MANITOWOC CO INC
Form 10-K
February 28, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ý Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2012

or

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

For the transition period from to

Commission File Number
1-11978

The Manitowoc Company, Inc.
(Exact name of registrant as specified in its charter)

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

(920) 684-4410
(Registrant's telephone number, including area code)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $.01 Par Value	New York Stock Exchange
Common Stock Purchase Rights	

Securities Registered Pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ý No o

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes o No ý

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

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

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

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

The Aggregate Market Value on June 29, 2012, of the registrant's Common Stock held by non-affiliates of the registrant was $1,534.3 million based on the closing per share price of $11.70 on that date.

The number of shares outstanding of the registrant's Common Stock as of January 31, 2013, the most recent practicable date, was 132,781,078.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement, to be prepared and filed for the Annual Meeting of Shareholders, dated March 22, 2013 (the "2013 Proxy Statement"), are incorporated by reference in Part III of this report.

See Index to Exhibits immediately following the signature page of this report, which is incorporated herein by reference.

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THE MANITOWOC COMPANY, INC.
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For the Year Ended December 31, 2012

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PART I

Item 1. BUSINESS

GENERAL

The Manitowoc Company, Inc. (referred to as the company, MTW, Manitowoc, we, our, and us) was founded in 1902. We are a multi-industry, capital goods manufacturer operating in two principal markets: Cranes and Related Products (Crane) and Foodservice Equipment (Foodservice). Crane is recognized as one of the world's leading providers of engineered lifting equipment for the global construction industry, including lattice-boom cranes, tower cranes, mobile telescopic cranes, and boom trucks. Foodservice is one of the world's leading innovators and manufacturers of commercial foodservice equipment serving the ice, beverage, refrigeration, food-preparation, and cooking needs of restaurants, convenience stores, hotels, healthcare, and institutional applications. We have over a 110-year tradition of providing high-quality, customer-focused products and support services to our markets. For the year ended December 31, 2012, we had net sales of approximately $3.9 billion.

Our Crane business is a global provider of engineered lift solutions, offering one of the broadest product lines of lifting equipment in our industry. We design, manufacture, market, and support a comprehensive line of lattice-boom crawler cranes, mobile telescopic cranes, tower cranes, and boom trucks. Our Crane products are principally marketed under the Manitowoc, Grove, Potain, National, Shuttlelift, and Crane Care brand names and are used in a wide variety of applications, including energy and utilities, petrochemical and industrial projects, infrastructure developments such as road, bridge and airport construction, and commercial and high-rise residential construction.

Our Foodservice business is among the world's leading designers and manufacturers of commercial foodservice equipment. Our Foodservice capabilities span refrigeration, ice-making, cooking, holding, food-preparation, and beverage-dispensing technologies, and allow us to be able to equip entire commercial kitchens and serve the world's growing demand for food prepared away from home. Our Foodservice products are marketed under the Manitowoc, Garland, U.S. Range, Convotherm, Cleveland, Lincoln, Merrychef, Frymaster, Delfield, Kolpak, Kysor Panel, Servend, Multiplex, and Manitowoc Beverage System brand names.

During the fourth quarter of 2012, the company decided to divest its warewashing equipment business, which operated under the brand name Jackson, and classified this business as discontinued operations in the company's financial statements. Jackson designs, manufactures and sells warewashing equipment, offering a full range of undercounter dishwashers, door-type dishwashers, conveyor, pot washing, and flight-type dishwashers. On January 28, 2013, the company sold the Jackson warewashing equipment business to Hoshizaki USA Holdings, Inc. for approximately $38.5 million. Net proceeds were used to reduce ratably the then-outstanding balances of Term Loan A and B.

On December 15, 2010, the company reached a definitive agreement to divest of its Kysor/Warren and Kysor/Warren de Mexico businesses to Lennox International for approximately $145 million. The transaction subsequently closed on January 14, 2011 and the net proceeds were used to pay down outstanding debt. The results of these operations have been classified as discontinued operations.

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

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

In October 2008, we completed our acquisition of Enodis, a global leader in the design and manufacture of innovative equipment for the commercial foodservice industry. The $2.7 billion acquisition, inclusive of the purchase of outstanding shares and rights to shares, acquired debt, the settlement of hedges related to the acquisition and transaction fees, is the largest acquisition for the company and positioned Manitowoc among the world's leading designers and manufacturers of commercial foodservice equipment.

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Our principal executive offices are located at 2400 South 44th Street, Manitowoc, Wisconsin 54220.

BUSINESS STRATEGY

We are committed to our tradition of providing high-quality, customer-focused products and services and building our market-leadership positions in our two core businesses. Major elements of our business strategy are as follows:

Emphasize new product development and innovation

We intend to continue to invest capital to develop new products and enhance our existing products with improved cost-effective functionality in response to changing customer requirements. In our Crane segment we have implemented a rigorous Integrated Product Development ("IPD") process that we expect will generate 14 new or updated products in the next two years. We believe these projects will keep us at the forefront of technology and innovation in each of our product lines. Such recent innovations include the introduction of our 2,500 U.S. ton capacity crawler crane, our new patented variable positioning counterweight technology, our innovative winch technology on our tower cranes, and our mega-track suspension systems on our all-terrain cranes.

Similarly in our Foodservice segment, innovative new products include customer-specific models of the Frymaster Protector Fryer which facilitate the use of healthier, zero-trans-fat oil by reducing the amount of oil required to produce consumer-favorite items; new categories of blended ice machines which produce portion-controlled coffee, fruit, yogurt and other flavored "smoothie" drinks in demand by consumers who crave fresh, healthy meal alternatives; and new Indigo line of ice machines, which allow owners to program ice production and monitor key functions, including ice clarity, machine maintenance and energy/water usage, while inhibiting bacterial growth with its unique LuminIce™ feature. We continue to develop resource-saving and reduced environmental footprint products with reduced energy and water consumption, built from materials that are more easily recycled, and shipped in packaging with more recycled content.

For the second consecutive year, the U.S. Environmental Protection Agency ("EPA") and Energy Star recognized our Foodservice segment in 2012 as an Energy Star Sustaining Excellence award winner for its contribution to reducing greenhouse gas emissions by manufacturing energy-efficient products and helping to educate consumers about those products.

Focus on capital, operating efficiency and our company values

We manage our businesses using various qualitative and quantitative measures of success, including an overarching commitment to the framework of economic value-added (EVA®), which drives us to deploy capital in areas with the greatest expected after-tax returns in excess of the cost of capital employed. We will continue to manage our business with rigorous financial and operating discipline aimed at continuously improving value for our shareholders, customers, employees and communities. Operational excellence is one of our seven strategic imperatives and is very important to maintaining and growing our market positions in both segments. The principles of lean manufacturing and Six Sigma are ingrained in a continuous improvement culture in both the Crane and Foodservice segments.

Just as with people, businesses have to decide what it is they stand for and believe in if they are to grow and be successful. At Manitowoc, our beliefs are best summarized in three core values: Integrity, Commitment to Stakeholders, and Passion for Excellence. We rely on these values every day, throughout the company, to set clear expectations, guide decisions and actions, and measure progress. They help us not only build our personal success, but the successes of our teams, business units, and company as a whole.

Optimize global footprint

Over the long-term we plan to continue to optimize our manufacturing, distribution and service networks in existing and select geographic markets. Where appropriate, we will continue to pursue joint ventures and licensing agreements to leverage the operating experience, technical expertise and local market knowledge of our strategic partners.

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FINANCIAL INFORMATION ABOUT BUSINESS SEGMENTS

The following is financial information about the Crane and Foodservice segments for the years ended December 31, 2012, 2011 and 2010. The financial information for 2011 and 2010 has been revised to correct errors identified that relate to prior periods. See Note 1, "Company and Basis of Presentation" for further discussion. The accounting policies of the segments are the same as those described in the summary of significant accounting policies of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K, except that certain expenses are not allocated to the segments. These unallocated expenses are corporate overhead, amortization expense of intangible assets with definite lives, goodwill impairment, intangible asset impairment, restructuring expense, integration expense and other non-operating expenses. The company evaluates segment performance based upon profit and loss before the aforementioned expenses. Amounts are shown in millions of dollars.

(in millions)	2012	2011	2010
Net sales from continuing operations:			
Crane	$2,440.8	$2,164.6	$1,748.6
Foodservice	1,486.2	1,454.6	1,362.9
Total	$3,927.0	$3,619.2	$3,111.5
Operating earnings from continuing operations:			
Crane	$156.0	$108.2	$90.6
Foodservice	238.6	214.4	201.9
Corporate	(63.7)	(61.3)	(42.0)
Amortization expense	(37.1)	(37.9)	(37.4)
Restructuring expense	(9.5)	(5.5)	(3.8)
Other expense	(2.5)	0.5	(2.3)
Total	$281.8	$218.4	$207.0
Capital expenditures:			
Crane	$52.7	$52.2	$21.9
Foodservice	17.4	11.9	12.0
Corporate	2.8	0.7	2.0
Total	$72.9	$64.8	$35.9
Total depreciation:			
Crane	$44.9	$54.2	$56.5
Foodservice	22.3	24.5	27.1
Corporate	2.3	2.8	2.9
Total	$69.5	$81.5	$86.5
Total assets:			
Crane	$1,903.3	$1,760.8	$1,659.3
Foodservice	1,956.8	2,192.6	2,193.4
Corporate	197.2	69.2	219.6
Total	$4,057.3	$4,022.6	$4,072.3

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PRODUCTS AND SERVICES

We sell our products categorized in the following business segments:

Business Segment	Percentage of 2012 Net Sales	Key Products	Key Brands
Cranes and Related Products	62%	Lattice-boom Cranes: which include crawler and truck mounted lattice-boom cranes, and crawler crane attachments; Tower Cranes: which include top-slewing, luffing jib, topless, and self-erecting tower cranes; Mobile Telescopic Cranes: which include rough-terrain, all-terrain, truck-mounted and industrial cranes; Boom Trucks: which include telescopic boom trucks; and Parts and Service: which include replacement parts, product services and crane rebuilding and remanufacturing services.	Manitowoc Potain Grove National Crane Shuttlelift Dongyue Crane Care
Foodservice Equipment	38%	Primary cooking and warming equipment; ice machines and storage bins; refrigerator and freezer equipment; beverage dispensers and related products; serving and storage equipment; and parts and service.	Cleveland Convotherm Delfield Frymaster Garland Kolpak Kysor Panel Systems Lincoln Manitowoc Merrychef Multiplex Servend

Cranes and Related Products

Our Crane segment designs, manufactures and distributes a diversified line of crawler-mounted lattice-boom cranes, which we sell under the Manitowoc brand name. Our Crane segment also designs and manufactures a diversified line of top-slewing and self-erecting tower cranes, which we sell under the Potain brand name. We design and manufacture mobile telescopic cranes, which we sell under the Grove and Shuttlelift brand names, and a comprehensive line of hydraulically powered telescopic boom trucks, which we sell under the National Crane brand name. We also provide crane product parts and services, and crane rebuilding, remanufacturing, and training services, which are delivered under the Manitowoc Crane Care brand name. In some cases our products are manufactured for us or distributed for us under strategic alliances. Our crane products are used in a wide variety of applications throughout the world, including energy production / distribution and utilities, petrochemical and industrial projects, infrastructure development such as road, bridge and airport construction, and commercial low-rise and high-rise residential construction. Many of our customers purchase one or more cranes together with several attachments to permit use of the crane in a broader range of lifting applications and other operations. Our largest crane model combined with available options has a lifting capacity up to 2,500 U.S. tons. We believe our primary near-term growth drivers are the relative strength in the energy, infrastructure, construction and petro-chemical-related end markets.

Lattice-boom cranes. Under the Manitowoc brand name we design, manufacture and distribute lattice-boom crawler cranes. Lattice-boom cranes consist of a lattice-boom, which is a fabricated, high-strength steel structure that has four chords and tubular lacings, mounted on a base which is either crawler or truck mounted. Lattice-boom cranes weigh less and provide higher lifting capacities than a telescopic boom of similar length. The lattice-boom cranes are the only category of crane that can pick and move simultaneously with a full-rated load. The lattice-boom sections, together with the crane base, are transported to and erected at a project site.

We currently offer models of lattice-boom cranes with lifting capacities up to 2,500 U.S. tons, which are used to lift material and equipment in a wide variety of applications and end markets, including heavy construction, bridge and highway, duty cycle and infrastructure and energy related projects. These cranes are also used by the value-added crane rental industry, which serves all of the above end markets.

Lattice-boom crawler cranes may be classified according to their lift capacity-low capacity and high capacity. Low-capacity crawler cranes with 150-U.S. ton capacity or less are often utilized for general construction and duty-cycle applications. High-capacity crawler cranes with greater than 150-U.S. ton capacity are used to lift materials in a wide variety of applications and are often used in heavy construction, energy-related, stadium construction, petrochemical work, and dockside applications. We offer ten low-capacity models and nine high-capacity models.

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We also offer our lattice-boom crawler crane customers various attachments that provide our cranes with greater capacity in terms of height, movement and lifting. Our principal attachments are: MAX-ER™ attachments, luffing jibs, and RINGER™ attachments. The MAX-ER™ is a trailing counterweight, heavy-lift attachment that dramatically improves the reach, capacity and lift dynamics of the basic crane to which it is mounted. It can be transferred between cranes of the same model for maximum economy and occupies less space than competitive heavy-lift systems. A luffing jib is a fabricated structure similar to, but smaller than, a lattice-boom. Mounted at the tip of a lattice-boom, a luffing jib easily adjusts its angle of operation permitting one crane with a luffing jib to make lifts at additional locations on the project site. It can be transferred between cranes of the same model to maximize utilization. A RINGER™ attachment is a high-capacity lift attachment that distributes load reactions over a large area to minimize ground-bearing pressure. It can also be more economical than transporting and setting up a larger crane.

Tower cranes. Under the Potain brand name, we design and manufacture tower cranes utilized primarily in the energy, building and construction industries. Tower cranes offer the ability to lift and distribute material at the point of use more quickly and accurately than other types of lifting machinery without utilizing substantial square footage on the ground. Tower cranes include a stationary vertical mast and a horizontal jib with a counterweight, which is placed near the vertical mast. A cable runs through a trolley which is mounted on the jib, enabling the load to move along the jib. The jib rotates 360 degrees, thus increasing the crane's work area. Unless using a remote control device, operators occupy a cabin, located where the jib and mast meet, which provides superior visibility above the worksite. We offer a complete line of tower crane products, including top slewing, luffing jib, topless, self-erecting, and special cranes for dams, harbors and other large building projects. Top-slewing cranes are the most traditional form of tower cranes. Self-erecting cranes are bottom-slewing cranes which have a counterweight located at the bottom of the mast and are able to be erected, used and dismantled on job sites without assist cranes.

Top-slewing tower cranes have a tower and multi-sectioned horizontal jib. These cranes rotate from the top of their mast and can increase in height with the project. Top-slewing cranes are transported in separate pieces and assembled at the construction site in one to three days depending on the height. We offer 21 models of top-slewing tower cranes with maximum jib lengths of 80 meters and lifting capabilities ranging between 5 and 80 meter-tons. These cranes are generally sold to medium to large energy, building and construction groups, as well as to rental companies.

Topless tower cranes are a type of top-slewing crane and, unlike all others, have no cathead or jib tie-bars on the top of the mast. The cranes are utilized primarily when overhead height is constrained or in situations where several cranes are installed close together. We currently offer 15 models of topless tower cranes with maximum jib lengths of 75 meters and lifting capabilities ranging between 2.5 and 20 meter-tons.

