations; prompt internal reporting of code violations; and accountability for adherence to the code. The Company periodically reviews, updates and revises its code of ethics and conduct when it considers appropriate. A copy of the current code of ethics and conduct is available at the Company's website, www.terex.com, under "About Terex" – "Investor Relations" – "Corporate Governance." In addition, a copy of the code of ethics and conduct is available in print, without charge, to any stockholder who requests this material from the Company.

COMPENSATION DISCUSSION AND ANALYSIS

Overview

The Compensation Committee of the Board (the “Committee”) continually reviews the compensation programs for the Named Executive Officers (as defined in the Executive Compensation section below) to ensure they achieve the desired goals of aligning the executive compensation structure with the Company’s stockholders’ interests and current market practices. The Company’s executive compensation programs are based on the following core principles: (i) balance between short term and long term compensation and competitive with peers; (ii) pay for performance; (iii) stockholder alignment; and (iv) stockholder engagement.

The Company’s results in 2012 and actions taken by the Committee since January 1, 2012 demonstrate the Committee’s commitment to these principles and illustrate how the executive compensation program responds to business challenges and the marketplace. Key highlights include the following:

ü Strong correlation between the Company’s after-tax return on invested capital (“ROIC”) and the compensation paid or provided to Mr. DeFeo during the last three fiscal years.

* Total Compensation consists of base salary, non-equity incentive compensation, grant date fair values of equity awards and other compensation (as reported in the All Other Compensation column of the Summary Compensation Table). ROIC is the sum of the Company’s net operating profit for continuing and discontinued operations after tax for each of the previous four quarters divided by the average of the sum of total stockholders’ equity plus debt less cash and cash equivalents for the previous five quarters. See Item 7 – “Management’s Discussion and Analysis of Financial Condition and Results of Operation” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2012 for further detail on the Company’s calculation of ROIC.

ü Strong correlation between the Company’s total stockholder return and the total realized compensation of Mr. DeFeo during the last three fiscal years.

CEO TOTAL REALIZED COMPENSATION * vs. TOTAL STOCKHOLDER RETURN

* Total Realized Compensation represents: Total compensation, as determined under applicable SEC rules, minus (1) the aggregate grant date fair value of performance-based restricted stock awards that have either been forfeited or whose performance has not yet been achieved and (2) the year-over-year change in pension value and nonqualified deferred compensation earnings. The Committee believes it is important to compare the Company’s performance with Mr. DeFeo’s total realized compensation because the total compensation amount included in the Summary Compensation Table includes several items that are driven by accounting and actuarial assumptions, which are not necessarily reflective of compensation actually realized.

ü •Income from operations for the Company increased approximately 400% in 2012 versus 2011.

ü The Company's ROIC increased to 8.0% in 2012 versus 3.7% in 2011.

ü The Company's total stockholder return in 2012 was 108% (the 100th percentile in the Benchmark Companies (as defined below)).

ü As a result of the Company's performance, the bonus payouts to the Named Executive Officers for 2012 were approximately 110% of target. This was the first time that the Company has paid bonus amounts above 100% of target since the bonus payouts for 2007.

ü The long-term compensation awards granted in 2012 to the Named Executive Officers were granted exclusively in the Company's equity and the majority was performance-based.

ü Approximately $1.1 million in stock awards granted in 2009 and 2011 were forfeited in 2012 by Mr. DeFeo and approximately $0.7 million in stock awards granted in 2009 and 2011 were forfeited in 2012 by the other Named Executive Officers as a result of the Company's failure to achieve performance targets set by the Committee.

ü The DeFeo Agreement did not contain an excise tax gross up. As a result, the Company no longer has any agreements that contain excise tax gross ups.

ü Mr. DeFeo and the Committee agreed that his target bonus opportunity for 2012 would be reduced from 200% of base salary to 125% of base salary.

ü The Committee Chairman conducted meetings with seven of the Company's largest stockholders (accounting for approximately 23% of the Company's outstanding shares) in the first quarter of 2012 to discuss the Company's executive compensation program. The Committee Chairman conducted meetings with five of the Company's largest stockholders (accounting for approximately 15% of the Company's outstanding shares) in the first quarter of 2013 to discuss the Company's executive compensation program.

ü All of the Company's stockholders were given the opportunity to participate in a virtual stockholder forum on compensation matters prior to last year's annual meeting of stockholders and will be given that opportunity again this year before the Meeting to ask questions of the Committee's chairperson and provide feedback on the Company's executive compensation program.

Executive Compensation Program

The Committee is comprised solely of independent directors committed to applying sound governance practices to compensation decisions. The Committee considers a variety of reports and analyses, such as market survey data, compensation tally sheets and compensation data of peer companies, when making decisions regarding target compensation opportunities and the delivery of awards to the Company's executives, including the Named Executive Officers.

The Committee has the sole authority to hire and dismiss the outside compensation consultants to the Committee. For 2012, the Committee retained Meridian Compensation Partners, LLC ("Meridian"), an independent, outside consultant, to support it in determining the compensation of the Company's executive officers. Meridian was not given a narrow list of instructions, but rather was engaged to provide the Committee with any and all information and advice that might assist the Committee in performing its duties and analyzing executive pay packages. In accordance with the Guidelines, the Committee's compensation consultant did not provide the Company with any other services.

Meridian has performed a comprehensive analysis of the compensation practices of the Benchmark Companies and provided the Committee with compensation data, including updates regarding trends in executive compensation that the Committee utilized in making its decisions. The comprehensive analysis performed by Meridian indicated that the Committee's mix of target total compensation is in line with typical market practice. In addition, the target total cash, target long-term incentives and target total compensation provided to the Company's executives, in the aggregate, were within the range of competitive market practice.

Compensation Objectives and Principles: The objectives of the Company's executive compensation program are to: (i) attract and retain executives with the skills critical to the long-term success of the Company; (ii) motivate and reward individual and team performance in attaining business objectives and maximizing stockholder value; and (iii) link a significant portion of compensation to achieving performance goals and appreciation in the total stockholder return of the Company, so as to align the interests of the executives with those of the stockholders.