Luffing jib tower cranes, which are a type of top-slewing crane, have an angled rather than horizontal jib. Unlike other tower cranes which have a trolley that controls the lateral movement of the load, luffing jib cranes move their load by changing the angle of the jib. The cranes are utilized primarily in urban areas where space is constrained or in situations where several cranes are installed close together. We currently offer nine models of luffing jib tower cranes with maximum jib lengths of 60 meters and lifting capabilities ranging between 8 and 32 meter-tons.

Self-erecting tower cranes are mounted on axles or transported on a trailer. The lower segment of the range (Igo cranes up to Igo50) unfolds in four sections, two for the mast and two for the jib. The smallest of our models unfolds in less than eight minutes; larger models erect in a few hours. Self-erecting cranes rotate from the bottom of their mast. We offer 24 models of self-erecting cranes with maximum jib lengths of 50 meters and lifting capacities ranging between 1 and 8 meter-tons which are utilized primarily in low to medium rise construction and residential applications.

Mobile telescopic cranes. Under the Grove brand name we design and manufacture 36 models of mobile telescopic cranes utilized primarily in industrial, commercial and construction applications, as well as in maintenance applications to lift and move material at job sites. Mobile telescopic cranes consist of a telescopic boom mounted on a wheeled carrier. Mobile telescopic cranes are similar to lattice-boom cranes in that they are designed to lift heavy loads using a mobile carrier as a platform, enabling the crane to move on and around a job site without typically having to re-erect the crane for each particular job. Additionally, many mobile telescopic cranes have the ability to drive between sites, and some are permitted on public roadways. We currently offer the following four types of mobile telescopic cranes capable of reaching tip heights of up to 427 feet with lifting capacities up to 550 U.S. tons: rough-terrain, all-terrain, truck-mounted, and industrial.

Rough-terrain cranes are designed to lift materials and equipment on rough or uneven terrain. These cranes cannot be driven on public roadways, and, accordingly, must be transported by truck to a work site. We produce, under the Grove brand name, nine models of rough-terrain cranes capable of tip heights of up to 312 feet and maximum load capacities of up to 150 U.S. tons.

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All-terrain cranes are versatile cranes designed to lift materials and equipment on rough or uneven terrain and yet are highly maneuverable and capable of highway speeds. We produce, under the Grove brand name, 14 models of all-terrain cranes capable of tip heights of up to 449 feet and maximum load capacities of up to 550 U.S. tons.

Truck-mounted cranes are designed to provide simple set-up and long reach high capacity booms and are capable of traveling from site to site at highway speeds. These cranes are suitable for urban and suburban uses. We produce, under the Grove brand name, five models of truck mounted cranes capable of tip heights of up to 237 feet and maximum load capacities of up to 90 U.S. tons.

Industrial cranes are designed primarily for plant maintenance, storage yard and material handling jobs. We manufacture, under the Grove and Shuttlelift brand names, seven models of industrial cranes. We produce industrial cranes with up to 25 U.S. ton capacity and tip heights of up to 86 feet.

High reach telescopic hydraulic cranes. The GTK 1100 is a high-reach telescopic hydraulic crane that can lift a 105 U.S. ton load up to 367 feet, only requires about six hours to erect and is based on a combination of mobile crane and tower crane technology.

Boom trucks. We offer our hydraulic boom truck products under the National Crane product line. A boom truck is a hydraulically powered telescopic crane mounted on a conventional truck chassis. Telescopic boom trucks are used primarily for lifting material on a job site. We currently offer, under the National Crane brand name, 18 models of telescoping boom trucks. The largest capacity cranes of this type are capable of reaching maximum heights of 205 feet and have lifting capacity up to 55 U.S. tons.

Backlog. The year-end backlog of crane products includes accepted orders that have been placed on a production schedule that we expect to be shipped and billed during the next year. Manitowoc's backlog of unfilled orders for the Crane segment at December 31, 2012, 2011 and 2010 was $755.8 million, $760.5 million and $571.7 million, respectively.

Foodservice Equipment

Our Foodservice Equipment business designs, manufactures and sells primary cooking and warming equipment; ice machines and storage bins; refrigerator and freezer equipment; beverage dispensers and related products; and serving and storage equipment. Our suite of products is used by commercial and institutional foodservice operators such as full service restaurants, quick-service restaurant (QSR) chains, hotels, caterers, supermarkets, convenience stores, business and industry, hospitals, schools and other institutions. We have a presence throughout the world's most significant markets in the following product groups:

Primary cooking and warming equipment. We design, manufacture and sell a broad array of ranges, griddles, grills, combination ovens, convection ovens, conveyor ovens, induction cookers, broilers, tilt fry pans/kettles/skillets, braising pans, cheese melters/salamanders, cook stations, table top and counter top cooking/frying systems, fryers, steam jacketed kettles, and steamers. We sell traditional oven, combi oven, convection oven, conveyor oven, accelerated cooking oven, range and grill products under the Convotherm, Garland, Lincoln, Merrychef, U.S. Range, and other brand names. Fryers and frying systems are marketed under the Frymaster and Dean brand names, while steam equipment is manufactured and sold under the Cleveland brand. In addition to cooking, we provide a range of warming, holding, and serving equipment under the Delfield, Fabristeel, Frymaster, Merco, and other brand names.

Ice-cube machines, ice flaker machines, nugget ice machines, ice dispensers and storage bins. We design, manufacture and sell ice machines under the Manitowoc brand name, serving the foodservice, convenience store, healthcare, restaurant, lodging and other markets. Our ice machines make ice in cube, nugget and flake form, and range in daily production capacities. The ice-cube machines are either self-contained units, which make and store ice, or modular units, which make, but do not store ice.

Refrigerator and freezer equipment. We design, manufacture and sell commercial upright and undercounter refrigerators and freezers, blast freezers, blast chillers and cook-chill systems under the Delfield, McCall, Koolaire and other brand names. We manufacture under the brand names Kolpak, Kysor Panel Systems and Harford-Duracool modular and fully assembled walk-in refrigerators, coolers and freezers and prefabricated cooler and freezer panels for use in the construction of refrigerated storage rooms and environmental systems. We also design and manufacture customized refrigeration systems under the RDI brand name.

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Beverage dispensers and related products. We produce beverage dispensers, blended ice machines, ice/beverage dispensers, beer coolers, post-mix dispensing valves, backroom equipment and support system components and related equipment for use by QSR chains, convenience stores, bottling operations, movie theaters, and the soft-drink industry. Our beverage and related products are sold under the Servend, Multiplex, TruPour, Manitowoc Beverage Systems and McCann's brand names.

Serving and storage equipment. We design, manufacture and sell a range of cafeteria/buffet equipment stations, bins, boxes, warming cabinets, display and deli cases, insulated and refrigerated salad/food bars, and warmers. Our equipment stations, cases, food bars and food serving lines are marketed under the Delfield, Viscount and other brand names.

The end-customer base for the Foodservice Equipment segment is comprised of a wide variety of foodservice providers, including, but not limited to, large multinational and regional chain restaurants, convenience stores and retail stores; chain and independent casual and family dining restaurants; independent restaurants and caterers; lodging, resort, leisure and convention facilities; health care facilities; schools and universities; large business and industrial customers; and many other foodservice outlets. We cater to some of the largest and most widely recognized multinational and regional businesses in the foodservice and hospitality industries. We do not typically have long-term contracts with our customers; however, large chains frequently authorize specific foodservice equipment manufacturers as approved vendors for particular products, and thereafter, sales are made locally or regionally to end customers via kitchen equipment suppliers, dealers or distributors. Many large QSR chains refurbish or open a large number of outlets, or implement menu changes requiring investment in new equipment, over a short period of time. When this occurs, these customers often choose a small number of manufacturers whose approved products may or must be purchased by restaurant operators. We work closely with our customers to develop the products they need and to become the approved vendors for these products.

Our end-customers often need equipment upgrades that enable them to improve productivity and food safety, reduce labor costs, respond to enhanced hygiene, environmental and menu requirements or reduce energy consumption. These changes often require customized cooking and cooling and freezing equipment. In addition, many restaurants, especially QSRs, seek to differentiate their products by changing their menu and format. We believe that product development is important to our success because a supplier's ability to provide customized or innovative foodservice equipment is a primary factor when customers are making their purchasing decisions. Recognizing the importance of providing innovative products to our customers, we invest significant time and resources into new product research and development.

The Manitowoc Education and Technology Centers ("ETC") in New Port Richey, Florida and Hangzhou, China contain computer-assisted design platforms, a model shop for on-site development of prototypes, a laboratory for product testing and various display areas for new products. Our test kitchen, flexible demonstration areas and culinary team enable us to demonstrate a wide range of equipment in realistic operating environments, and also support a wide range of menu ideation, food development and sensory testing with our customers and food partners. We also use the ETC to provide training for our customers, marketing representatives, service providers, industry consultants, dealers and distributors.

Backlog. The backlog for unfilled orders for our Foodservice segment at December 31, 2012, 2011 and 2010 was not significant because orders are generally filled shortly after receiving the customer order.

Raw Materials and Supplies

The primary raw materials that we use are structural and rolled steel, aluminum, and copper, which are purchased from various domestic and international sources. We also purchase engines and electrical equipment and other semi- and fully-processed materials. Our policy is to maintain, wherever possible, alternate sources of supply for our important materials and parts. We maintain inventories of steel and other purchased material. We have been successful in our goal to maintain alternative sources of raw materials and supplies, and therefore are not dependent on a single source for any particular raw material or supply.

Patents, Trademarks, and Licenses

We hold numerous patents pertaining to our Crane and Foodservice products, and have presently pending applications for additional patents in the United States and foreign countries. In addition, we have various registered and unregistered trademarks and licenses that are of material importance to our business and we believe our ownership of this intellectual property is adequately protected in customary fashions under applicable laws. No single patent, trademark or license is critical to our overall business.

Seasonality

Typically, the second and third quarters represent our best quarters for our consolidated financial results. More recently, the traditional seasonality for our Crane and Foodservice segments has been slightly muted due to more diversified product and

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geographic end markets, as well as the impact that the global economic recession and downturn in our end markets has had on our revenue. In our Crane segment, the northern hemisphere summer represents the main construction season. Customers require new machines, parts, and service during that season. Since the summer brings warmer weather, there is also an increase in the use and replacement of ice machines, as well as new construction and remodeling within the foodservice industry. As a result, distributors build inventories during the second quarter to prepare for increased demand.

Competition

We sell all of our products in highly competitive industries. We compete in each of our industries based on product design, quality of products and aftermarket support services, product performance, maintenance costs, energy and resource saving, other contributions to sustainability and price. Some of our competitors may have greater financial, marketing, manufacturing or distribution resources than we do. We believe that we benefit from the following competitive advantages: a strong brand name, a reputation for quality products and aftermarket support services, an established network of global distributors and customer relationships, broad product line offerings in the markets we serve, and a commitment to engineering design and product innovation. However, we cannot be certain that our products and services will continue to compete successfully or that we will be able to retain our customer base or improve or maintain our profit margins on sales to our customers. The following table sets forth our primary competitors in each of our business segments:

Business Segment	Products	Primary Competitors
Cranes and Related Products	Lattice-boom Crawler Cranes	Hitachi Sumitomo; Kobelco; Liebherr; Sumitomo/Link-Belt; Terex; XCMG; Fushun; Zoomlion; Fuwa; and Sany
	Tower Cranes	Comansa; Terex Comedil/Peiner; Liebherr; FM Gru; Jaso; Raimondi; Viccario; Saez; Benezzato; Cattaneo; Sichuan Construction Machinery; Shenyang; Zoomlion; Jianglu; and Yongmao
	Mobile Telescopic Cranes	Liebherr; Link-Belt; Terex; Tadano; XCMG; Kato; Locatelli; Marchetti; Luna; Broderson; Valla; Ormig; Bencini; Sany; and Zoomlion
	Boom Trucks	Terex; Manitex; Altec; Elliott; Tadano; Fassi; Palfinger; Furukawa; and Hiab
Foodservice Equipment	Ice-Cube Machines, Ice Flaker Machines and Storage Bins	Hoshizaki; Scotsman; Follet; Ice-O-Matic; Brema; Aucma; and Vogt
	Beverage Dispensers and Related Products	Automatic Bar Controls; Celli; Cornelius; Hoshizaki/Lancer Corporation; Taylor; and Vin Service
	Refrigerator and Freezer Equipment	American Panel; ICS; Nor-Lake; Master-Bilt; Thermo-Kool; Bally; Arctic; Beverage Air; Traulsen; True Foodservice; TurboAir; Masterbilt; and Hoshizaki
	Primary Cooking Equipment	Ali Group; Electrolux; Dover Industries; Duke; Henny Penny; ITW; Middleby; Rational; and

	Taylor
Serving, Warming and Storage Equipment	Alto Shaam; Cambro; Duke; Hatco; ITW; Middleby; Standex; and Vollrath
Food Preparation Equipment	Ali Group; Bizerba; Electrolux; German Knife; Globe; ITW; and Univex

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Engineering, Research and Development

We believe our extensive engineering, research and development capabilities have been key drivers of our success. We engage in research and development activities at dedicated locations within both of our segments. We have a staff of in-house engineers and technicians on three continents, supplemented with external engineering resources, who are responsible for improving existing products and developing new products. We incurred research and development costs of $87.7 million in 2012, $80.6 million in 2011 and $72.2 million in 2010.

Our team of engineers focuses on developing innovative, high performance, low maintenance products that are intended to create significant brand loyalty among customers. Design engineers work closely with our manufacturing and marketing staff, enabling us to identify changing end-user requirements, implement new technologies and effectively introduce product innovations. Close, carefully managed relationships with dealers, distributors and end users help us identify their needs, not only for products, but for the service and support that are critical to their profitable operations. As part of our ongoing commitment to provide superior products, we intend to continue our efforts to design products that meet evolving customer demands and reduce the period from product conception to product introduction.

Employee Relations

As of December 31, 2012, we employed approximately 13,500 people and had labor agreements with 13 union locals in North America. A large majority of our European employees belong to European trade unions. We have three trade unions in China and one trade union in India. During 2010, we had two union contracts that expired and were successfully renegotiated. During 2011, four of our union contracts expired at various times. Three of the contracts that expired in 2011 were successfully renegotiated without incident, while the International Association of Machinists (IAM) contract with Manitowoc Crane Corporation expired in October 2011 and resulted in a 66-day work stoppage. The company’s contingency plans ensured that customer needs were met during the work stoppage. A new contract with the IAM was ratified in January 2012 and expires in January 2016. During 2012, we successfully negotiated three labor contracts without incident.

Available Information

We make available, free of charge at our internet site (www.manitowoc.com), our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, our proxy statements and any amendments to those reports, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission (SEC). Our SEC reports can be accessed through the investor relations section of our website. Although some documents available on our website are filed with the SEC, the information generally found on our website is not part of this or any other report we file with or furnish to the SEC.

The public may read and copy any materials that we file with the SEC at the SEC’s Public Reference Room located at 100 F Street NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains electronic versions of our reports on its website at www.sec.gov.

Geographic Areas

Net sales from continuing operations and long-lived asset information by geographic area as of and for the years ended December 31 are included below. Long-lived assets are defined as property, plant and equipment, net, goodwill, other intangible assets, net and other non-current assets, excluding deferred tax assets.