The Committee believes that its objectives of pay for performance and retention should be appropriately competitive with the Company's peers and competitors and balanced, so that successful, high-achieving executives will remain motivated and committed to the Company during all phases of the business cycle. The Committee also believes that generally more than half of an executive's total compensation opportunity should be aligned with the performance of the Company. As executives progress to higher levels in the Company, an increasing proportion of their pay is linked to Company performance and stockholder returns, because in these roles the executives have a greater ability to affect the Company's results. Annual and long-term incentive compensation opportunities should provide the appropriate focus on short- and long-term individual and corporate strategic business results. Long-term stock-based compensation opportunities should represent a larger proportion of total compensation for Named Executive Officers than short-term cash-based opportunities. Difficult but achievable annual objectives should be compatible with sustainable long-term performance. The allocation in compensation between current and long-term compensation is based on employment market conditions with an emphasis on attraction and retention, as well as attempting to motivate executive officers to achieve excellent results.

Stockholder engagement: Engagement with its stockholders is a key component of the Company's corporate governance and the Committee believes stockholder engagement is of vital importance in the area of executive compensation as well. The Committee seeks and is open to input from its stockholders regarding the Company's executive compensation program. The Committee also believes it is important for all stockholders to have the ability to voice their comments or concerns on the Company's executive compensation practices. Accordingly, in 2012 the Company again held a stockholder forum (live and via the Internet) on compensation matters prior to last year's annual meeting of stockholders giving all stockholders the ability to ask questions of the Committee's chairperson and provide feedback on the Company's executive compensation program.

The Company held its second say-on-pay vote on the compensation of its Named Executive Officers in 2012 as required under the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank"). In anticipation of the Company's second say-on-pay vote and in an effort to better understand the thoughts of the Company's stockholders, the Committee Chairman and one of the Committee members met with seven of the Company's largest stockholders (accounting for approximately 23% of the Company's outstanding shares) in the first quarter of 2012 to discuss the Company's executive compensation program. On the representative basis of these discussions, the Company learned that its stockholders generally approve of the Company's overall executive compensation program and generally understand the performance oriented nature of the Company's executive compensation program.

The Committee took note of the increased stockholder support in 2012 reflected in the advisory vote on the compensation of the Company's Named Executive Officers as compared to 2011. However, the Committee still believed it was important to continue to engage with stockholders on compensation matters. Consequently, the Committee Chairman met with five of the Company's largest stockholders (accounting for approximately 15% of the Company's outstanding shares) in the first quarter of 2013 to discuss the Company's executive compensation program. Based on these discussions, the Company learned that its stockholders continue to generally approve of the Company's overall executive compensation program and generally understand the performance oriented nature of the Company's executive compensation program. The stockholders also offered comments and suggestions about some of the elements of and performance metrics used in the Company's executive compensation program. The Committee will take this feedback into consideration in its ongoing efforts to improve the Company's executive compensation program and the quality of its compensation disclosures. In addition, the Company will continue to host a stockholder forum on compensation, which will be held this year prior to the Meeting in a further effort to engage with its stockholders on compensation matters. See page 1 of this Proxy Statement for more information on the Compensation Forum.

Executive Compensation Practices

Peer Group: The Committee designs the Company's total compensation program to be motivational and competitive with the programs of other corporations of comparable revenue size, corporations in the same industry, corporations with which the Company competes for executives, and other manufacturing corporations that may not be in the same industry as the Company but that provide similar returns to their stockholders (the “Benchmark Companies”). In keeping with current best practices, an annual review of the Company's peer group was conducted and the Committee analyzed the composition of the Benchmark Companies. The Committee determined that all of the Benchmark Companies continued to have revenues that were between one-third and three times the Company's revenue. As a result of this analysis and based on the Committee's overall assessment of the Benchmark Companies, the only change made to the Benchmark Companies during 2012 was the removal of Thomas & Betts Corporation due to their acquisition by The ABB Group. The companies currently comprising the Benchmark Companies are:

Peer Group

AGCO Corporation	Eaton Corporation	Lennox International Inc.	Parker-Hannifin Corporation
Cameron International Corp.	Flowserve Corporation	Meritor Inc.	Rockwell Automation, Inc.
Carlisle Companies Inc.	FMC Technologies, Inc.	Nacco Industries Inc.	Roper Industries Inc.
Crane Company	Hubbell Inc.	Navistar International Corporation	SPX Corporation
Cummins Inc.	Illinois Tool Works Inc.	Oshkosh Corporation	Textron Inc.
Danaher Corporation	Ingersoll-Rand plc	PACCAR Inc.	The Manitowoc Company, Inc.
Dover Corporation	Joy Global Inc.	Pall Corporation	Timken Company

Compensation Recoupment Policy: The Board and Committee included a "clawback" provision in the Omnibus Plan that allows the Company to recover all or a portion of any award granted or paid to an executive in the event the award is affected by a restatement of the Company's financial results caused by errors, omissions or fraud. This policy is in compliance with the requirements of Sarbanes-Oxley.

Internal Pay Equity: As is the case with many companies, the Company relies more heavily on the management and leadership skills of its Chairman and CEO than its other named executive officers. Mr. DeFeo has been with the Company since 1992, has been CEO since 1995 and Chairman since 1998, and has overseen the transformation of Terex during that time. As a result, Mr. DeFeo receives a significantly greater amount of compensation than the other Named Executive Officers.

Stock Ownership Guidelines: The Company has stock ownership guidelines to encourage acquisition and retention of the Company's common stock, thereby aligning the executives' interests with the long-term interests of the Company's stockholders. These ownership guidelines are based on a multiple of each executive's base salary. The following table shows the named executive officers' ownership levels and their achievement of the relevant target levels as of December 31, 2012:

Named Executive Officer	Total Stock Ownership ($) (1)	Annual Salary ($)	Total Stock Ownership versus Annual Salary (#)	Target Ownership Level Guideline (# times base salary)
Ronald M. DeFeo	$27.8 million	$1,300,000	21.4 times	6 times
Phillip C. Widman	$7.0 million	$618,000	11.3 times	3 times
Eric I Cohen	$3.8 million	$522,596	7.2 times	2.0 times
Timothy Ford	$3.1 million	$528,328	5.8 times	2.5 times
Steve Filipov	$1.9 million	$505,704	3.8 times	2.5 times

(1) Total Stock Ownership includes (i) shares owned outright and indirectly and (ii) shares that will vest as a result of time without further performance requirements.

Deductibility of Executive Compensation: Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), limits to $1 million a year the deduction that a publicly held corporation may take for compensation paid to its chief executive officer and the three other most highly compensated employees other than the chief financial officer, unless the compensation is "performance-based." Performance-based compensation must be based on the achievement of pre-established, objective performance goals under a plan approved by stockholders.