	Net Sales			Long-Lived Assets	
(in millions)	2012	2011	2010	2012	2011
United States	$1,833.0	$1,588.8	$1,335.2	$1,905.4	$1,964.7
Other North America	278.2	208.8	139.0	5.3	6.0
Europe	788.0	813.4	749.2	510.6	511.5
Asia	367.7	382.1	306.2	213.0	225.1
Middle East	161.6	189.4	168.7	1.6	1.7
Central and South America	243.0	237.8	203.0	33.3	15.5
Africa	110.8	65.4	69.5	—	—
South Pacific and Caribbean	10.6	12.0	11.5	4.6	4.8

Australia	134.1	121.5	129.2	4.4	4.2
Total	$3,927.0	$3,619.2	$3,111.5	$2,678.2	$2,733.5

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Item 1A. RISK FACTORS
The following are risk factors identified by management that if any events contemplated by the following risks actually occur, then our business, financial condition or results of operations could be materially adversely affected.
Some of our business segments are cyclical or are otherwise sensitive to volatile or variable factors. A downturn or weakness in overall economic activity or fluctuations in those other factors can have a material adverse effect on us.

Historically, sales of products that we manufacture and sell have been subject to cyclical variations caused by changes in general economic conditions and other factors. In particular, the demand for our Crane products is cyclical and is impacted by the strength of the economy generally, the availability of financing and other factors that may have an effect on the level of construction activity on an international, national or regional basis. During periods of expansion in construction activity, we generally have benefited from increased demand for our products. Conversely, during recessionary periods, such as the recent global economic recession, we have been adversely affected by reduced demand for our products. In addition, the strength of the economy generally may affect the rates of expansion, consolidation, renovation and equipment replacement within the restaurant, lodging, convenience store and healthcare industries, which may affect the performance of our Foodservice segment. Furthermore, an economic recession may impact leveraged companies, such as Manitowoc, more than competing companies with less leverage and may have a material adverse effect on our financial condition, results of operations and cash flows.

Products in our Crane segment also depend in part on federal, state, local and foreign governmental spending and appropriations, including infrastructure, security and defense outlays. Reductions in governmental spending can reduce demand for our products, which in turn can affect our performance. Weather conditions can substantially affect our Foodservice segment, as relatively cool summer weather and cooler-than-normal weather in hot climates tend to decrease sales of ice and beverage dispensers. Our sales depend in part upon our customers' replacement or repair cycles. Adverse economic conditions may cause customers to forego or postpone new purchases in favor of repairing existing machinery.

Because we participate in industries that are intensely competitive, our net sales and profits could decline as we respond to competition.

We sell most of our products in highly competitive industries. We compete in each of those industries based on product design, quality of products, quality and responsiveness of product support services, product performance, maintenance costs and price. Some of our competitors may have greater financial, marketing, manufacturing and distribution resources than we do. We cannot be certain that our products and services will continue to compete successfully with those of our competitors or that we will be able to retain our customer base or improve or maintain our profit margins on sales to our customers, any of which could materially and adversely affect our financial condition, results of operations and cash flows.

If we fail to develop new and innovative products or if customers in our markets do not accept them, our results would be negatively affected.

Our products must be kept current to meet our customers' needs. To remain competitive, we therefore must develop new and innovative products on an on-going basis. If we fail to make innovations, or the market does not accept our new products, our sales and results would suffer.

We invest significantly in the research and development of new products. These expenditures do not always result in products that will be accepted by the market. To the extent they do not, whether as a function of the product or the business cycle, we will have increased expenses without significant sales to benefit us. Failure to develop successful new products may also cause potential customers to choose to purchase used equipment, or competitors' products, rather than invest in new products manufactured by us.

Price increases in some materials and sources of supply could affect our profitability.

We use large amounts of steel, stainless steel, aluminum, copper and electronic controls, among other items, in the manufacture of our products. Occasionally, market prices of some of our key raw materials increase significantly. If in the future we are not able to reduce product cost in other areas or pass raw material price increases on to our customers, our margins could be adversely affected. In addition, because we maintain limited raw material and component inventories, even brief unanticipated delays in delivery by suppliers-including those due to capacity constraints, labor disputes, impaired financial condition of suppliers, weather emergencies or other natural disasters-may impair our ability to satisfy our customers and could adversely

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affect our financial performance.

To better manage our exposures to certain commodity price fluctuations, we regularly hedge our commodity exposures through financial markets. Through this hedging program we fix the future price for a portion of these commodities utilized in the production of our products. To the extent that our hedging is not successful in fixing commodity prices that are favorable in comparison to market prices at the time of purchase, we would experience a negative impact on our profit margins compared to the margins we would have realized if these price commitments were not in place, which may adversely affect our results of operations, financial condition and cash flows in future periods.

We increasingly manufacture and sell our products outside of the United States, which may present additional risks to our business.

For the years ended December 31, 2012, 2011 and 2010, approximately 53%, 56% and 57%, respectively, of our net sales were attributable to products sold outside of the United States. Expanding the company's international sales is part of our growth strategy. International operations generally are subject to various risks, including political, military, religious and economic instability, local labor market conditions, the imposition of foreign tariffs, the impact of foreign government regulations, the effects of income and withholding tax, governmental expropriation, and differences in business practices. We may incur increased costs and experience delays or disruptions in product deliveries and payments in connection with our international sales, manufacturing and the integration of new facilities that could cause loss of revenue or increased cost. Unfavorable changes in the political, regulatory and business climate and currency devaluations of various foreign jurisdictions could have a material adverse effect on our financial condition, results of operations and cash flows.

We depend on our key personnel and the loss of these personnel could have an adverse effect on our business.

Our success depends to a large extent upon the continued services of our key executives, managers and skilled personnel. Generally, these employees are not bound by employment or non-competition agreements, and we cannot be sure that we will be able to retain our key officers and employees. We could be seriously harmed by the loss of key personnel if it were to occur in the future.

Our operations and profitability could suffer if we experience problems with labor relations.
As of December 31, 2012, we employed approximately 13,500 people and had labor agreements with 13 union locals in North America. A large majority of our European employees belong to European trade unions. We have three trade unions in China and one trade union in India. During 2010, we had two union contracts that expired and were successfully renegotiated. During 2011, four of our union contracts expired at various times. Three of the contracts that expired in 2011 were successfully renegotiated without incident, while the International Association of Machinists (IAM) contract with Manitowoc Cranes, LLC expired in October 2011 and resulted in a 66-day work stoppage. The company’s contingency plans ensured that customer needs were met during the work stoppage. A new contract with the IAM was ratified in January 2012 and expires in January 2016. During 2012, we successfully negotiated three labor contracts without incident. Any significant labor relations issues could have a material adverse effect on our results of operations and financial condition.
If we fail to protect our intellectual property rights or maintain our rights to use licensed intellectual property, our business could be adversely affected.

Our patents, trademarks and licenses are important in the operation of our businesses. Although we intend to protect our intellectual property rights vigorously, we cannot be certain that we will be successful in doing so. Third parties may assert or prosecute infringement claims against us in connection with the services and products that we offer, and we may or may not be able to successfully defend these claims. Litigation, either to enforce our intellectual property rights or to defend against claimed infringement of the rights of others, could result in substantial costs and in a diversion of our resources. In addition, if a third party would prevail in an infringement claim against us, then we would likely need to obtain a license from the third party on commercial terms, which would likely increase our costs. Our failure to maintain or obtain necessary licenses or an adverse outcome in any litigation relating to patent infringement or other intellectual property matters could have a material adverse effect on our financial condition, results of operations and cash flows.

Our results of operations may be negatively impacted by product liability lawsuits.

Our business exposes us to potential product liability risks that are inherent in the design, manufacture, sale and use of our products, especially our crane products. Certain of our businesses also have experienced claims relating to past asbestos exposure. Neither we nor our affiliates have to date incurred material costs related to these asbestos claims. We vigorously

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defend ourselves against current claims and intend to do so against future claims. However, a substantial increase in the number of claims that are made against us or the amounts of any judgments or settlements could materially and adversely affect our reputation and our financial condition, results of operations and cash flows.

Strategic divestitures could negatively affect our results.

We regularly review our business units and evaluate them against our core business strategies. In addition to strategic divestiture decisions, at times we may be required by regulatory authorities to make business divestitures as a result of acquisition transactions. As a result, we regularly consider the divestiture of non-core and non-strategic, or acquisition-related operations or facilities. Depending upon the circumstances and terms, the divestiture of an operation or facility could negatively affect our earnings from continuing operations.

Environmental liabilities that may arise in the future could be material to us.

Our operations, facilities and properties are subject to extensive and evolving laws and regulations pertaining to air emissions, wastewater discharges, the handling and disposal of solid and hazardous materials and wastes, the remediation of contamination, and otherwise relating to health, safety and the protection of the environment. As a result, we are involved from time to time in administrative or legal proceedings relating to environmental and health and safety matters, and have in the past and will continue to incur capital costs and other expenditures relating to such matters.

Based on current information, we believe that any costs we may incur relating to environmental matters will not be material, although we can give no assurances. We also cannot be certain that identification of presently unidentified environmental conditions, more vigorous enforcement by regulatory authorities, or other unanticipated events will not arise in the future and give rise to additional environmental liabilities, compliance costs and/or penalties that could be material. Further, environmental laws and regulations are constantly evolving and it is impossible to predict accurately the effect they may have upon our financial condition, results of operations or cash flows.

We are exposed to the risk of foreign currency fluctuations.

Some of our operations are or will be conducted by subsidiaries in foreign countries. The results of the operations and the financial position of these subsidiaries will be reported in the relevant foreign currencies and then translated into U.S. dollars at the applicable exchange rates for inclusion in our consolidated financial statements, which are stated in U.S. dollars. The exchange rates between many of these currencies and the U.S. dollar have fluctuated significantly in recent years and may fluctuate significantly in the future. Such fluctuations may have a material effect on our results of operations and financial position and may significantly affect the comparability of our results between financial periods.

In addition, we incur currency transaction risk whenever one of our operating subsidiaries enters into a transaction using a different currency than its functional currency. We attempt to reduce currency transaction risk whenever one of our operating subsidiaries enters into a material transaction using a different currency than its functional currency by:

- matching cash flows and payments in the same currency;
- direct foreign currency borrowing; and
- entering into foreign exchange contracts for hedging purposes.

However, we may not be able to hedge this risk completely or at an acceptable cost, which may adversely affect our results of operations, financial condition and cash flows in future periods.

Increased or unexpected product warranty claims could adversely affect us.

We provide our customers a warranty covering workmanship, and in some cases materials, on products we manufacture. Our warranty generally provides that products will be free from defects for periods ranging from 12 months to 60 months with certain equipment having longer term warranties. If a product fails to comply with the warranty, we may be obligated, at our expense, to correct any defect by repairing or replacing the defective product. Although we maintain warranty reserves in an amount based primarily on the number of units shipped and on historical and anticipated warranty claims, there can be no assurance that future warranty claims will follow historical patterns or that we can accurately anticipate the level of future warranty claims. An increase in the rate of warranty claims or the occurrence of unexpected warranty claims could materially and adversely affect our financial condition, results of operations and cash flows.

Some of our customers rely on financing with third parties to purchase our products, and we may incur expenses associated with our assistance to customers in securing third party financing.

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A portion of our sales is financed by third-party finance companies on behalf of our customers. The availability of financing by third parties is affected by general economic conditions, the credit worthiness of our customers and the estimated residual value of our equipment. In certain transactions we provide residual value guarantees and buyback commitments to our customers or the third-party financial institutions. Deterioration in the credit quality of our customers or the overall health of the banking industry could negatively impact our customer's ability to obtain the resources needed to make purchases of our equipment or their ability to obtain third-party financing. In addition, if the actual value of the equipment for which we have provided a residual value guaranty declines below the amount of our guaranty, we may incur additional costs, which may negatively impact our financial condition, results of operations and cash flows.

Our leverage may impair our operations and financial condition.

As of December 31, 2012, our total consolidated debt was $1,824.8 million as compared to consolidated debt of $1,890.0 million as of December 31, 2011, including the value of related interest rate hedging instruments. Our debt could have important consequences, including increasing our vulnerability to general adverse economic and industry conditions; requiring a substantial portion of our cash flows from operations be used for the payment of interest rather than to fund working capital, capital expenditures, acquisitions and general corporate requirements; limiting our ability to obtain additional financing; and limiting our flexibility in planning for, or reacting to, changes in our business and the industries in which we operate.

The agreements governing our debt include covenants that restrict, among other matters, our ability to incur additional debt; pay dividends on or repurchase our equity; make investments; and consolidate, merge or transfer all or substantially all of our assets. In addition, our Senior Credit Facility requires us to maintain specified financial ratios and satisfy certain financial condition tests. Our ability to comply with these covenants may be affected by events beyond our control, including prevailing economic, financial and industry conditions. These covenants may also require that we take action to reduce our debt or to act in a manner contrary to our business objectives. We cannot be certain that we will meet any future financial tests or that the lenders will waive any failure to meet those tests. See additional discussion in Note 11, "Debt," to our Consolidated Financial Statements.

If we default under our debt agreements, our lenders could elect to declare all amounts outstanding under our debt agreements to be immediately due and payable and could proceed against any collateral securing the debt. Under those circumstances, in the absence of readily-available refinancing on favorable terms, we might elect or be compelled to enter bankruptcy proceedings, in which case our shareholders could lose the entire value of their investment in our common stock.

An inability to successfully manage the implementation of a global enterprise resource management (ERP) system in our Crane segment could adversely affect our operating results.

We are in the process of implementing a new global ERP system in the Crane segment. This system will replace many of our existing operating and financial systems. Such an implementation is a major undertaking both financially and from a management and personnel perspective. Should the system not be implemented successfully and within budget, or if the system does not perform in a satisfactory manner, it could be disruptive and adversely affect our operations and results of operations, including the ability of the company to report accurate and timely financial results.

Security breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer.

In the ordinary course of our business, we collect and store sensitive data, including our proprietary business information and that of our customers, suppliers and business partners, as well as personally identifiable information of our customers and employees, in our data centers and on our networks. The secure processing, maintenance and transmission of this information is critical to our operations and business strategy. Despite our security measures, our information technology and infrastructure may be vulnerable to malicious attacks or breached due to employee error, malfeasance or other disruptions, including as a result of rollouts of new systems. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings and/or regulatory penalties, disrupt our operations, damage our reputation, and/or cause a loss of confidence in our products and services, which could adversely affect our business.

Our inability to recover from natural or man-made disasters could adversely affect our business.

Our business and financial results may be affected by certain events that we cannot anticipate or that are beyond our control, such as natural or man-made disasters, national emergencies, significant labor strikes, work stoppages, political unrest, war or

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terrorist activities that could curtail production at our facilities and cause delayed deliveries and canceled orders. In addition, we purchase components and raw materials and information technology and other services from numerous suppliers, and, even if our facilities were not directly affected by such events, we could be affected by interruptions at such suppliers. Such suppliers may be less likely than our own facilities to be able to quickly recover from such events and may be subject to additional risks such as financial problems that limit their ability to conduct their operations. We cannot assure you that we will have insurance to adequately compensate us for any of these events.

Our income tax returns are subject to review by taxing authorities, and the final determination of our tax liability with respect to tax audits and any related litigation could adversely affect our financial results.

Although we believe that our tax estimates are reasonable and that we prepare our tax filings in accordance with all applicable tax laws, the final determination with respect to any tax audits, and any related litigation, could be materially different from our estimates or from our historical income tax provisions and accruals. The results of an audit or litigation could have a material effect on operating results and/or cash flows in the periods for which that determination is made. In addition, future period earnings may be adversely impacted by litigation costs, settlements, penalties, and/or interest assessments. We are undergoing tax audits in various jurisdictions and we regularly assess the likelihood of an adverse outcome resulting from such examinations to determine the adequacy of our tax reserves. In September 2012, we received an examination report from the Internal Revenue Service covering the 2008 and 2009 tax years. The report includes the proposed disallowance of the deductibility of a $380.9 million foreign currency loss that was incurred in 2008. We filed a formal protest to the proposed adjustment during the fourth quarter of 2012. We plan to pursue all administrative and, if necessary, judicial remedies with respect to resolving this matter. However, there can be no assurance that this matter will be resolved in our favor.