In order to reduce or eliminate the amount of compensation that would not qualify for a tax deduction should the compensation of the CEO or any other executive officer exceed $1 million in any year, the Omnibus Plan was submitted to and previously approved by the Company's stockholders, so that amounts earned thereunder by certain employees are intended to qualify as performance-based. Although the Committee attempts to establish and maintain compensation programs that optimize the tax deductibility of compensation, the Committee retains discretion to authorize payment of compensation that may not be fully tax deductible when it believes such payouts would be in the best interest of the Company. However, if our stockholders do not approve proposal 3, which includes re-approval of the material terms of the performance goals under the Omnibus Plan, certain awards that may be granted in the future under the Omnibus Plan may not qualify as performance based compensation and, in some circumstances, the Company may be denied a tax deduction for such compensation.

Executive Compensation Components

The executive compensation program has three principal components: short-term compensation (salary and annual bonus), long-term incentive compensation and post-employment compensation, each of which is described below. While the components of compensation are considered separately, the Committee takes into account the full compensation package afforded by the Company to the individual executive.

Base Salary: Base salary is determined by evaluating the responsibilities of the position held, the individual's past experience in his/her current position, current performance, future potential and the competitive marketplace for executive talent. The Company's objective is to provide its executive officers with competitive base salaries that are, on average, at the median of the Benchmark Companies. Base salaries are reviewed annually to ensure that strong performance is reflected in any increase in an executive's base salary level. The Committee approved the following annual base salary levels for the Named Executive Officers in 2012.

Named Executive Officer	Base Salary Changes Effective During 2012	Prior Base Salary
Ronald M. DeFeo	$1,300,000	$1,250,000
Phillip C. Widman	$618,000	$618,000
Eric I Cohen	$522,596	$509,850
Timothy Ford	$528,328	$512,940
Steve Filipov	$505,704	$493,370

The Committee believed the 2.5-3% salary increases to Messrs. Cohen, Ford and Filipov, effective April 1, 2012, were appropriate as this increase was within the range of base salary increases provided by the Benchmark Companies. Mr. DeFeo received a 4% salary increase in connection with the signing of the DeFeo Agreement. The Committee considered that Mr. DeFeo had not received a salary increase in 2011 and that the increase was not effective until August 1, 2012. Mr. Widman did not receive a salary increase due to his base salary being above the 50^{th} percentile of the Benchmark Companies and the absolute amount of his base salary.

The Committee believes that while the base salary ranges in 2012 for the Company's Named Executive Officers were generally above the 50^{th} percentile, the base salaries for the executive officers as a whole were, in the aggregate, at or slightly above the 50^{th} percentile of the Benchmark Companies. In part, this is a reflection of the long tenure with the Company by a number of the Company's Named Executive Officers. Mr. DeFeo's approximately 18 year tenure as CEO of the Company, significantly above the average tenure of a CEO, is also a principal cause of Mr. DeFeo's base salary being above the 50^{th} percentile of the Benchmark Companies.

Annual Cash Bonus: In addition to base salary, each executive officer is eligible for an annual cash bonus under the Omnibus Plan, which was adopted by the Board and the stockholders of Terex in 2009. The Committee's objective is to provide the Company's executive officers with a competitive bonus opportunity that is at the median of bonus target percentage ranges for the Benchmark Companies. The goal of the management annual incentive bonus program is to provide bonus opportunity and reward executives when their actions drive the overall performance of the Company. While there is downside risk to the executive in having a performance component that can result in no bonus, there is also an upside opportunity if the Company and the individual both perform well. This meets the Committee's objective that superior performance that adds value to the Company should be rewarded and performance that does not meet expectations should have negative consequences. The Committee, in its sole discretion, may increase, decrease or eliminate the payment of a bonus to any executive officer who is not a Covered Employee (as defined in Section 162(m) of the Code) under certain extraordinary events in accordance with the bonus plan.

Bonus payouts are based upon the Company's performance and the executive's individual performance, both measured against previously determined targets. The individual targets include both financial and non-financial metrics, and contain individual and Company performance measures. The CEO's bonus target for 2012 was 125% of his base salary. Mr. DeFeo and the Committee agreed that his target bonus opportunity would be reduced for 2012 from 200% of base salary to 125% of base salary in an effort to more closely align Mr. DeFeo's target bonus opportunity with those found in the Benchmark Companies. The bonus targets of the other executive officers generally range from 50% - 75% of their base salary.

The Committee believes that bonus target percentage ranges for the Company's executive officers, were in a range around the 50^{th} percentile of bonus target percentage ranges for the Benchmark Companies. Due to the Company's financial performance in 2012, the actual 2012 bonus payouts for each of the named executive officers, were generally at or slightly above the bonus target percentage ranges for the Benchmark Companies. The Committee believes this is consistent with its philosophy of paying for superior performance, which is reflected in the Company's significant improvement in income from operations in 2012 versus 2011 and achieving the top total shareholder return of the Benchmark Companies in 2012.

In 2012, 70% of the bonus target for each of the Named Executive Officers was based upon an ROIC measurement determined at the overall Terex level and the other 30% was based on individual performance areas. For 2012, as in 2011, the Committee determined that no bonuses would be paid if the Company did not have positive net income in 2012 so that an executive would not have received any bonus for 2012 even if he exceeded his individual performance targets.

Named Executive Officer (Other than CEO) Bonus Targets:

Quantitative Targets: The Committee historically has used ROIC as one of the primary measures to assess operational performance, as it measures how effectively the Company uses money invested in its operations, and the Committee believes this is a metric that is strongly aligned to stockholder interests. ROIC highlights the level of value creation when compared to the Company’s cost of capital. The after tax measurement of ROIC is important because the Committee believes tax planning and management are important components of the Company’s overall performance.

For 2012, the targeted ROIC value was 7.4%, which was based upon the 2012 budgeted operating forecast of the Company, approved by the Board in December 2011, as adjusted to reflect certain unusual and unforeseeable items. The following table indicates the correlation between the Company’s ROIC and the payout percentage of the quantitative portion of the bonus target:

2012 ROIC	Payout Percentage
Below 5.4%	0%
5.4%	50%
6.4%	75%
7.4%	100%
8.4%	125%
9.4%	150%
10.4%	175%
11.4% or greater	200%

Qualitative Targets: Individual performance for each of the executive officers can include all or any combination of segment performance, business unit performance, personal goals, as well as other financial and non-financial measurements. The CEO is responsible for determining individual performance measurements for each of his direct reports. The individual performance calculation for the executive officers, other than the CEO, is done on a holistic basis in evaluating the achievement of such goals rather than based upon a rigid formula. The difficulty in achieving the targeted goals depends on a variety of factors, some of which are in the executive’s control and some of which are not. These targets are established annually based on the business plan of the Company for the coming year and in conjunction with the executive’s annual review by the CEO. If the Company achieves its business plan objectives for the year, the Committee believes the goals are attainable. Unlike the quantitative targets, the maximum payout percentage for qualitative targets is 100%. This is done in an effort to increase the alignment of the executives' interests and the Company's stockholders.

The Company's ROIC performance for 2012 was 8.0%, which resulted in a payout of 115.0% of the quantitative target. The following table shows the total 2012 bonus payout under the Omnibus Plan, and details the bonus amount that was earned for the quantitative and qualitative portions of the 2012 bonus for each of the Named Executive Officers other than the CEO.

Name	Bonus Amount for Achievement of Quantitative Targets	Bonus Amount for Achievement of Qualitative Targets	Total Bonus
Phillip C. Widman	$373,118	$139,050	$512,168
Eric I Cohen	$250,883	$93,497	$344,380
Timothy Ford	$316,490	$117,947	$434,437
Steve Filipov	$303,468	$113,093	$416,561

CEO Bonus Targets:

Quantitative Targets: Consistent with the other Named Executive Officers, the 2012 quantitative financial performance measure was ROIC for Mr. DeFeo and represented 70% of his bonus target.

Qualitative Targets: The following table provides a detailed listing of the qualitative performance measures that were considered by the Committee and their percentage weighting:

Performance Measure	Weighting (%)	Goals
Management Development	7.5%	Continue succession planning efforts. Complete evaluation of Material Handling & Port Solutions leadership.
Forecasting and Planning	7.5%	Improve accuracy of quarterly and annual guidance of key financial metrics. Continue to improve the quarterly financial closing process.
Demag Cranes Integration	7.5%	Complete Domination and Profit and Loss Transfer Agreement. Implement a multi-pronged approach for integration and achieve targeted cost savings.
Business Development and Capital Structure	7.5%	Complete a strategic review of existing portfolio. Evaluate credit and capital market developments and take action if conditions are appropriate. Evaluate acquisition opportunities.

The following tables detail the quantitative and qualitative portions of Mr. DeFeo's 2012 bonus amount:

Quantitative Bonus Goal	Quantitative Bonus Target Amount	Bonus Amount for Achievement of Quantitative Targets
ROIC	$1,111,979	$1,278,776
Total	$1,111,979	$1,278,776

Qualitative Bonus Goal	Qualitative Bonus Target Amount	Bonus Amount for Achievement of Qualitative Targets
Management Development	$119,141	$119,141
Forecasting and Planning	$119,140	$119,140
Demag Cranes Integration	$119,141	$119,141
Business Development and Capital Structure	$119,141	$119,141
Total	$476,563	$476,563

Benefits and Perquisites: The Company previously eliminated substantially all perquisites that applied only to its executive officers other than benefits which are also provided generally to all other U.S.-based salaried employees, such as Company-paid life insurance and matching contributions in the Company's 401(k) Plan and Employee Stock Purchase Plan, medical, dental and vision plans, flexible spending accounts, long and short-term disability coverage and relocation reimbursements and payments. In addition, executive officers, as well as certain other middle management team members of the Company, may elect to defer compensation and receive matching contributions in the Company's deferred compensation plan. In 2012, none of the Named Executive Officers participated in the Company's deferred compensation plan.

Long-Term Incentive Compensation: One of the primary components of the Company's long-term incentive compensation is the granting of restricted stock awards to executive officers, including awards which have a performance-based component. In this manner, the stock awards have the dual objective of helping to build stockholder value while also serving to retain and motivate the Company's senior leadership. Long-term incentive compensation is designed to provide wealth creation for executives if stockholder value is created.

The Company's objective is to provide its executive officers with long-term incentive awards that are generally within the third quartile of the award level at the Benchmark Companies. Long-term incentive awards may include cash and non-cash components. When determining the size of equity awards, the Committee also believes that there is merit in taking into account the amount of equity that an executive owns in the Company, and the Committee undertook an extensive review in 2012 of the equity ownership in the Company of each of the executives. However, the overriding factor in determining the size and amount of equity grants is ensuring that grants are motivational and measurable, while providing competitive equity grants that are determined based on grant date economic value. In 2012, the long-term incentive awards to the Named Executive Officers were, in the aggregate, within the third quartile of the award level at the Benchmark Companies.

For each of the executive officers, other than Messrs. DeFeo and Widman, the economic value of the time and performance based components of the restricted stock awards granted in 2012 were intended to each be approximately 50% of the total restricted stock award value. The restricted stock awards for Messrs. DeFeo and Widman were more heavily performance-based than that of the other executives because the Committee believes that they are the two executives with the highest level of decision-making in the Company and, therefore, have the greatest potential impact on the Company's overall performance. As a result, the Committee believes their compensation should be more heavily weighted to the Company's overall performance than that of the other executive officers.

2012 Stock Awards: The Company's policy is to make grants of stock awards in the first quarter of each calendar year, which is soon after the Company's prior year's results are finalized and released publicly, as well as after the Company's budget has been finalized for the coming year.

Following that policy, in February 2012, the executive officers were granted restricted stock awards. The restricted stock grants for the executives contained both time-based awards and performance-based awards. Each time-based award will vest solely on the passage of time over a three-year period, with one-third of the time-based award vesting on March 1 of each of 2013, 2014 and 2015, to the extent the executive is still employed with the Company.

Each equity grant also included two performance-based awards. The first performance-based restricted stock award (the "EPS Shares") is contingent upon the Company achieving a targeted EPS in each of 2012, 2013 and 2014 (the "EPS Target"). For each of 2012, 2013 and/or 2014, the proportionate target shares will be received if the Company achieves its EPS Target for such year, with the amount subject to increase or decrease for attainment above or below the EPS Target for such year. The EPS Target for 2012 was $1.75 per share, which was then adjusted to reflect certain unusual and unforeseeable events, including debt repayments and restructurings. As a result of the Company's performance, the executives earned 127.4% of the 2012 portion of the performance-based award. The EPS Target for 2013 is $2.50 per share for the year, excluding any impact from restructuring or unusual items. The EPS Target for 2014 will be based upon the budget approved by the Board for that year. The executive will receive 100% of the EPS Shares for a particular year if the Company achieves the EPS Target for such year. For performance that fails to meet the EPS Target, less than 100% of the EPS Shares will be received, with the actual payment amount corresponding directly with the level of achievement under the target (e.g., 90% achievement would result in a 75% payment, 80% achievement would result in a 50% payment and less than 80% achievement would result in no payment). Alternatively, for performance that exceeds the EPS Target, greater than 100% of the EPS Shares will be received, with the actual payment amount corresponding directly with the level of achievement in excess of the target (e.g., 110% achievement would result in a 125% payment, 120% achievement would result in a 150% payment and greater than 120% achievement is capped at a payment of 150%).