Our international sales and operations are subject to applicable laws relating to trade, export controls and foreign corrupt practices, the violation of which could adversely affect our operations.

We must comply with all applicable international trade, customs, export controls and economic sanctions laws and regulations of the United States and other countries. We are also subject to the Foreign Corrupt Practices Act and other anti-bribery laws that generally bar bribes or unreasonable gifts to foreign governments or officials. Changes in trade sanctions laws may restrict our business practices, including cessation of business activities in sanctioned countries or with sanctioned entities, and may result in modifications to compliance programs. Violation of these laws or regulations could result in sanctions or fines and could have a material adverse effect on our financial condition, results of operations and cash flows.

New regulations related to conflict minerals may force us to incur additional expenses and affect the manufacturing and sale of our products.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), signed into law on July 21, 2010, includes Section 1502, which requires the Securities and Exchange Commission (“SEC”) to adopt additional disclosure requirements related to certain minerals sourced from the Democratic Republic of Congo and surrounding countries, or “conflict minerals”, for which such conflict minerals are necessary to the functionality of a product manufactured, or contracted to be manufactured, by an SEC reporting company. The metals covered by the final rules, adopted on August 22, 2012, are commonly referred to as “3TG” and include tin, tantalum, tungsten and gold. Implementation of the new disclosure requirements could affect the sourcing and availability of some of the minerals used in the manufacture of our products. Our supply chain is complex, and if we are not able to conclusively verify the origins for all conflict minerals used in our products or that our products are “conflict free,” we may face reputational challenges with our customers or investors. Furthermore, we may also encounter challenges to satisfy customers who require that our products be certified as "conflict free," which could place us at a competitive disadvantage if we are unable to do so. Additionally, as there may be only a limited number of suppliers offering “conflict free” metals, we cannot be sure that we will be able to obtain necessary metals from such suppliers in sufficient quantities or at competitive prices. While these rules are currently the subject of a legal challenge, we could incur significant costs related to the compliance process, including potential difficulty or added costs in satisfying the disclosure requirements.

Item 1B. UNRESOLVED STAFF COMMENTS

The company has received no written comments regarding its periodic or current reports from the staff of the Securities and Exchange Commission (SEC) that were issued 180 days or more preceding the end of our fiscal year 2012 that remain unresolved.

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Item 2. PROPERTIES

The following table outlines the principal facilities we own or lease as of December 31, 2012.

Facility Location	Type of Facility	Approximate Square Footage	Owned/Leased
Cranes and Related Products			
Europe/Asia/Middle East			
Wilhelmshaven, Germany	Manufacturing/Office and Storage	410,000	Owned/Leased
Moulins, France	Manufacturing/Office	355,000	Owned/Leased
Charlieu, France	Manufacturing/Office	323,000	Owned/Leased
Presov, Slovak Republic	Manufacturing/Office	295,300	Owned
Zhangjiagang, China	Manufacturing	800,000	Owned
Fanzeres, Portugal	Manufacturing	183,000	Owned/Leased
Baltar, Portugal	Manufacturing	68,900	Owned
Pune, India	Manufacturing	190,000	Leased
Niella Tanaro, Italy	Manufacturing	370,016	Owned
Ecully, France	Office	85,000	Leased
Langenfeld, Germany	Office/Storage and Field Testing	80,300	Leased
Osny, France	Office/Storage/Repair	43,000	Owned
Decines, France	Office/Storage	47,500	Leased
Vaux-en-Velin, France	Office/Workshop	17,000	Owned
Vitrolles, France	Office	16,000	Owned
Buckingham, United Kingdom	Office/Storage	78,000	Leased
Lusigny, France	Crane Testing Site	10,000	Owned
Baudemont, France	Office & Training Center	8,000	Owned
Singapore	Office/Storage	49,000	Leased
Tai'an, China (Joint Venture)	Manufacturing	571,000	Owned
Sydney, Australia	Office/Storage	21,500	Leased
Dubai, United Arab Emirates	Office/Workshop	10,000	Leased
Americas			
Shady Grove, Pennsylvania	Manufacturing/Office	1,286,000	Owned
Manitowoc, Wisconsin	Manufacturing/Office	570,000	Owned
Manitowoc, Wisconsin	Office	10,000	Leased
Manitowoc, Wisconsin	Land	250,200	Leased
Passo Fundo, Brazil	Manufacturing/Office	265,000	Owned
Quincy, Pennsylvania	Manufacturing	36,000	Owned
Bauxite, Arkansas	Manufacturing/Office	22,000	Owned
Port Washington, Wisconsin	Manufacturing	81,000	Owned

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Foodservice Equipment			
Europe/Asia			
Hangzhou, China	Manufacturing/Office	260,000	Owned/Leased
Eglfing, Germany	Manufacturing/Office/Warehouse	130,000	Leased
Halesowen, United Kingdom(1)	Manufacturing/Office	86,000	Leased
Sheffield, United Kingdom	Manufacturing/Office	100,000	Leased
Guildford, United Kingdom	Office	12,500	Leased
Shanghai, China	Office/Warehouse	28,933	Leased
Foshan, China	Manufacturing/Office/Warehouse	40,000	Leased
Singapore (1)	Manufacturing/Office/Warehouse	45,335	Leased
Prachinburi, Thailand (Joint Venture)	Manufacturing/Office/Warehouse	80,520	Owned
Samutprakarn, Thailand (Joint Venture)	Office	4,305	Leased
North America			
Manitowoc, Wisconsin	Manufacturing/Office	376,000	Owned
Parsons, Tennessee (1)	Manufacturing	120,000	Owned
Sellersburg, Indiana	Manufacturing/Office	146,000	Owned
La Mirada, California	Manufacturing/Office	15,000	Leased
Los Angeles, California	Manufacturing/Office	90,000	Leased
Tijuana, Mexico (1)	Manufacturing	111,000	Leased
New Port Richey, Florida	Office/Technology Center	42,000	Owned
Goodyear, Arizona	Manufacturing/Office	75,000	Leased
Fort Wayne, Indiana	Manufacturing/Office	413,000	Owned
Barbourville, Kentucky (2)	Manufacturing/Office	115,000	Owned
Shreveport, Louisiana (1)	Manufacturing/Office	435,000	Owned
Mt. Pleasant, Michigan	Manufacturing/Office	345,000	Owned
Baltimore, Maryland	Manufacturing/Office	16,000	Owned
Cleveland, Ohio	Manufacturing/Office	224,000	Owned
Freeland, Pennsylvania	Manufacturing/Office	160,000	Owned
Covington, Tennessee	Manufacturing/Office	186,000	Owned
Piney Flats, Tennessee	Manufacturing/Office	131,000	Leased
Fort Worth, Texas	Manufacturing/Office	182,000	Leased
Concord, Ontario, Canada	Manufacturing/Office	116,000	Leased
Mississauga, Ontario, Canada	Manufacturing/Office	155,000	Leased
Corporate			
Manitowoc, Wisconsin	Office	34,000	Owned
Manitowoc, Wisconsin	Office	5,000	Leased
Manitowoc, Wisconsin	Hangar Ground Lease	31,320	Leased

(1) There are multiple separate facilities within these locations.
(2) This location was divested with the Jackson business in January 2013.

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In addition, we lease sales office and warehouse space for our Crane segment in Breda, The Netherlands; Begles, France; Nantes, France; Toulouse, France; Nice, France; Orleans, France; Persans, France; Lainate, Italy; Lagenfeld, Germany; Munich, Germany; Budapest, Hungary; Warsaw, Poland; Melbourne, Australia; Brisbane, Australia; Beijing, China; Chengdu, China; Guangzhou, China; Xi'an, China; Dubai, UAE; Makati City, Philippines; Cavite, Philippines; Gurgaon, India; Chennai, India; Hyderabad, India; Seoul, Korea; Moscow, Russia; Netvorice, the Czech Republic; Jeffersonville, Indiana; Manitowoc, Wisconsin; Shanghai, China; Monterrey, Mexico; Sao Paulo, Brazil; Recife, Brazil; Santiago, Chile; Johannesburg, South Africa; Ellis Ras, South Africa; Rio de Janeiro, Brazil; and Vitoria, Brazil. We lease office and warehouse space for our Foodservice segment in Salem, Virginia; Irwindale, California; Goodyear, Arizona; Miami, Florida; Herborn, Germany; Moscow, Russia; Belgium, Netherlands; Kuala Lumpur, Malaysia; Barcelona, Spain; and Naucalpan de Juarez, Mexico. We also own sales offices for our Crane segment in Dole, France.

See Note 21, "Leases," to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for additional information regarding leases.

Item 3. LEGAL PROCEEDINGS

Our global operations are governed by laws addressing the protection of the environment and employee safety and health. Under various circumstances, these laws impose civil and criminal penalties and fines, as well as injunctive and remedial relief, for noncompliance. They also may require remediation at sites where company related substances have been released into the environment.

We have expended substantial resources globally, both financial and managerial, to comply with the applicable laws and regulations, and to protect the environment and our workers. We believe we are in substantial compliance with such laws and regulations and we maintain procedures designed to foster and ensure compliance. However, we have been and may in the future be subject to formal or informal enforcement actions or proceedings regarding noncompliance with such laws or regulations, whether or not determined to be ultimately responsible in the normal course of business. Historically, these actions have been resolved in various ways with the regulatory authorities without material commitments or penalties to the company.

For information concerning other contingencies and uncertainties, see Note 17, "Contingencies and Significant Estimates," to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K, as well as Note 13, "Income Taxes," related to a matter involving the Company's tax return for 2008.

Executive Officers of the Registrant

Each of the following officers of the company has been elected by the Board of Directors. The information presented is as of February 28, 2013.

Name	Age	Position With The Registrant	Principal Position Held Since
Glen E. Tellock	52	Chairman and Chief Executive Officer	2009
Carl J. Laurino	51	Senior Vice President and Chief Financial Officer	2004
Thomas G. Musial	61	Senior Vice President of Human Resources and Administration	2000
Maurice D. Jones	53	Senior Vice President, General Counsel and Secretary	2004
Dean J. Nolden	44	Vice President of Finance and Treasurer	2005
Eric P. Etchart	56	Senior Vice President of the Company and President Crane Segment	2007
Michael J. Kachmer	54	Senior Vice President of the Company and President Foodservice Segment	2007

Glen E. Tellock has been the company’s chief executive officer since May 2007 and was elected as chairman of the board effective February 13, 2009. He previously served as the senior vice president of The Manitowoc Company, Inc. and president of the Crane segment since 2002. Earlier, he served as the company’s senior vice president and chief financial officer (1999),

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vice president of finance and treasurer (1998), corporate controller (1992) and director of accounting (1991). Prior to joining the company, Mr. Tellock served as financial planning manager with the Denver Post Corporation, and as an audit manager for Ernst & Whinney.

Carl J. Laurino was named senior vice president and chief financial officer in May 2004. He had served as treasurer since May 2001. Mr. Laurino joined the company in January 2000 as assistant treasurer and served in that capacity until his promotion to treasurer. Previously, Mr. Laurino spent 15 years in the commercial banking industry with Firstar Bank (n/k/a US Bank), Norwest Bank (n/k/a Wells Fargo), and Associated Bank. During that period, Mr. Laurino held numerous positions of increasing responsibility including commercial loan officer with Norwest Bank, Vice President - Business Banking with Associated Bank and Vice President and Commercial Banking Manager with Firstar.

Thomas G. Musial has been senior vice president of human resources and administration since 2000. Previously, he was vice president of human resources and administration (1995), manager of human resources (1987), and personnel/industrial relations specialist (1976).

Maurice D. Jones has been general counsel and secretary since 1999 and was elected vice president in 2002 and a senior vice president in 2004. Prior to joining the company, Mr. Jones was a shareholder in the law firm of Davis and Kuelthau, S.C., and served as legal counsel for Banta Corporation.

Dean J. Nolden was named vice president of finance and treasurer in May 2009. He previously served as the vice president and assistant treasurer since 2005. Mr. Nolden joined the company in November 1998 as corporate controller and served in that capacity until his promotion to Vice President Finance and Controller in May 2004. Prior to joining the company, Mr. Nolden spent eight years in public accounting in the audit practice of PricewaterhouseCoopers LLP. He left that firm in 1998 as an audit manager.

Eric P. Etchart was named senior vice president of The Manitowoc Company, Inc. and president of the Manitowoc Crane segment in May 2007. Mr. Etchart previously served as executive vice president of the Crane segment for the Asia/Pacific region since 2002. Prior to joining the company, Mr. Etchart served as managing director in the Asia/Pacific region for Potain S.A., as managing director in Italy for Potain S.P.A. and as vice president of international sales and marketing for PPM.

Michael J. Kachmer joined the company in February of 2007 as senior vice president of The Manitowoc Company, Inc. and president of the Foodservice segment. Prior to joining the company, Mr. Kachmer held executive positions for Culligan International Company since 2000, most recently serving as its chief operating officer. In addition, Mr. Kachmer has held executive and operational roles in a number of global manufacturing companies, including Ball Corporation and Firestone Tire & Rubber.

Item 4. MINE SAFETY DISCLOSURE

Not Applicable.

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PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The company's common stock is traded on the New York Stock Exchange under the symbol MTW. At December 31, 2012, the approximate number of record shareholders of common stock was 2,307.

The amount and timing of the annual dividend are determined by the Board of Directors at its regular meetings each year, subject to limitations within the company's Senior Credit Facility described below. In each of the years ended December 31, 2012, December 31, 2011 and December 31, 2010, the company paid an annual dividend of $0.08 per share in the fourth quarter.

The high and low sales prices of the common stock were as follows for 2012, 2011 and 2010:

Year Ended	2012			2011			2010		
December 31	High	Low	Close	High	Low	Close	High	Low	Close
1st Quarter	$16.97	$9.45	$13.86	$22.12	$12.80	$21.88	$14.60	$10.03	$13.00
2nd Quarter	15.11	9.60	11.70	23.23	14.79	16.84	16.43	9.09	9.14
3rd Quarter	15.44	9.90	13.34	18.19	6.56	6.71	12.26	8.48	12.11
4th Quarter	16.03	12.82	15.68	12.60	5.76	9.19	13.53	10.55	13.11

Under our Senior Credit Facility, we are limited on the amount of dividends we may pay out in any one year. The amount of dividend payments is restricted based on our consolidated total leverage ratio as defined in the credit agreement and is limited along with other restricted payments in aggregate. If the consolidated total leverage ratio is less than 3.00 to 1.00, total restricted payments are not limited in any given year. If the consolidated total leverage ratio is less than 4.00 to 1.00 but greater than or equal to 3.00 to 1.00, restricted payments may not exceed $40.0 million per year. If the consolidated total leverage ratio is less than 5.00 to 1.00 but greater than or equal to 4.00 to 1.00, restricted payments may not exceed $30.0 million per year. Lastly, if the consolidated total leverage ratio is greater than or equal to 5.00 to 1.00, total restricted payments are limited to $20.0 million per year.