The second performance-based restricted stock award (the "TSR Shares") is contingent upon the Company achieving a percentile rank of 60th (the "TSR Target") against the Benchmark Companies for three year annualized total stockholder return ("TSR") for the period January 1, 2012 through December 31, 2014. TSR combines share price appreciation and dividends paid to measure the total return to shareholders. TSR is calculated by adding the change in a company's stock price during a specified time period to any dividends paid by such company during the time period and dividing that sum by the stock price of such company at the beginning of the period. The executive will receive 100% of the TSR Shares if the Company achieves the TSR Target. For each percentile increase or decrease in attainment above or below the TSR Target, the amount of shares to be received will increase or decrease by 2.5%. For attainment at or above the 80th percentile, the amount of shares to be received will be capped at 150% of the TSR Shares. If attainment is at the 40th percentile, the amount of shares to be received will be 50% of the TSR Shares. For performance below the 40th percentile, no shares will be received.

The Committee believes that the three year measurement period for these awards and these performance metrics helps motivate long-term decision making and better aligns the interests of the executives and the Company’s stockholders.

In connection with the execution of the DeFeo Agreement, Mr. DeFeo received a one-time grant of 100,000 time-based shares that will vest in full on December 31, 2015. In addition, over the term of the DeFeo Agreement, Mr. DeFeo is to receive performance-based equity awards in the aggregate of $7.25 million and performance-based cash awards in the aggregate of $7.25 million. Both the performance-based equity and cash awards will vest in 2016 and 2017 based upon the Company's EPS performance in 2013, 2014 and 2015 and based upon the Company's TSR as compared to a peer group of companies over certain pre-determined time periods. The number of shares of the performance-based equity awards will be determined based on the Company's stock price at the close of the market on the first business day of 2013, 2014 and 2015 as reported on the New York Stock Exchange.

Post-Employment Compensation

Retirement Plans and Life Insurance: The Company offers a variety of mechanisms for its executive officers to plan for their retirement. These plans are offered to attract and retain executive officers by offering them benefits similar to those offered by the Benchmark Companies. The retirement plans offered by the Company to its executive officers generally include a 401(k) plan, which is also offered to most of the Company's U.S. based employees, a deferred compensation plan, a defined benefit supplemental executive retirement plan (“DB SERP”), a defined contribution supplemental executive retirement plan (“DC SERP”, and together with the DB SERP, the “SERPs”) and, for the CEO, a defined benefit pension plan which has been frozen since 1993. The DB SERP is closed to new participants. A senior executive participating in the DB SERP is not eligible to participate in the DC SERP. Pursuant to the DeFeo Agreement, the annual benefit Mr. DeFeo is entitled to receive under the DB SERP is fixed at $1 million and pursuant to the Transition and Retirement Agreement between the Company and Mr. Widman, dated October 19, 2012 (the “Widman Agreement”), the annual benefit Mr. Widman is entitled to receive under the DB SERP is fixed at $131,830. In accordance with these agreements, the SERP benefits for Messrs. DeFeo and Widman shall be funded in an irrevocable rabbi trust. See “Pension Benefits” for a description of the SERPs and “Nonqualified Deferred Compensation” for a description of the Company's deferred compensation plan.

In addition, each executive officer receives a life insurance benefit that provides his or her family with a core level of security in case of the premature death of the executive officer. The Company provides each executive officer with a group life insurance benefit that is approximately two times his or her base salary. The Company owns a universal life insurance policy on the life of Mr. DeFeo in the amount of $10,000,000. Pursuant to the terms of a life insurance agreement, the Trustee of the Ronald M. DeFeo 1996 Life Insurance Trust has the right to designate a beneficiary or beneficiaries to receive the insurance proceeds from this policy on Mr. DeFeo's death, subject to the Company's right to first receive a certain portion of the insurance proceeds. Pursuant to the DeFeo Agreement, the Company has agreed to transfer the life insurance policy to Mr. DeFeo at the expiration of the life insurance agreement.

Termination of Employment and Change in Control Arrangements: Each of the Named Executive Officers, other than Mr. DeFeo, was a party to a Change in Control and Severance Agreement with the Company that was entered into in April 2008 or June 2009 (collectively, the “Executive Agreements”). The Executive Agreements for Messrs. Widman, Ford, Filipov and Cohen were amended and restated in March 2011 to remove the provision providing for a gross up payment if an excise tax is imposed on the change of control payments and benefits under Sections 280G and 4999 of the Code. This change was consistent with the Committee's determination in December 2009 that any Change in Control and Severance Agreements that the Company enters into in the future will not contain any excise tax gross up payments. The Company and Mr. DeFeo entered into the DeFeo Agreement that contains provisions regarding termination of employment and change in control circumstances. The DeFeo Agreement does not contain an excise tax gross up. As a result, the Company no longer has any agreements that contain excise tax gross ups.

The Executive Agreements provide the executive officers with a core level of assurance that their actions on behalf of the Company and its stockholders can proceed without the potential distraction of short-term issues that may affect the Company (e.g., merger, buyout, etc.) and helps ensure that they continue to act in the best interests of the Company. In addition, these agreements contain measures that protect the Company as well, such as confidentiality, non-compete and non-solicitation provisions. The key terms of these agreements are generally customary provisions for agreements of this type and are described below in “Potential Payments Upon Termination or Change in Control.”

Mr. Widman and the Company together agreed that Mr. Widman would retire from the Company effective March 31, 2013, or such earlier or later date that the Company requested, provided that such date would in no event be later than June 30, 2013. In connection with this decision, Mr. Widman and the Company entered into the Widman Agreement. Pursuant to the Widman Agreement, Mr. Widman will receive $2,280,000 paid in monthly installments over a two year period. Mr. Widman's time-based restricted equity awards will vest upon his retirement and his performance-based cash and equity awards will not expire upon his retirement and will continue to vest in accordance with the terms of the applicable award agreement.

EXECUTIVE COMPENSATION

Summary Compensation Table

The Summary Compensation Table below shows the compensation for the three previous fiscal years of the Company's CEO and Chief Financial Officer. The Summary Compensation Table also shows the compensation for the 2012 fiscal year for each of the Company's three other highest paid executive officers who had 2012 total qualifying compensation in excess of $100,000 (the "Named Executive Officers"), as well as the compensation for one or both of the prior two fiscal years if such executive officer qualified as a Named Executive Officer in such year.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($) (1) (2)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($) (3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (4)	All Other Compensation ($) (5)	Total ($)
Ronald M. DeFeo	2012	$1,270,833	-0-	$8,492,596	-0-	$ 3,905,831	$ 4,528,341	$ 189,264	$18,386,865
Chairman and Chief	2011	$1,250,000	-0-	$4,235,589	-0-	$ 2,085,500	$ 2,171,396	$ 181,073	$9,923,558
Executive Officer	2010	$1,135,000	-0-	$4,250,000	-0-	$ 436,000	$ 1,900,507	$ 178,623	$7,900,130
Phillip C. Widman	2012	$618,000	-0-	$1,654,633	-0-	$ 512,168	$ 560,953	$ 22,198	$3,367,952
Senior Vice President and	2011	$613,500	-0-	$1,781,537	-0-	$ 446,557	$ 511,382	$ 18,810	$3,371,786
Chief Financial Officer	2010	$600,000	-0-	$1,716,581	-0-	$ 136,530	$ 218,289	$ 16,360	$2,687,760
Eric I Cohen Senior Vice President, Secretary and General Counsel	2012	$519,409	-0-	$1,091,875	-0-	$ 344,380	$ 747,341	$ 19,285	$2,722,940
Timothy A. Ford President, Cranes	2012	$524,481	-0-	$1,235,835	-0-	$ 434,437	$ 3,866	$ 100,421	$2,299,040
	2011	$508,918	-0-	$1,000,937	-0-	$ 350,222	$ 1,796	$ 77,934	$1,939,807
Steve Filipov	2012	$502,620	-0-	$1,056,615	-0-	$ 416,561	$ 216,736	$ 89,397	$2,281,929
President, Terex Material	2011	$489,777	-0-	$867,511	-0-	$ 321,668	$ 595,774	$ 84,740	$2,359,470
Handling & Port Solutions	2010	$479,000	-0-	$929,810	-0-	$ 108,996	$ 137,161	$ 380,239	$2,035,206

(1) See Note P – "Stockholders' Equity" in the Company's Annual Report on Form 10-K for the year ended December 31, 2012 for a detailed description of the assumptions that the Company used in determining the dollar amounts recognized for financial statement reporting purposes of its stock awards.

(2) The amounts listed in the Stock Awards column are the aggregate grant date fair value amounts computed in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 718. The amounts listed in the Stock Awards column include awards that are subject to performance conditions. For the

2012 awards, if the maximum performance is achieved, the stock award amounts for Messrs. DeFeo, Widman, Cohen, Ford and Filipov would be $11,084,579, $2,338,344, $1,382,885, $1,565,221 and $1,338,233, respectively. Approximately $6.7 million in stock awards granted in 2008 and 2009 were forfeited in 2011 by Mr. DeFeo and approximately $4.5 million in stock awards granted in 2008 and 2009 were forfeited in 2011 by the other Named Executive Officers as a result of the Company's failure to achieve performance targets set by the Committee. Approximately $1.1 million in stock awards granted in 2009 and 2011 were forfeited in 2012 by Mr. DeFeo and approximately $0.7 million in stock awards granted in 2009 and 2011 were forfeited in 2012 by the other Named Executive Officers as a result of the Company's failure to achieve performance targets set by the Committee.

(3) The amount in this column for 2012 for Mr. DeFeo is comprised of a cash award that was granted in 2009 under the Omnibus Plan and vested and became payable in February 2012 ($2,151,905) and the 2012 annual incentive award granted under the Omnibus Plan ($1,755,339). The 2012 amounts for Messrs. Widman, Cohen, Ford and Filipov reflect annual incentive awards earned during fiscal year 2012 under the Omnibus Plan. The amounts included in this column for 2011 are comprised of cash awards that were granted in 2009 under the Omnibus Plan and vested and became payable upon completion of the Company's Annual Report on Form 10-K for the year ended December 31, 2011 and the 2011 annual incentive award granted under the Omnibus Plan. The amount of the 2009 cash award that was earned by the executives was only 1/6 of the initial grant amount as the Company's performance in 2009, 2010 and 2011 were below the Committee's expectations. The amounts in this column for 2010 reflect annual incentive awards earned during fiscal year 2010 under the Omnibus Plan.

(4) The amounts in this column for Messrs. DeFeo, Widman, Cohen and Filipov reflect the actuarial increase in the present value of the Named Executive Officers' benefits under all defined benefit pension plans. No Named Executive Officer received preferential or above-market earnings on deferred compensation, except for Mr. Ford who received $3,866 in earnings that were above-market or preferential.

(5) As part of its competitive compensation program, the Company in 2012 provided its Named Executive Officers with certain perquisites and other personal benefits. The amounts listed below are the aggregate incremental cost of the benefits and perquisites paid by the Company. The aggregate incremental cost to the Company is computed as the actual out-of-pocket cost to the Company of supplying such perquisite. For example, the amount listed under the Company Paid

Life Insurance column is the amount that the Company paid to a third party as a result of providing the life insurance to the Named Executive Officer. As part of their compensation, each of the Named Executive Officers in 2012 received the benefits and perquisites listed in the table below:

Name	Disability Premiums	401(k) Matching Contributions	Employee Stock Purchase Plan Company Contributions	Company Paid Life Insurance	Other*	Total
Ronald M. DeFeo	$8,951	$12,500	$1,800	$166,013	-0-	$189,264
Phillip C. Widman	$4,919	$12,500	$1,800	$2,979	-0-	$22,198
Eric I Cohen	$4,229	$12,500	-0-	$2,506	$50	$19,285
Timothy A. Ford	$4,248	$12,500	$975	$2,506	$80,192	$100,421
Steve Filipov	$4,124	$12,500	-0-	$2,506	$70,267	$89,397

* The amount shown for Mr. Cohen is for a wellness award, the amount shown for Mr. Ford consists of the Company's contribution to the DC SERP and the amount shown for Mr. Filipov is for the reimbursement of Mr. Filipov's children's education.