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Total Return to Shareholders
(Includes reinvestment of dividends)

	Annual Return Percentages Years Ending December 31,				
	2008	2009	2010	2011	2012
The Manitowoc Company, Inc.	(82.19)%	16.77%	32.30%	(29.39)%	71.53%
S&P 500 Index	(37.00)%	26.46%	15.06%	2.11%	16.00%
S&P 600 Industrial Machinery	(32.86)%	18.68%	31.01%	(2.67)%	20.56%

	Indexed Returns Years Ending December 31,					
	2007	2008	2009	2010	2011	2012
The Manitowoc Company, Inc.	100.00	17.81	20.80	27.52	19.43	33.33
S&P 500 Index	100.00	63.00	79.67	91.68	93.61	108.59
S&P 600 Industrial Machinery	100.00	67.14	79.68	104.38	101.59	122.48

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Item 6. SELECTED FINANCIAL DATA

The following selected historical financial data have been derived from the Consolidated Financial Statements of The Manitowoc Company, Inc. The data should be read in conjunction with these financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations." Results of the Jackson business, the Kysor/Warren business, substantially all Enodis ice businesses and certain Enodis non-ice businesses, and the Marine segment in the years presented have been classified as discontinued operations to exclude those results from continuing operations. In addition, the earnings (loss) from discontinued operations include the impact of adjustments to certain retained liabilities for operations sold or closed in periods prior to those presented. Financial data for the years prior to 2012 have been revised to correct errors identified in 2012 relating to these periods. See Note 1, "Company and Basis of Presentation," in the Consolidated Financial Statements for further discussion of these revisions. For businesses acquired during the time periods presented, results are included in the table from their acquisition date. Amounts are in millions except share and per share data.

	2012	2011	2010	2009	2008
Net Sales					
Cranes and Related Products	$2,440.8	$2,164.6	$1,748.6	$2,285.0	$3,882.9
Foodservice Equipment	1,486.2	1,454.6	1,362.9	1,302.9	589.7
Total	3,927.0	3,619.2	3,111.5	3,587.9	4,472.6
Gross Profit	934.4	826.7	759.5	788.6	1,013.9
Earnings (Loss) from Operations					
Cranes and Related Products	156.0	108.2	90.6	146.7	556.7
Foodservice Equipment	238.6	214.4	201.9	164.1	59.0
Corporate	(63.7)	(61.3)	(42.0)	(46.1)	(52.8)
Amortization expense	(37.1)	(37.9)	(37.4)	(37.5)	(11.3)
Goodwill impairment	—	—	—	(515.6)	—
Intangible asset impairment	—	—	—	(146.4)	—
Restructuring expense	(9.5)	(5.5)	(3.8)	(39.6)	(21.7)
Integration expense	—	—	—	(3.6)	(7.6)
Other expense	(2.5)	0.5	(2.3)	(3.4)	—
Total	281.8	218.4	207.0	(481.4)	522.3
Interest expense	(137.1)	(146.7)	(175.0)	(174.0)	(51.6)
Amortization of deferred financing fees	(8.2)	(10.4)	(22.0)	(28.8)	(2.5)
Loss on debt extinguishment	(6.3)	(29.7)	(44.0)	(9.2)	(4.1)
Loss on purchase price hedges	—	—	—	—	(379.4)
Other income (expense) - net	0.1	2.3	(9.0)	17.3	(3.0)
Earnings (loss) from continuing operations before income taxes	130.3	33.9	(43.0)	(676.1)	81.7
Provision (benefit) for taxes on income	38.0	13.6	26.2	(68.2)	(20.8)
Earnings (loss) from continuing operations	92.3	20.3	(69.2)	(607.9)	102.5
Discontinued operations:					
Earnings (loss) from discontinued operations, net of income taxes	0.3	(3.4)	(8.1)	(34.6)	(144.8)
Gain (loss) on sale or closure of discontinued operations, net of income taxes	—	(34.6)	—	(24.2)	53.1
Net earnings (loss)	92.6	(17.7)	(77.3)	(666.7)	10.8
Less: Net loss attributable to noncontrolling interest, net of tax	(9.1)	(6.5)	(2.7)	(2.5)	(1.9)
Net earnings (loss) attributable to Manitowoc	$101.7	$(11.2)	$(74.6)	$(664.2)	$12.7
Amounts attributable to the Manitowoc common shareholders:					

Earnings (loss) from continuing operations	$101.4	$26.8	$(66.5)	$(605.4)	$104.4
Loss from discontinued operations, net of income taxes	0.3	(3.4)	(8.1)	(34.6)	(144.8)
Gain (loss) on sale or closure of discontinued operations, net of income taxes	—	(34.6)	—	(24.2)	53.1
Net earnings (loss) attributable to Manitowoc	$101.7	$(11.2)	$(74.6)	$(664.2)	$12.7

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Cash Flows					
Cash flow from operations	$ 162.3	$ 15.6	209.3	$ 339.5	$ 306.1
Identifiable Assets					
Cranes and Related Products	$ 1,903.3	$ 1,760.8	1,659.3	$ 1,803.3	$ 2,288.6
Foodservice Equipment	1,956.8	2,192.6	2,193.4	2,272.1	3,381.0
Corporate	197.2	69.2	219.6	262.6	444.5
Total	$ 4,057.3	$ 4,022.6	4,072.3	$ 4,338.0	$ 6,114.1
Long-term Obligations	$ 1,824.8	$ 1,890.0	1,997.4	$ 2,172.4	$ 2,655.3
Depreciation					
Cranes and Related Products	$ 44.9	$ 54.2	56.5	$ 55.3	$ 66.3
Foodservice Equipment	22.3	24.5	27.1	29.0	11.7
Corporate	2.3	2.8	2.9	2.8	1.5
Total	$ 69.5	$ 81.5	86.5	$ 87.1	$ 79.5
Capital Expenditures					
Cranes and Related Products	52.7	52.2	21.9	51.5	129.4
Foodservice Equipment	17.4	11.9	12.0	14.4	10.5
Corporate	2.8	0.7	2.0	2.6	10.0
Total	$ 72.9	$ 64.8	35.9	$ 68.5	$ 149.9
Per Share					
Basic earnings (loss) per common share:					
Earnings (loss) from continuing operations attributable to Manitowoc common shareholders	$ 0.77	$ 0.21	$ (0.51)	$ (4.65)	$ 0.80
Loss from discontinued operations attributable to Manitowoc common shareholders	—	(0.03)	(0.06)	(0.27)	(1.11)
Gain (loss) on sale or closure of discontinued operations, net of income taxes	—	(0.27)	—	(0.19)	0.41
Earnings (loss) per share attributable to Manitowoc common shareholders	$ 0.77	$ (0.09)	$ (0.57)	$ (5.10)	$ 0.10
Diluted earnings (loss) per common share:					
Earnings (loss) from continuing operations attributable to Manitowoc common shareholders	$ 0.76	$ 0.20	(0.51)	$ (4.65)	$ (0.79)
Loss from discontinued operations attributable to Manitowoc common shareholders	—	(0.03)	(0.06)	(0.27)	(1.10)
Gain (loss) on sale or closure of discontinued operations, net of income taxes	—	(0.26)	—	(0.19)	0.40
Earnings (loss) per share attributable to Manitowoc common shareholders	$ 0.76	$ (0.08)	$ (0.57)	$ (5.10)	$ 0.10
Avg Shares Outstanding					
Basic	131,447,895	130,481,436	130,581,040	130,268,670	129,930,749
Diluted	133,317,050	133,377,109	130,581,040	130,268,670	131,630,215

(1) Discontinued operations represent the results of operations and gain or loss on sale or closure of the Marine segment, substantially all Enodis ice businesses and certain Enodis non-ice businesses, Kysor/Warren, and Jackson, which either qualified for discontinued operations treatment or were sold or closed during 2008 through 2012.
(2) We acquired one business in 2010 and two businesses during 2008.
(3) Cash dividends per share for 2008 through 2012 were $0.08.
(4) Balance sheet data for 2008 through 2011 have been revised to correct errors identified in 2012. The impact of these errors on balance sheet data related to identifiable assets for Cranes and Related Products was a $62.0 million increase for 2011 and a $64.9 million increase for 2010, 2009 and 2008. The impact of these errors on balance

sheet data related to identifiable assets for Foodservice Equipment was an $8.6 million decrease for 2011, 2010, and 2009 and a $9.8 million decrease for 2008. The impact of these errors on the 2011, 2010 and 2009 balance sheet data related to identifiable assets for Corporate was increases of $4.0 million, $4.9 million and $1.8 million, respectively. 2011, 2010, 2009 and 2008 net earnings (loss) data have been revised to correct errors identified in 2012. There was a $0.7 million increase to net loss in 2011, and a reduction of $4.9 million to the net loss in 2010 and 2009, and an increase to net earnings of $1.9 million in 2008. There was a $0.04 decrease to basic and diluted loss per share in 2010 and 2009 and a $0.02 increase to basic and diluted earnings per share in 2008. See Note 1, "Company and Basis of Presentation," to the Consolidated Financial Statements for further discussion of the nature of these errors.

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Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the consolidated financial statements and related notes appearing in Part II, Item 8 of the Annual Report on Form 10-K.

Overview The Manitowoc Company, Inc. is a multi-industry, capital goods manufacturer in two principal markets: Cranes and Related Products (Crane) and Foodservice Equipment (Foodservice). Crane is recognized as one of the world's leading providers of lifting equipment for the global construction industry, including lattice-boom cranes, tower cranes, mobile telescopic cranes, and boom trucks. Foodservice is one of the world's leading innovators and manufacturers of commercial foodservice equipment serving the ice, beverage, refrigeration, food preparation, and cooking needs of restaurants, convenience stores, hotels, healthcare, and institutional applications.

During the fourth quarter of 2012, the company decided to divest its warewashing equipment business, which operated under the brand name Jackson, and classified this business as discontinued operations in the company's financial statements. Jackson designs, manufactures and sells warewashing equipment, offering a full range of undercounter dishwashers, door-type dishwashers, conveyor, pot washing, and flight-type dishwashers. On January 28, 2013, the company sold the Jackson warewashing equipment business to Hoshizaki USA Holdings, Inc. for approximately $38.5 million. Net proceeds were used to reduce ratably the then-outstanding balances of Term Loan A and B.

On December 15, 2010, the company reached a definitive agreement to divest its Kysor/Warren and Kysor/Warren de Mexico (collectively "Kysor/Warren") businesses, which manufactured frozen, medium temperature and heated display merchandisers, mechanical refrigeration systems and remote mechanical and electrical houses to Lennox International for approximately $145 million, including a preliminary working capital adjustment. The transaction subsequently closed on January 14, 2011 and the net proceeds were used to pay down outstanding debt. On July 1, 2011, the company made a payment to Lennox International of $2.4 million as the final working capital adjustment under the sale agreement. The results of these operations have been classified as discontinued operations.

The following discussion and analysis covers key drivers behind our results for 2010 through 2012 and is broken down into three major sections. First, we provide an overview of our results of operations for the years 2010 through 2012 on a consolidated basis and by business segment. Next we discuss our market conditions, liquidity and capital resources, off-balance sheet arrangements, and obligations and commitments. Finally, we provide a discussion of risk management techniques, contingent liability issues, critical accounting policies, impacts of future accounting changes, and cautionary statements.

All dollar amounts, except per share amounts, are in millions of dollars throughout the tables included in this Management's Discussion and Analysis of Financial Conditions and Results of Operations unless otherwise indicated. The 2011 and 2010 results have been revised to reflect the correction of errors relating to these periods. See Note 1, "Company and Basis of Presentation" for further discussion.

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Results of Consolidated Operations

Millions of dollars	2012	2011	2010
Operations			
Net sales	$3,927.0	$3,619.2	$3,111.5
Cost of sales	2,992.6	2,792.5	2,352.1
Gross Profit	934.4	826.7	759.4
Operating expenses:			
Engineering, selling and administrative expenses	603.5	565.4	508.9
Amortization expense	37.1	37.9	37.4
Restructuring expense	9.5	5.5	3.8
Other expenses (income)	2.5	(0.5)	2.3
Total operating expenses	652.6	608.3	552.4
Operating earnings from continuing operations	281.8	218.4	207.0
Other income (expenses):			
Interest expense	(137.1)	(146.7)	(175.0)
Amortization of deferred financing fees	(8.2)	(10.4)	(22.0)
Loss on debt extinguishment	(6.3)	(29.7)	(44.0)
Other income (expense)-net	0.1	2.3	(9.0)
Total other expenses	(151.5)	(184.5)	(250.0)
Earnings (loss) from continuing operations before taxes on earnings	130.3	33.9	(43.0)
Provision for taxes on earnings	38.0	13.6	26.2
Earnings (loss) from continuing operations	92.3	20.3	(69.2)
Discontinued operations:			
Earnings (loss) from discontinued operations, net of income taxes	0.3	(3.4)	(8.1)
Loss on sale of discontinued operations, net of income taxes	—	(34.6)	—
Net earnings (loss)	92.6	(17.7)	(77.3)
Less: Net loss attributable to noncontrolling interest, net of tax	(9.1)	(6.5)	(2.7)
Net earnings (loss) attributable to Manitowoc	$101.7	$(11.2)	$(74.6)
Amounts attributable to the Manitowoc common shareholders:			
Earnings (loss) from continuing operations	$101.4	$26.8	$(66.5)
Loss from discontinued operations, net of income taxes	0.3	(3.4)	(8.1)
Loss on sale of discontinued operations, net of income taxes	—	(34.6)	—
Net earnings (loss) attributable to Manitowoc	$101.7	$(11.2)	$(74.6)

Year Ended December 31, 2012 Compared to 2011

Net Sales

(in millions)	2012	2011	Change
Net Sales	$3,927.0	$3,619.2	8.5 %

Consolidated net sales increased 8.5% in 2012 to $3.9 billion from $3.6 billion in 2011. The increase was primarily the result of the year-over-year increase in the Crane segment along with a modest increase in the Foodservice segment. Crane segment sales increased in all regions except China, which decreased as a result of volume reductions. The overall increase in the Crane segment was primarily driven by the Americas region due to economic recoveries and higher demand in certain emerging markets. Crane segment sales increased 12.8% for the year ended December 31, 2012 compared to 2011. Foodservice sales increased in the Americas and Asia Pacific (APAC) regions from the prior year due to volume increases. Foodservice sales increased 2.2% for the year ended December 31, 2012 compared to 2011. Consolidated net sales were unfavorably impacted by approximately $73.5 million, or 2.0%, from foreign currency volatility in relation to the U.S. Dollar for the year ended December 31, 2012 compared with the year ended December 31, 2011. Further analysis of the changes in sales by segment is presented in the "Sales and Operating Earnings by Segment" section below.

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Gross Profit

(in millions)	2012	2011	Change
Gross Profit	$934.4	$826.7	13.0 %
Gross Margin	23.8 %	22.8 %	

Gross profit for the year ended December 31, 2012 increased to $934.4 million compared to $826.7 million for the year ended December 31, 2011, an increase of 13.0%. Gross margin increased in 2012 to 23.8% from 22.8% in 2011. The increase in consolidated gross profit was attributable to sales volume increases in both the Crane and Foodservice segments in the regions noted above and pricing actions. Crane segment gross profit increases were partially offset by increases in manufacturing costs. The increase in gross margin was primarily due to pricing actions, cost reduction and lean actions slightly offset by investment in optimizing global footprint.

Engineering, Selling and Administrative Expenses

(in millions)	2012	2011	Change
Engineering, selling and administrative expenses	$603.5	$565.4	6.7 %

Engineering, selling and administrative (ES&A) expenses for the year ended December 31, 2012 increased $38.1 million to $603.5 million compared to $565.4 million for the year ended December 31, 2011. Crane segment ES&A increased $38.3 million, or 15.4%, for the year ended December 31, 2012 compared to the same period in 2011. This increase was driven by increased employee compensation and benefit costs, increased levels of engineering expenses, recognition of reserves for a small number of discrete customer financing issues and enterprise resource planning system implementation costs. Foodservice ES&A decreased $2.8 million, or 1.1%, for the year ended December 31, 2012 compared to the same period in 2011. This decrease was driven by reduction in sales related costs, favorable foreign exchange impact, and reduced employee costs.