(6) Mr. Widman stepped down from his position as Senior Vice President and Chief Financial Officer effective March 20, 2013 and will be retiring from the Company effective March 31, 2013.

Grants of Plan-Based Awards

The following table sets forth information on grants of awards under the Company's equity and non-equity incentive plans during 2012 to the Named Executive Officers. The amount of stock awards, option awards and non-equity incentive plan compensation recognized for financial reporting purposes by the Company for the Named Executive Officers during 2012 is also listed in the Summary Compensation Table.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards
		Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)				
Ronald M. DeFeo	3/27/2012				15,918	31,836	47,754				$749,738
	3/27/2012				15,919	31,837	47,756				$808,341
	3/27/2012				15,919	31,837	47,756				$808,341
	3/27/2012				47,755	95,510	143,265				$2,817,545
	3/27/2012							47,755			$1,124,630
	8/9/2012							100,000			$2,184,000
	N/A	$59,570	$1,588,542	$2,700,521							
Phillip C. Widman	2/29/2012				4,057	8,113	12,170				$191,467
	2/29/2012				4,057	8,113	12,170				$191,467
	2/29/2012				4,057	8,114	12,171				$191,490
	2/29/2012				12,170	24,340	36,510				$792,997
	2/29/2012							12,170			$287,212
	N/A	$69,525	$463,500	$787,950							
Eric I Cohen	2/29/2012				1,673	3,346	5,019				$84,955
	2/29/2012				1,674	3,347	5,021				$84,980
	2/29/2012				1,674	3,347	5,021				$84,980
	2/29/2012				5,020	10,040	15,060				$327,103
	2/29/2012							20,081			$509,857
	N/A	$46,748	$311,656	$529,815							
Timothy A. Ford	2/29/2012				1,894	3,788	5,682				$96,177
	2/29/2012				1,894	3,788	5,682				$96,177
	2/29/2012				1,894	3,788	5,682				$96,177
	2/29/2012				5,682	11,364	17,046				$370,239
	2/29/2012							22,728			$577,064
	N/A	$58,973	$393,156	$668,365							
	2/29/2012				1,619	3,238	4,857				$82,213

Steve Filipov									
	2/29/2012				1,620	3,239	4,859		$82,238
	2/29/2012				1,620	3,239	4,859		$82,238
	2/29/2012				4,858	9,716	14,574		$316,547
	2/29/2012							19,432	$493,378
	N/A	$56,547	$376,978	$640,862					

On February 29, 2012, except for Mr. DeFeo, whose grant was made on March 27, 2012, grants of Common Stock subject to restrictions on transfer, conditions of forfeitability and other limitations and restrictions (“Restricted Stock”) with performance-based criteria (“Performance Shares”) were made under the Omnibus Plan to Mr. DeFeo (95,510 shares), Mr. Widman (24,340 shares), Mr. Cohen (10,040 shares), Mr. Ford (11,364 shares) and Mr. Filipov (9,716 shares). The value of the Performance Shares set forth in the table above for Messrs. DeFeo, Cohen, Ford and Filipov is based on the closing price on the NYSE of the Common Stock on the date of grant, which was $25.39 per share on February 29, 2012 and $23.55 on March 27, 2012. The value of the Performance Shares set forth in the table above for Mr. Widman is based on the closing price on the NYSE of the Common Stock on the date of the Widman Agreement, which was $23.60 per share on October 19, 2012, as Mr. Widman's grant was modified by the terms of the Widman Agreement. When performance targets are established for future years and the grant date established

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per ASC Topic 718, any incremental change will be reflected in the year in which such performance target is set. These Performance Shares will vest in full in 2015 if the Company achieves a targeted EPS in each of 2012, 2013 and 2014. The number of shares in this grant is subject to adjustment, up or down, based upon attainment above or below the targeted EPS measurement. The executives each earned 127.4% of the 2012 performance-based award. See the "Compensation Discussion & Analysis" section above for a detailed description of the performance measures used in this grant. Upon the earliest to occur of a change in control of the Company or the death or disability of the recipient of the grant, any unvested portion of such Performance Shares shall vest immediately. Dividends, if any, are paid on vested Performance Shares at the same rate as paid to all stockholders.

In addition, on February 29, 2012, except for Mr. DeFeo, whose grant was made on March 27, 2012, grants of Performance Shares were made under the Omnibus Plan to Mr. DeFeo (95,510 shares), Mr. Widman (24,340 shares), Mr. Cohen (10,040 shares), Mr. Ford (11,364 shares) and Mr. Filipov (9,716 shares). The value of the Performance Shares granted to such Named Executive Officers set forth in the table above was not based on the closing stock price on the NYSE of the Common Stock on the date of grant, as the Performance Shares were based on a market condition. The Company used the Monte Carlo method to provide grant date fair value for these Performance Shares, determined to be $29.50 per share for Mr. DeFeo's shares and $32.58 for the shares awarded to Messrs. Widman, Cohen, Ford and Filipov. See Note P - "Stockholders' Equity" in the Company's Annual Report on Form 10-K for the year ended December 31, 2012 for a detailed description of the assumptions that the Company used to arrive at this valuation. These Performance Shares will vest in full in 2015 if the Company achieves a targeted percentile rank against a peer group of 28 companies for three year annualized TSR. The number of shares in this grant is subject to adjustment, up or down, based upon attainment above or below the targeted TSR measurement. See the "Compensation Discussion & Analysis" section above for a detailed description of the performance measures used in this grant. Upon the earliest to occur of a change in control of the Company or the death or disability of the recipient of the grant, any unvested portion of such Performance Shares shall vest immediately. Dividends, if any, are paid on vested Performance Shares at the same rate as paid to all stockholders.