Amortization Expense

(in millions)	2012	2011	Change
Amortization expense	$37.1	$37.9	(2.1)%

Amortization expense for the year ended December 31, 2012 was $37.1 million compared to $37.9 million for 2011. See further detail related to intangible assets at Note 9, “Goodwill and Other Intangible Assets.”

Restructuring Expense

(in millions)	2012	2011	Change
Restructuring expense	$9.5	$5.5	*

* Measure not meaningful

Restructuring expenses for the year ended December 31, 2012 totaled $9.5 million compared to $5.5 million in 2011. Crane segment restructuring expenses totaled $7.2 million for the year ended December 31, 2012. These expenses primarily related to workforce reductions at our France operations. Foodservice segment restructuring expenses totaled $2.3 million for the year ended December 31, 2012. These expenses primarily related to plant consolidation efforts in the Americas region and workforce reductions in Europe. See further detail at Note 19, “Restructuring.”

Interest Expense & Amortization of Deferred Financing Fees

(in millions)	2012	2011	Change
Interest expense	$137.1	$146.7	(6.5)%
Amortization of deferred financing fees	$8.2	$10.4	(21.2)%

Interest expense for the year ended December 31, 2012 totaled $137.1 million versus $146.7 million for the year ended December 31, 2011. The decrease in interest expense of $9.6 million for the year ended December 31, 2012 compared to the year ended December 31, 2011 was due to the amendment of our Senior Credit Facility during the second quarter of 2011, which lowered the associated interest rates along with debt reductions in 2012 and 2011. Amortization expense for deferred financing fees were $8.2 million for the year ended December 31, 2012 as compared to $10.4 million in 2011. The decrease in amortization expense for deferred financing fees of $2.2 million was attributable to the write-off of a portion of the deferred

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financing fees associated with the amendment in the second quarter of 2011, partially offset by the amortization of new fees associated with the Senior Credit Facility and the Senior Notes due 2022. See further detail at Note 11, “Debt.”

Loss on Debt Extinguishment

(in millions)	2012	2011	Change
Loss on debt extinguishment	$6.3	$29.7	*

* Measure not meaningful

Loss on debt extinguishment for the year ended December 31, 2012 totaled $6.3 million, compared to $29.7 million in 2011. The loss on debt extinguishment in 2012 was attributable to the accelerated paydown of Term Loans A and B associated with our Senior Credit Facility and the redemption of our 7.125% Senior Notes due 2013. The loss on debt extinguishment in 2011 was attributable to the write-off of a portion of the deferred financing fees associated with the amendment to the Senior Credit Facility in the second quarter of 2011.

Other Income - Net

(in millions)	2012	2011	Change
Other income - net	$0.1	$2.3	*

* Measure not meaningful

Other income, net for the year ended December 31, 2012 was $0.1 million versus $2.3 million for the prior year. The decrease of $2.2 million in other income for the year ended December 31, 2012 compared to the year ended December 31, 2011 was primarily due to reductions in interest income and gains from asset sales, partially offset by foreign currency losses in 2011 that did not reoccur at the same level in 2012.

Income Taxes

(in millions)	2012		2011		Change
Effective annual tax rate	29.2	%	40.1	%	
Provision for taxes on earnings	$38.0		$13.6		*

* Measure not meaningful

The effective tax rate for the year ended December 31, 2012 was 29.2% compared to 40.1% for the year ended December 31, 2011. The effective tax rate in 2012 was favorably impacted by the release of an $11.6 million reserve resulting from a favorable audit outcome. The 2011 and 2012 effective tax rates were favorably impacted by income earned in jurisdictions where the statutory rate was less than 35%.

Tax expense for the year ended December 31, 2012 was unfavorably impacted by valuation allowance adjustments on deferred tax assets totaling $17.5 million compared to $12.3 million in 2011. The company recorded valuation allowance adjustments related to current year losses and income tax rate changes in jurisdictions with valuation allowances established in prior years. See further detail at Note 13, “Income Taxes.”

The company is under examination by the Internal Revenue Service (“IRS”) for the calendar years 2008 and 2009. In August 2012, the company received a Notice of Proposed Assessment (“NOPA”) related to the disallowance of the deductibility of a $380.9 million foreign currency loss incurred in calendar year 2008. In September 2012, the company responded to the NOPA indicating its formal disagreement and subsequently received an Examination Report which includes the proposed disallowance. The largest potential adjustment for this matter could, if the IRS were to prevail, increase the company's potential federal tax expense and cash outflow by approximately $134.0 million plus interest and penalties, if any. The company filed a formal protest to the proposed adjustment during the fourth quarter of 2012. The company plans to pursue all administrative and, if necessary, judicial remedies with respect to resolving this matter. However, there can be no assurance that this matter will be resolved in the company's favor. The IRS also examined and proposed adjustments to the research and development credit generated in 2009; the company also formally disagreed with the adjustments.

The company regularly assesses the likelihood of an adverse outcome resulting from examinations to determine the adequacy of its tax reserves. As of December 31, 2012, the company believes that it is more-likely-than-not that the tax positions it has taken will be sustained upon the resolution of its audits resulting in no material impact on its consolidated financial position and the results of operations and cash flows. However, the final determination with respect to any tax audits, and any related litigation, could be materially different from the company's estimates and/or from its historical income tax provisions and accruals and could have a material effect on operating results and/or cash flows in the periods for which that determination is

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made. In addition, future period earnings may be adversely impacted by litigation costs, settlements, penalties, and/or interest assessments.

Earnings (Loss) from Discontinued Operations

(in millions)	2012	2011	Change
Earnings (loss) from discontinued operations	$0.3	$(3.4)	*

* Measure not meaningful

The results from discontinued operations were earnings of $0.3 million and a loss of $3.4 million, net of income taxes, for the years ended December 31, 2012 and 2011, respectively. The earnings from discontinued operations relates primarily to the Jackson business which was classified as discontinued operations in the fourth quarter of 2012, partially offset by a loss in the Kysor/Warren business that was sold on January 14, 2011. See additional discussion at Note 4, “Discontinued Operations.”

Net Loss Attributable to Noncontrolling Interest

(in millions)	2012	2011	Change
Net loss attributable to noncontrolling interest	$9.1	$6.5	40.0%

For the year ended December 31, 2012, a net loss attributable to a noncontrolling interest of $9.1 million was recorded in relation to the minority partners' portion of the full year loss from our Chinese affiliate joint venture, Manitowoc Dongyue Heavy Machinery Co., Ltd. (Manitowoc Dongyue). There was a net loss of $6.5 million attributable to the minority partner in connection with Manitowoc Dongyue for the same period of 2011.

Year Ended December 31, 2011 Compared to 2010

Net Sales

(in millions)	2011	2010	Change
Net Sales	$3,619.2	$3,111.5	16.3%

Consolidated net sales increased 16.3% in 2011 to $3.6 billion from $3.1 billion in 2010. The increase was the result of year-over-year increases in both the Crane and Foodservice segments. Crane segment sales increased in all regions and in all product lines from 2010 due to modest economic recoveries in the Americas region and in certain emerging markets. Crane segment sales increased 23.8% for the year ended December 31, 2011 compared to 2010. Foodservice sales increased in all regions from 2010 due to continued penetration of global chains with whom we partner and modest economic improvements. Foodservice sales increased 6.7% for the year ended December 31, 2011 compared to 2010. Weaker foreign currencies as compared to the U.S. Dollar had a favorable impact on consolidated net sales of $55.1 million, or 1.8%, for the year ended December 31, 2011 compared with the year ended December 31, 2010. Further analysis of the changes in sales by segment is presented in the "Sales and Operating Earnings by Segment" section below.

Gross Profit

(in millions)	2011	2010	Change
Gross Profit	$826.7	$759.4	8.9%
Gross Margin	22.8%	24.4%	

Gross profit for the year ended December 31, 2011 increased to $826.7 million compared to $759.4 million million for the year ended December 31, 2010, an increase of 8.9%. Gross margin decreased in 2011 to 22.8% from 24.4% in 2010. The increase in consolidated gross profit was attributable to sales volume increases in both the Crane and Foodservice segments in all regions. Crane segment gross profit increases were partially offset by increases in material costs, labor costs and additional provisions for warranty and excess and obsolete inventory. Foodservice segment gross profit increases were offset by higher material and other manufacturing costs. The decrease in gross margin was due to higher material and labor costs in both segments.

Engineering, Selling and Administrative Expenses

(in millions)	2011	2010	Change
Engineering, selling and administrative expenses	$565.4	$508.9	11.1%

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Engineering, selling and administrative (ES&A) expenses for the year ended December 31, 2011 increased $56.5 million to $565.4 million compared to $508.9 million for the year ended December 31, 2010. Crane segment ES&A increased $35.1 million or 16.5% for the year ended December 31, 2011 compared to the same period in 2010. This increase was driven by increased employee compensation and benefit costs, increased marketing expenses and increased levels of research and development. Foodservice ES&A increased $1.6 million or 0.6% for the year ended December 31, 2011 compared to the same period in 2010. This increase was driven by increased employee compensation and benefit costs, partially offset by cost reduction activities.

Amortization Expense

(in millions)	2011	2010	Change
Amortization expense	$ 37.9	$ 37.4	1.3 %

Amortization expense for the year ended December 31, 2011 was $37.9 million compared to $37.4 million for 2010. See further detail related to intangible assets at Note 9, “Goodwill and Other Intangible Assets.”

Restructuring Expense

(in millions)	2011	2010	Change
Restructuring expense	$ 5.5	$ 3.8	44.7 %

Restructuring expenses for the year ended December 31, 2011 totaled $5.5 million compared to $3.8 million in 2010. Crane segment restructuring expenses totaled $3.2 million for the year ended December 31, 2011. These expenses primarily related to the consolidation of certain European operations. Foodservice segment restructuring expenses totaled $2.3 million for the year ended December 31, 2011. These expenses primarily related to plant consolidation efforts in the United States and Europe. See further detail at Note 19, “Restructuring.”

Interest Expense & Amortization of Deferred Financing Fees

(in millions)	2011	2010	Change
Interest expense	$ 146.7	$ 175.0	(16.2)%
Amortization of deferred financing fees	$ 10.4	$ 22.0	(52.7)%

Interest expenses for the year ended December 31, 2011 totaled $146.7 million versus $175.0 million for the year ended December 31, 2010. The decrease in interest expense of $28.3 million for the year ended December 31, 2011 compared to the year ended December 31, 2010 was due to refinancing of our Senior Credit Facility during the second quarter of 2011, which lowered the associated interest rate paid, and debt reductions in 2011 and 2010. Amortization expense for deferred financing fees was $10.4 million for the year ended December 31, 2011 as compared to $22.0 million in 2010. The decrease in amortization expense for deferred financing fees of $11.6 million was attributable to the write-off of a portion of the deferred financing fees associated with the refinancing in the second quarter of 2011, partially offset by the amortization of new fees associated with the New Senior Credit Facility. See further detail at Note 11, “Debt.”

Loss on Debt Extinguishment

(in millions)	2011	2010	Change
Loss on debt extinguishment	$ 29.7	$ 44.0	(32.5)%

Loss on debt extinguishment for the year ended December 31, 2011 totaled $29.7 million compared to $44.0 million in 2010. The loss on debt extinguishment in 2011 was attributable to the write-off of a portion of the deferred financing fees associated with the amendment to the Senior Credit Facility in the second quarter of 2011. The loss on debt extinguishment in 2010 was attributable to the accelerated paydown of Term Loans A and B associated with the Senior Credit Facility. See further detail at Note 11, “Debt.”

Other Income (Expense) - Net

(in millions)	2011	2010	Change
Other income (expense) - net	$ 2.3	$ (9.0)	*

* Measure not meaningful

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Other income (expense), net for the year ended December 31, 2011 was income of $2.3 million versus a loss of $9.0 million for the prior year. The increase of $11.3 million in other income for the year ended December 31, 2011 compared to the year ended December 31, 2010 was due to foreign currency losses in 2010 that did not reoccur at the same level in 2011. Other income in 2011 consisted of interest income and gains from asset sales offset by bank fees and currency losses.

Income Taxes

(in millions)	2011	2010	Change
Effective annual tax rate	40.1 %	(60.9)%	
Provision for taxes on earnings	$ 13.6	$ 26.2	*

* Measure not meaningful

The effective tax rate for the year ended December 31, 2011 was 40.1% compared to negative 60.9% for the year ended December 31, 2010. As the company posted pre-tax losses in 2010, the negative effective tax rate was an expense to the consolidated statement of operations. The effective tax rate in 2010 was unfavorably impacted by the full valuation allowance of $45.6 million on the net deferred tax asset in France. The 2011 and 2010 effective tax rates were favorably impacted by income earned in jurisdictions where the statutory rate was less than 35%.

Tax expense for the year ended December 31, 2011 was unfavorably impacted by valuation allowance adjustments on deferred tax assets totaling $12.3 million compared to $52.0 million in 2010. The company recorded a full valuation allowance of $45.6 million on the net deferred tax asset for net operating loss carryforwards in France during the fourth quarter of 2010. During 2011, the company continued to record valuation allowances on the deferred tax assets in France and certain other jurisdictions, as it remained more-likely-than-not that they would not be utilized. See further detail at Note 13, “Income Taxes.”

Loss from Discontinued Operations

(in millions)	2011	2010	Change
Loss from discontinued operations	$ (3.4)	$ (8.1)	(58.0)%

The results from discontinued operations were a loss of $(3.4) million and a loss of $(8.1) million, net of income taxes, for the years ended December 31, 2011 and 2010, respectively. The loss from discontinued operations related primarily to the Kysor/Warren business that was sold on January 14, 2011. See additional discussion at Note 4, “Discontinued Operations.”

Net Loss Attributable to Noncontrolling Interest

(in millions)	2011	2010	Change
Net loss attributable to noncontrolling interest	$ 6.5	$ 2.7	*

* Measure not meaningful

For the year ended December 31, 2011, a net loss attributable to a noncontrolling interest of $6.5 million was recorded in relation to the minority partners' portion of the full year loss from our Chinese joint venture Manitowoc Dongyue Heavy Machinery Co., Ltd. (Manitowoc Dongyue). There was a net loss of $2.7 million attributable to the minority partner in connection with Manitowoc Dongyue for the same period of 2010.

Sales and Operating Earnings by Segment

Cranes and Related Products Segment

(in millions)	2012	2011	2010
Net sales	$ 2,440.8	$ 2,164.6	$ 1,748.6
Operating earnings	$ 156.0	$ 108.2	$ 90.6
Operating margin	6.4 %	5.0 %	5.2 %

Year Ended December 31, 2012 Compared to 2011

Crane segment net sales for the year ended December 31, 2012 increased to $2.4 billion versus $2.2 billion for the year ended December 31, 2011, which was primarily the result of volume increases and pricing actions. The increase was partially offset by the unfavorable impact of approximately $61.7 million from foreign currency volatility in relation to the U.S. Dollar for the

year ended December 31, 2012 compared with the year ended December 31, 2011. As of December 31, 2012, total Crane segment backlog was $755.8 million, a slight decrease from the December 31, 2011 backlog of $760.5 million. For the year ended December 31, 2012, the Crane segment reported operating earnings of $156.0 million compared to $108.2 million for the year ended December 31, 2011. Operating earnings for the Crane segment were favorably affected by higher sales volumes, pricing actions and favorable warranty experience. These increases in operating earnings were partially offset by increases in material costs, labor costs and additional provisions for excess and obsolete inventory. In addition, ES&A expense was affected by increased employee compensation and benefit costs, increased levels of engineering expenses, recognition of reserves for a small number of discrete customer financing issues and enterprise resource planning system implementation costs. Operating margin for the year ended December 31, 2012 was 6.4% versus 5.0% for the year ended December 31, 2011. Crane's operating margin increased primarily due to the pricing actions noted above.