In addition, on February 29, 2012, except for Mr. DeFeo, whose grant was made on March 27, 2012, grants of Restricted Stock were made under the Omnibus Plan to Mr. DeFeo (47,755 shares), Mr. Widman (12,170 shares), Mr. Cohen (20,081 shares), Mr. Ford (22,728 shares) and Mr. Filipov (19,432 shares). The value of the Restricted Stock granted to such Named Executive Officers, except for Mr. Widman, set forth in the table above is based on the closing stock price on the NYSE of the Common Stock on the date of grant ($23.55 per share on March 27, 2012 for Mr. DeFeo and $25.39 per share on February 29, 2012 for Messrs. Cohen, Ford and Filipov). The value of the Restricted Stock for Mr. Widman is based on the closing price on the NYSE of the Common Stock on the date of the Widman Agreement, which was $23.60 per share on October 19, 2012, as Mr. Widman's grant was modified by the terms of the Widman Agreement. These shares of Restricted Stock will vest as follows: 1/3 on March 1, 2013, 1/3 on March 1, 2014 and 1/3 on March 1, 2015, to the extent the Named Executive Officer is still employed with the Company, except for Mr. Widman's shares which will vest upon his retirement. Upon the earliest to occur of a change in control of the Company or the death or disability of the recipient of the grant, any unvested portion of such Restricted Stock shall vest immediately. Dividends, if any, are paid on Restricted Stock awards at the same rate as paid to all stockholders.

It is generally the Company's policy not to enter into employment contracts unless it is legally required or customary to do so in a particular country. However, the Board has determined that maintaining Mr. DeFeo's services is important to the long-term strategy of the Company and that the loss of Mr. DeFeo's services could have a significant, negative impact on the Company's business. Therefore, the Company feels it is prudent to have an employment agreement with Mr. DeFeo. Mr. DeFeo's employment agreement expires on December 31, 2015. The Company relies on the management and leadership skills of its other Named Executive Officers, but not to the same extent that it relies on Mr. DeFeo, and accordingly these executives are not bound by employment agreements. The Company's other executive officers are strictly at-will employees. Each of the Company's executive officers, including Mr. DeFeo, have their compensation reviewed on an annual basis.

Under the DeFeo Agreement, Mr. DeFeo receives an annual base salary, subject to adjustment by the Board, as well as annual bonuses and long-term incentive compensation during his term of employment in accordance with any plan or plans established by the Company. The Company also agreed to use its best efforts to have Mr. DeFeo elected as a member of the Board and, consistent with generally accepted best corporate governance standards, Chairman of the Board during the term of the DeFeo Agreement. For additional information regarding Mr. DeFeo's employment agreement, see “Potential Payments Upon Termination or Change in Control.”

Outstanding Equity Awards at Fiscal Year-End

The table below summarizes the amount of unexercised stock options, Restricted Stock that has not vested and equity incentive plan awards that have not yet vested for each of the Named Executive Officers as of December 31, 2012.

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($) (1)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (1)
Ronald M. DeFeo	100,000			$5.59	3/13/2013				
	80,000			$16.35	5/7/2014				
								125,000 (2)	$3,513,750
								125,000 (3)	$3,513,750
						11,046 (4)	$310,503		
								15,201 (5)	$427,300
								15,201 (6)	$427,300
								45,603 (7)	$1,281,900
						47,755 (8)	$1,342,393		
						100,000 (9)	$2,811,000		
								31,836 (10)	$894,910
								31,837 (11)	$894,938
								31,837 (12)	$894,938
								95,510 (13)	$2,684,786
Phillip C. Widman	12,000			$17.35	3/11/2014				
	10,000			$45.75	6/1/2016				
						21,429 (14)	$602,369		
								26,288 (15)	$738,956
								26,288 (16)	$738,956
						4,646 (14)	$130,599		
								6,394 (5)	$179,735
								6,394 (6)	$179,735
								19,181 (7)	$539,178
						12,170 (14)	$342,099		
								8,113 (10)	$228,056
								8,113 (11)	$228,056

8,114	(12)	$228,085
24,340	(13)	$684,197

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Name	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($) (1)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (1)
Eric I Cohen	5,000			$ 17.35	3/11/2014				
	16,000			$ 45.75	6/1/2016				
						10,715 (17)	$ 301,199		
								13,144 (15)	$ 369,478
								13,144 (16)	$ 369,478
						5,808 (4)	$ 163,263		
								1,998 (5)	$ 56,164
								1,998 (6)	$ 56,164
								5,994 (7)	$ 168,491
						20,081 (8)	$ 564,477		
								3,346 (10)	$ 94,056
								3,347 (11)	$ 94,084
								3,347 (12)	$ 94,084
								10,040 (13)	$ 282,224
Timothy A. Ford	10,000			$ 45.22	10/2/2016				
						13,393 (17)	$ 376,477		
								16,430 (15)	$ 461,847
								16,430 (16)	$ 461,847
						7,259 (4)	$ 204,051		
								2,498 (5)	$ 70,219
								2,498 (6)	$ 70,219
								7,493 (7)	$ 210,628
						22,728 (8)	$ 638,884		
								3,788 (10)	$ 106,481
								3,788 (11)	$ 106,481
								3,788 (12)	$ 106,481
								11,364 (13)	$ 319,442
Steve Filipov	2,500			$ 17.35	3/11/2014				
	10,000			$ 45.75	6/1/2016				

11,608	(17)	$326,301			
			14,239	(15)	$400,258
			14,239	(16)	$400,258
6,292	(4)	$176,868			
			2,165	(5)	$60,858
			2,165	(6)	$60,858
			6,494	(7)	$182,546
19,432	(8)	$546,234			
			3,238	(10)	$91,020
			3,239	(11)	$91,048
			3,239	(12)	$91,048
			9,716	(13)	$273,117

(1) Values based on the closing price of the Company's Common Stock on the NYSE on December 31, 2012 of $28.11.

(2) The shares of Restricted Stock will vest upon satisfaction of all of the following: (i) the Company's closing stock price is 25% above the closing stock price on the date of grant for 30 consecutive trading days; (ii) the Company's closing stock price equals or exceeds $45.00 for ten consecutive trading days; and (iii) the fourth anniversary of the date of grant shall have occurred. If all of the above criteria are not satisfied on or prior to March 3, 2017, the performance award shall be forfeited.

(3) The shares of Restricted Stock will vest upon satisfaction of all of the following: (i) the Company's closing stock price is 25% above the closing stock price on the date of grant for 30 consecutive trading days; (ii) the Company's closing stock price equals or exceeds $60.00 for ten consecutive trading days; and (iii) the fourth anniversary of the date of grant shall have occurred. If all of the above criteria are not satisfied on or prior to March 3, 2017, the performance award shall be forfeited.

(4) The shares of Restricted Stock will vest as follows: 1/2 on March 22, 2013 and 1/2 on March 22, 2014.

(5) The shares of Restricted Stock will vest in full on the later of the third anniversary of the date of grant, or after the Company's 2013 financial statements are completed and filed with the SEC because the Company exceeded its targeted EPS for 2012. Based on the Company's performance, each executive received 127.4% of the performance award.