Year Ended December 31, 2011 Compared to 2010

Crane segment net sales for the year ended December 31, 2011 increased 29.4% to $2.2 billion versus $1.7 billion for the year ended December 31, 2010. Crane segment sales increased in all geographic regions and in all product lines from 2010 due to modest economic recoveries in the Americas region and certain emerging markets. As of December 31, 2011, total Crane segment backlog was $760.5 million, an increase of 33.0% from the December 31, 2010 backlog of $571.7 million and consistent with the September 30, 2011 backlog of $774.6 million. The trend for new orders, net of insignificant cancellations, continued to improve throughout 2011.

For the year ended December 31, 2011, the Crane segment reported operating earnings of $108.2 million compared to $90.6 million for the year ended December 31, 2010. Operating earnings for the Crane segment were favorably affected by higher sales volumes and higher factory absorption, but were offset by increases in material costs, labor costs and additional provisions for warranty and excess and obsolete inventory. In addition, ES&A expense was affected by increased employee compensation and benefit costs, marketing expenses and increased levels of research and development. Operating margin for the year ended December 31, 2011 was 5.0% versus 5.2% for the year ended December 31, 2010. Crane's operating margin decreased primarily due to the increased costs noted above offsetting the sales growth. The year ended December 31, 2010 also benefited from the collection of a previously reserved receivable of $4.2 million and a favorable adjustment to the excess and obsolete inventory reserve of $5.0 million.

Foodservice Equipment Segment

(in millions)	2012	2011	2010
Net sales	$1,486.2	$1,454.6	$1,362.9
Operating earnings	$238.6	$214.4	$201.9
Operating margin	16.1 %	14.7 %	14.8 %

Year Ended December 31, 2012 Compared to 2011

Foodservice segment net sales increased $31.6 million to $1.5 billion for the year ended December 31, 2012 compared to the prior year. The sales increase during 2012 was primarily driven by volume increases in the Americas and APAC regions coupled with pricing actions. The increase was partially offset by an increase in rebates and an unfavorable impact of approximately $11.8 million from foreign currency volatility in relation to the U.S. Dollar for the year ended December 31, 2012 compared with the year ended December 31, 2011.

For the year ended December 31, 2012, the Foodservice segment reported operating earnings of $238.6 million compared to $214.4 million for the year ended December 31, 2011. The 2012 operating earnings increase and operating margin increase to 16.1% from 14.7% in 2011 were primarily due to increases in volume, pricing actions and manufacturing cost reduction initiatives, which were partially offset by increases in rebates and warranty expense, due to increases in volume and material and labor costs. In addition, approximately $1.2 million of the increase was offset by foreign currency volatility in relation to the U.S. Dollar for the year ended December 31, 2012 compared to the year ended December 31, 2011.

Year Ended December 31, 2011 Compared to 2010

Foodservice segment net sales increased 6.7%, or 91.7 million, to $1.5 billion for the year ended December 31, 2011 compared to $1.4 billion for the year ended December 31, 2010. The sales increase during 2011 was driven by new product introductions and increased sales in all regions. In addition, approximately $25.2 million of the increase was due to the weaker U.S. Dollar relative to the Euro and British Pound currencies.

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For the year ended December 31, 2011, the Foodservice segment reported operating earnings of $214.4 million compared to $201.9 million for the year ended December 31, 2010. The 2011 operating earnings increase was primarily due to higher volume, appropriate pricing actions and manufacturing cost savings which were only partially offset by material and other cost increases. Operating margin decreased in 2011 to 14.7% from 14.8% in 2010. In addition, approximately $1.2 million of the operating earnings increase was due to the weaker U.S. Dollar relative to the Euro and British Pound currencies.

General Corporate Expenses

(in millions)	2012	2011	2010
Net sales	$3,927.0	$3,619.2	$3,111.5
Corporate expenses	$63.7	$61.3	$42.0
% of Net sales	1.6 %	1.7 %	1.3 %

Year Ended December 31, 2012 Compared to 2011

Corporate expenses increased $2.4 million to $63.7 million in 2012 compared to $61.3 million in 2011. The increase was due to higher employee benefit and stock-based award compensation expenses.

Year Ended December 31, 2011 Compared to 2010

Corporate expenses increased $19.3 million to $61.3 million in 2011 compared to $42.0 million in 2010. The increase was due to higher employee stock-based and total compensation, benefit costs and increased professional services.

Market Conditions and Outlook

In 2013, we are planning for continued growth in both of our two business segments: Cranes and Related Products and Foodservice Equipment. We are focused on margin improvement in the face of slow growth and potentially choppy end markets and macro-economies. Lingering concerns over government transitions, regulatory policies, and consumer confidence have influenced our outlook and action plans as we start 2013. However, our team has proven time and again its ability to navigate through challenging landscapes. We have been diligent in our efforts to improve operational efficiencies and manage our cost structure over the last several years.

Looking ahead to 2013, we expect Foodservice segment revenues to improve modestly in the mid-single digit range and operating margins to be consistent in 2013, versus 2012. We expect Crane segment revenues to increase in the high single digit range in 2013 versus 2012. Additionally, we anticipate that operating margins in our Crane segment will be in the high single digit range. Other financial expectations include capital expenditures of approximately $100 million, depreciation and amortization of approximately $115 million, a debt reduction target to exceed $200 million, between $10 million and $15 million reduction in interest expense, and full-year effective tax rate in the mid 30 percent range.

Cranes and Related Products - Our Crane segment is benefiting from recovery in crane demand, especially within emerging markets in Asia, Latin America, and the Middle East as well as in North America. As a result, our year-end backlog has stabilized at $755.8 million as of December 31, 2012 compared to $760.5 million in December 31, 2011. Our initiatives in the area of quality, reliability and performance are producing positive results. These include improving Customer Satisfaction Index (CSI) scores, reduced warranty claims, improved Mean Time Between Failure (MTBF) and improved emissions. Our investments in a component and systems validation and accelerated life cycle testing facility has improved our new product development process and the reliability of our cranes. We believe these efforts, combined with the cost reduction initiatives and the process and facilities improvements that have been made in 2012 and prior years, allow us to deliver better cranes to our customers in a more efficient manner.

We expect the opportunities and the need for cranes to continue all around the globe. We enjoy filling the needs from many industries including construction, infrastructure, refining, all forms of energy production and energy transmission. We also continue to see demand for our industry-leading product support services. Our Crane Care business is not only a key differentiator for us, but it is also especially important to our customers as the market rebounds to ensure uptime availability.

Forecasting remains challenging due to mixed views from trade association and industry economists as well as continued sovereign financial issues in Europe. We continue to use what we believe to be the best information that is available and have also expanded our efforts to become more responsive to changes in demand between regions and product lines. These efforts allow us to better meet the sudden changes in demand that an unstable recovering economy makes and this allows us to

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improve our market share with our ability to have the right product available at the right time. The Crane segment looks to leverage its manufacturing footprint, while improving working capital efficiency, and increasing ES&A expenses at a slower rate than revenue increases throughout 2013. In addition, we anticipate that a continued focus on economic value-added (EVA®) will help to optimize cash flow and boost the segment's earnings potential. Underlying these financial goals, the Crane segment is focused on strategic initiatives, which include for 2013 the continuation of our Project One ERP initiative with go-live implementations in Singapore, Australia, Philippines, Italy, and Manitowoc; driving manufacturing excellence initiatives through the use of lean manufacturing principles; the continuing introduction of new crawler, tower, and mobile cranes; intensified leverage of our presence in various emerging markets; and an ongoing build-out of our Crane Care infrastructure to support accelerating whole goods sales in emerging and developed markets.

From a longer-term perspective, we are among the world's leading sources of lifting solutions, with what we believe to be the most recognized brands and the broadest manufacturing and support footprint in the industry. Globally, we expect an increasing demand for modern infrastructure and energy, and we are well-positioned to support these end markets anywhere in the world. We have a resilient business, with a strong global distribution network and a large installed base of equipment complemented by the best and most experienced workforce in the industry. As a result, we expect to thrive as the world economy recovers and the crane industry grows.

Foodservice Equipment - Manitowoc Foodservice is a leading player in the global foodservice equipment industry. Our customers include many of the fastest-growing and most-innovative foodservice companies in the world. They come to us for innovations that allow them to improve their menus, enhance their operations and reduce their costs. We serve customers around the globe and we will continue to expand and support our customers wherever they grow. Our integrated manufacturing operations, service sites and sales offices work together to assist customers worldwide, whether these customers are local businesses or global companies.

During 2012 we launched numerous new products supporting our customers' menu initiatives, energy savings goals and sustainability initiatives. Because we can help our customers operate more profitably and deliver innovative food product solutions, we believe they are willing to invest in our products, even during recessionary economic conditions.

A number of leading indicators suggest that 2013 will bring continued growth opportunities in the foodservice sector, The US National Restaurant Association ("NRA") and the Manufacturers' Agents Association for the Foodservice Industry ("MAFSI") released their 2013 US Market forecasts, both projecting growth for 2013. NRA projected that overall operator sales would increase 0.8%. Quick service restaurant ("QSR") (+4.9%), Snack/Beverage (+4.3%), Managed Services (+4.0%) and Hospitals (+4.5%) are projected to be the fastest growing major segments. MAFSI's forecast for 2013 sales is a healthy 4.7% gain in equipment and supplies. This reflects the largely North American perspective of MAFSI which escapes the difficulties of the softer global economy, especially in Europe. According to MAFSI the "hot spots" of activity are Education (K 12 and Colleges), Health Care, and Chain Accounts while the "Soft Spots" are Fine Dining, Independent Operators, and Correctional Institutions.

Globally, Euromonitor projects that foodservice operator sales growth will continue at approximately 4%, global outlet growth will continue at approximately 3%, with the QSR and full service segments experiencing faster outlet growth based on continued rapid expansion in Asia Pacific, Latin America and the Middle East. Growth in the Asia Pacific region will be driven by a cultural preference for social, sit-down dining and upwardly mobile consumers seeking quick, value-priced options. Euromonitor also reports that in Latin America, consumers are demanding more premium dining options in a full-service environment, while major fast food players are increasing their focus on the region and expanding aggressively. Euromonitor expects there will be significant opportunities in key Gulf States, albeit from a relatively small base.

Our strong position gives us significant opportunities to grow along with our customers. Not only do we aim to be their supplier of choice, but also their innovator of choice. Our customers are constantly looking for ways to innovate their menus, and we are at the forefront of that innovation. Global chain customers and our channel partners recognize

Manitowoc Foodservice and our brands for innovation and supplier support. In 2012, Manitowoc Foodservice received the ENERGY STAR® Sustained Excellence award, following previous recognition in 2010 and 2011 as Energy Star Partner of the Year, showcasing our long-term commitment to energy conservation and operating efficiency. Additionally, the U.S. National Restaurant Association recognized our Frymaster, Garland and Merrychef brands with Kitchen Innovation Awards in 2012, bringing our total to 23 of these prestigious awards. Cleveland, Frymaster, Lincoln and Manitowoc Ice received recognition from Foodservice Equipment and Supplies magazine as Best In Class in six equipment categories as voted by end users, design consultants and channel partners. This marks the twelfth straight year of Best in Class awards for Manitowoc Ice and Frymaster.

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Finally, our Foodservice equipment brands are well-positioned leaders that span virtually all major commercial foodservice equipment categories. Our team is remarkably passionate about the combined businesses and the opportunities that our market position and global capabilities provide us. For 2013, our priorities are to continue to grow our Foodservice segment, continue to leverage economies of scale from the combined Manitowoc Foodservice organization, as well as invest in manufacturing consolidations and relocations in order to drive continued margin expansion starting in 2014 and beyond. We are continuing to build an industry-leading business for the long-term.
Liquidity and Capital Resources
Cash Flows. The table below shows a summary of cash flows for fiscal 2012, 2011, and 2010 (in millions):

	2012	2011	2010
Cash provided by operating activities	$ 162.3	$ 15.6	$ 209.3
Cash (used for) provided by investing activities	$ (75.5)	$ 98.4	$ (24.9)
Cash used for financing activities	$ (83.2)	$ (125.9)	$ (204.4)

Cash flow from operations during 2012 was $162.3 million compared to $15.6 million in 2011. We had $73.4 million in cash and cash equivalents on-hand at December 31, 2012 versus $68.6 million on-hand at December 31, 2011. The increase in cash flow from operating activities for the year ended December 31, 2012 compared to the same period for 2011 was primarily due to cash flow from earnings and better management of working capital. The primary contributors to the changes in working capital were reductions in the increase of inventory and accounts receivable, and reduction in the decrease of accrued expenses and other liabilities. This was partially offset by a reduction to the increase in accounts payable.
Cash flow from operations during 2011 was $15.6 million compared to $209.3 million in 2010. We had $68.6 million in cash and cash equivalents on-hand at December 31, 2011 versus $83.7 million on-hand at December 31, 2010. The decrease in cash flow from operating activities for the year ended December 31, 2011 compared to the same period for 2010 is attributable to increases in working capital requirements to support the increase in sales volumes. The primary contributors to the working capital increase were an increase in accounts receivable and inventory. These increases were only partially offset by an increase in accounts payable.
Cash flows used for investing activities of $75.5 million in 2012 consisted primarily of cash used for capital expenditures of $72.9 million.
Cash flows from investing activities of $98.4 million in 2011 consisted primarily of cash used for capital expenditures of $64.9 million. These outflows were offset by proceeds from sales of fixed assets of $17.5 million and proceeds from the sale of Kysor Warren of $143.6 million.
Cash flows used for investing activities of $24.9 million in 2010 consisted primarily of cash used for capital expenditures of $36.1 million for maintenance capital expenditures and new product development in the Crane and Foodservice segments, offset by proceeds from the sale of property and equipment.
Cash flows used for financing activities during 2012 consisted primarily of debt paydown totaling $495.4 million, partially offset by proceeds from debt issuance of $383.3 million and proceeds from the revolver facility of $34.4 million.
Cash flows used for financing activities during 2011 consisted primarily of debt paydown totaling $139.5 million and the payment of dividends of $10.6 million.
Cash flows used for financing activities consisted primarily of the net paydown of debt in 2010 of $163.6 million, debt issuance costs of $27.0 million and the payment of dividends of $10.6 million.
The company’s Senior Credit Facility originally became effective November 6, 2008 and initially included four loan facilities. On May 13, 2011, the company amended and extended the maturities of its Senior Credit Facility by entering into a $1,250.0 million Second Amended and Restated Credit Agreement (the “Senior Credit Facility”) with JPMorgan Chase Bank, N.A., as Administrative Agent, Deutsche Bank Securities Inc. and Bank of America, N.A., as Syndication Agents, and Wells Fargo Bank, National Association and Natixis, as Documentation Agents. The Senior Credit Facility currently includes three different loan facilities. The first is a revolving facility in the amount of $500 million with a term of five years. The second facility is an amortizing Term Loan A facility in the aggregate amount of $350.0 million ($297.5 million outstanding as of December 31, 2012) with a term of five years. The third facility is

an amortizing Term Loan B in the aggregate amount of $450.0 million ($81.0 million outstanding as of December 31, 2012) with a term of 6.5 years. Including interest rate caps at December 31,

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2012, the weighted average interest rates for Term Loan A and Term Loan B were 3.25% and 4.25%, respectively. Excluding interest rate caps, Term Loan A and Term Loan B interest rates were 3.25% and 4.25%, respectively, at December 31, 2012. The weighted average interest rates for the company's term loans at December 31, 2012 including and excluding the impact of the interest rate caps were the same because the relevant one-month U.S. LIBOR rate in effect at December 31, 2012 was below the 3.00% cap level. See additional discussion of our Senior Credit Facility in Note 11, "Debt."

The Senior Credit Facility contains financial covenants including (a) a Consolidated Interest Coverage Ratio, which measures the ratio of (i) consolidated earnings before interest, taxes, depreciation and amortization, and other adjustments (EBITDA), as defined in the credit agreement to (ii) consolidated cash interest expense, each for the most recent four fiscal quarters, and (b) Consolidated Senior Secured Indebtedness Ratio, which measures the ratio of (i) consolidated senior secured indebtedness to (ii) consolidated EBITDA for the four most recent fiscal quarters. The current covenant levels of the financial covenants under the Senior Credit Facility are set forth below:

Fiscal Quarter Ending	Consolidated Senior Secured Leverage Ratio (less than)	Consolidated Interest Coverage Ratio (greater than)
December 31, 2012	3.50:1.00	2.00:1.00
March 31, 2013	3.50:1.00	2.25:1.00
June 30, 2013	3.25:1.00	2.25:1.00
September 30, 2013	3.25:1.00	2.50:1.00
December 31, 2013	3.25:1.00	2.50:1.00
March 31, 2014	3.25:1.00	2.75:1.00
June 30, 2014	3.25:1.00	2.75:1.00
September 30, 2014	3.25:1.00	2.75:1.00
December 31, 2014, and thereafter	3.00:1.00	3.00:1.00

The Senior Credit Facility includes customary representations and warranties and events of default and customary covenants, including without limitation (i) a requirement that the company prepay the term loan facilities from the net proceeds of asset sales, casualty losses, equity offerings, and new indebtedness for borrowed money, and from a portion of its excess cash flow, subject to certain exceptions; and (ii) limitations on indebtedness, capital expenditures, restricted payments, and acquisitions.

The company has three series of Senior Notes outstanding, including the 2018, 2020, and 2022 Notes (collectively the "Senior Notes," see below for a description of the 2018, 2020, and 2022 Notes). Each series of Senior Notes are unsecured senior obligations ranking subordinate to all existing senior secured indebtedness and equal to all existing senior unsecured obligations. Each series of Senior Notes is guaranteed by certain of the company's wholly owned domestic subsidiaries, which subsidiaries also guaranty the company's obligations under the Senior Credit Facility. Each series of Senior Notes contains affirmative and negative covenants which limit, among other things, the company's ability to redeem or repurchase its debt, incur additional debt, make acquisitions, merge with other entities, pay dividends or distributions, repurchase capital stock, and create or become subject to liens. Each series of Senior Notes also includes customary events of default. If an event of default occurs and is continuing with respect to the Senior Notes, then the Trustee or the holders of at least 25% of the principal amount of the outstanding Senior Notes may declare the principal and accrued interest on all of the Senior Notes to be due and payable immediately. In addition, in the case of an event of default arising from certain events of bankruptcy, all unpaid principal of, and premium, if any, and accrued and unpaid interest on all outstanding Senior Notes will become due and payable immediately.

On October 19, 2012, the company completed the sale of $300 million aggregate principal amount of its 5.875% Senior Notes due October 2022 (the "2022 Notes") at an issue price of 100%. Net Proceeds for the 2022 Notes were used to redeem the entire $150 million aggregate principal amount of its Senior Notes due 2013 (the "2013 Notes"), to repay $36 million of Term Loan B and to repay a portion of the outstanding revolver borrowings under its Senior Credit Facility. Interest on the 2022 Notes is payable semi-annually in April and October of each year.

The following would be the principal and premium paid by the company, expressed as a percentage of the principal amount, if it redeems the 2022 Notes during the 12-month period commencing on October 15 of the year set forth below:

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Year	Percentage	
2017	102.938	%
2018	101.958	%
2019	100.979	%
2020 and thereafter	100.000	%

In addition, at any time prior to October 15, 2015, the company is permitted to, at its option, use the net cash proceeds of one or more public equity offers to redeem up to 35% of the 2022 Notes at a redemption price of 105.875%, plus accrued but unpaid interest, if any, to the date of redemption, provided that (1) at least 65% of the principal amount of the 2022 Notes outstanding remains outstanding immediately after any such redemption; and (2) the company makes such redemptions not more than 90 days after the consummation of any such public offering. Further, the company is required to offer to repurchase the 2022 Notes for cash at a price of 101% of the aggregate principal amount of the 2022 Notes, plus accrued and unpaid interest, if any, upon the occurrence of a change of control triggering event.

On February 3, 2010, the company completed the sale of $400.0 million aggregate principal amount of its 9.50% Senior Notes due 2018 (the “2018 Notes”). Net proceeds of $392.0 million from this offering were used to partially pay down ratably the then outstanding balances on Term Loan A and Term Loan B. Interest on the 2018 Notes is payable semiannually in February and August of each year. The 2018 Notes may be redeemed in whole or in part by the company for a premium at any time on or after February 15, 2014.

The following would be the principal and premium paid by the company, expressed as a percentage of the principal amount, if it redeems the 2018 Notes during the 12-month period commencing on February 15 of the year set forth below:

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

In addition, at any time, or from time to time, on or prior to February 15, 2013, the company was able, at its option, to use the net cash proceeds of one or more public equity offerings to redeem up to 35% of the principal amount of the 2018 Notes outstanding at a redemption price of 109.5% of the principal amount thereof plus accrued and unpaid interest thereon, if any, to the date of redemption; provided that (1) at least 65% of the principal amount of the 2018 Notes outstanding remains outstanding immediately after any such redemption; and (2) the company makes such redemption not more than 90 days after the consummation of any such public offering.

On October 18, 2010, the company completed the sale of $600.0 million aggregate principal amount of its 8.50% Senior Notes due 2020 (the “2020 Notes”). Net proceeds of $583.7 million from this offering were used to pay down ratably the then outstanding balances of Term Loans A and B. Interest on the 2020 Notes is payable semi-annually in May and November of each year.

The following would be the principal and premium paid by the company, expressed as a percentage of the principal amount, if it redeems the 2020 Notes during the 12-month period commencing on November 1 of the year set forth below:

Year	Percentage	
2015	104.250	%
2016	102.833	%
2017	101.417	%
2018 and thereafter	100.000	%

In addition, at any time prior to November 1, 2013, the company may, at its option, use the net cash proceeds of one or more public equity offerings to redeem up to 35% of the 2020 Notes at a redemption price of 108.5%, plus accrued but unpaid interest, if any, to the date of redemption; provided that (1) at least 65% of the principal amount of the 2020 Notes outstanding remains outstanding immediately after any such redemption; and (2) the company makes such redemption not more than 90 days after the consummation of any such public offering.

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As of December 31, 2012, the company had outstanding $81.3 million of other indebtedness that has a weighted-average interest rate of approximately 6.47%. This debt includes outstanding line of credit balances and capital lease obligations in its Americas, Asia-Pacific and European regions.

The aggregate scheduled maturities of outstanding debt obligations in subsequent years are as follows (in millions):

Year	
2013	$92.8
2014	40.1
2015	39.9
2016	232.3
2017	81.8
Thereafter	1,337.9
Total	$1,824.8

As of June 30, 2011, the company offset, dedesignated, and wrote-off all of its previous float-to-fixed interest rate swaps against Term Loans A and B interest due to the amendment of its original Senior Credit Facility (See Note 8, "Debt," for a description of the Senior Credit Facility). As of December 31, 2012, the company had outstanding $225.0 million notional amount of 3.00% LIBOR caps related to the term loan portion of the Senior Credit Facility which effectively cap the company’s future interest rate exposure for the notional value of its variable term debt at a one-month LIBOR rate of 3.00%. The company paid various bank partners $0.7 million in option premium to purchase the protection on Term Loans A and B and will amortize the related derivative asset to interest expense over the life of the cap protection. The caps were designated as a cash flow hedge so any change in value of the derivative is booked to other comprehensive income. The remaining unhedged portions of Term Loans A and B continue to bear interest according to the terms of the Senior Credit Facility.

The company was also party to various fixed-to-float interest rate swaps designated as fair market value hedges of its 2018 and 2020 Notes. At December 31, 2011, $200.0 million and $300.0 million of the 2018 and 2020 Notes, respectively, were swapped to floating rate interest. At December 31, 2011, the weighted average interest rates for the 2018 and 2020 Notes taking into consideration the impact of floating rate hedges were 8.88% and 7.66%, respectively. The company monetized the derivative asset related to its fixed-to-float interest rate swaps due in 2018 and 2020 and received $21.5 million in the third quarter of 2011. The gain was treated as an increase to the debt balances for the 2018 and 2020 Notes and will be amortized against interest expense over the life of the original swap. Before the end of 2011, the company subsequently entered new interest rate swaps due in 2018 and 2020.

In the third quarter of 2012, the company further monetized the derivative asset related to its fixed-to-float interest rate swaps related to its 2018 and 2020 Notes and received $14.8 million in the quarter. Consistent with prior year monetization, the company treated the gain as an increase to the debt balances for each of the 2018 and 2020 notes, which will be amortized against interest expense over the life of the original swaps.

In the fourth quarter of 2012, the company purchased and designated new fixed-to-float swaps as fair market value hedges of the company’s 2022 Notes. At December 31, 2012, $100.0 million of the 2022 Notes were swapped to floating rate interest. Including the impact of these floating rate swaps, the 2022 Senior Notes have an all-in interest rate of 5.353%.

As of December 31, 2012 the company was in compliance with all affirmative and negative covenants in its debt instruments inclusive of the financial covenants pertaining to the Senior Credit Facility, the 2018 Notes, the 2020 Notes and the 2022 Notes. Based upon the company’s current plans and outlook, the company believes it will be able to comply with these covenants during the subsequent 12 months. As of December 31, 2012 the company’s Senior Leverage Ratio was 1.61:1, below the maximum ratio of 3.50:1 and the company’s Consolidated Interest Coverage Ratio was 3.03:1, above the minimum ratio of 2.00:1.

The company defines Adjusted EBITDA as earnings before interest, taxes, depreciation, and amortization, plus certain items such as pro-forma acquisition results and the addback of certain restructuring charges, that are adjustments under the Senior Credit Facility definition. The company’s trailing twelve-month Adjusted EBITDA for covenant compliance purposes as of December 31, 2012 was $406.1 million. The company believes this measure is useful to the reader in order to understand the basis for the company’s debt covenant calculations. The reconciliation of Net income attributable to Manitowoc to Adjusted EBITDA is as follows (in millions):

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Net income attributable to Manitowoc	$101.7
Earnings from discontinued operations	(0.3)
Depreciation and amortization	106.6
Interest expense and amortization of deferred financing fees	145.3
Costs due to early extinguishment of debt	6.3
Restructuring charges	9.5
Income taxes	38.0
Other	(1.0)
Adjusted EBITDA	$406.1

The company maintains a $150.0 million trade accounts receivable securitization facility. Effective September 26, 2012, the company entered into a Fourth Amended and Restated Receivables Purchase Agreement (the "Receivables Purchase Agreement"). Trade accounts receivables sold pursuant to the Receivables Purchase Agreement totaled $149.2 million at December 31, 2012 versus $121.1 million at December 31, 2011. See Note 12, "Accounts Receivable Securitization" for further information regarding this arrangement.

On March 1, 2010, the company acquired 100% of the issued and to be issued shares of Appliance Scientific, Inc. (ASI). ASI is a leader in accelerated cooking technologies. The cash flow impact of this acquisition is included in business acquisition, net of cash acquired within the cash flow from investing section of the Consolidated Statements of Cash Flows.

We spent a total of $72.9 million during 2012 for capital expenditures. We continued to fund capital expenditures to improve the cost structure of our business, invest in new processes, products and technology, maintain high-quality production standards, implement our new Crane ERP system at certain of our facilities and complete certain production capacity expansion. The following table summarizes 2012 capital expenditures and depreciation by segment.

(in millions)	Capital Expenditures	Depreciation
Cranes and Related Products	$52.7	$44.9
Foodservice Equipment	17.4	22.3
Corporate	2.8	2.3
Total	$72.9	$69.5

Restricted cash represents cash in escrow funds related to the security provided to third-party lenders for certain international lines of credit and for an indemnity agreement with our casualty insurance provider.

During the years ended December 31, 2012 and 2011, the company sold $14.3 million and $11.9 million, respectively, of its long-term notes receivable to third party financing companies. The company guarantees some percentage, up to 100%, of collection of the notes to the financing companies. The company has accounted for the sales of the notes as a financing of receivables. The receivables remain on the company's Consolidated Balance Sheets, net of payments made, in other current and non-current assets and the company has recognized an obligation equal to the net outstanding balance of the notes in other current and non-current liabilities in the Consolidated Balance Sheets. The cash flow benefit of these transactions is reflected as financing activities in the Consolidated Statements of Cash Flows. During the years ended December 31, 2012 and 2011 customers have paid $14.3 million and $2.7 million, respectively, of the notes to the third party financing companies. As of December 31, 2012 and 2011, the outstanding balance of the notes receivables guaranteed by the company was $14.4 million and $14.1 million, respectively.

Our debt position at various times increases our vulnerability to general adverse industry and economic conditions, and results in a meaningful portion of our cash flow from operations being used for payment of interest on our debt. This could potentially limit our ability to respond to market conditions or take advantage of future business opportunities. Our ability to service our debt is dependent upon many factors, some of which are not subject to our control, such as general economic, financial, competitive, legislative, and regulatory factors. In addition, our ability to borrow additional funds under the revolving credit facility in the future will depend on our meeting the financial covenants contained in the credit agreement, even after taking into account such new borrowings.

The revolving credit facility under our Senior Credit Facility, or other future facilities, may be used for working capital requirements, capital expenditures, funding future acquisitions, and other operating, investing and financing needs. We believe

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that our available cash, revolving credit facility, cash generated from future operations, and access to public debt and equity markets will be adequate to fund our capital and debt financing requirements for the foreseeable future.
Our liquidity positions as of December 31, 2012 and 2011 were as follows:

(in millions)	2012	2011
Cash and cash equivalents	$76.1	$71.3
Revolver borrowing capacity	500.0	500.0
Less: Borrowings on revolver	(34.4)	—
Less: outstanding letters of credit	(38.2)	(34.5)
Total liquidity	$503.5	$536.8

The revolving facility under the Senior Credit Facility has a maximum borrowing capacity of $500.0 million and expires in May 2016. As of December 31, 2012, the company had $34.4 million of borrowings on the revolving facility. During the year the highest daily borrowing was $299.9 million and the average borrowing was $141.2 million, while the average interest rate was 3.50%. The interest rate fluctuates based upon LIBOR or a Prime rate plus a spread, which is based upon the Consolidated Total Leverage Ratio of the company. As of December 31, 2012, the spreads for LIBOR and Prime borrowings were 2.75% and 1.75%, respectively, given the effective Consolidated Total Leverage Ratio for this period.
The company has not provided for additional U.S. income taxes on approximately $649.9 million of undistributed earnings of consolidated non-U.S. subsidiaries included in stockholders' equity. Such earnings could become taxable upon sale or liquidation of these non-U.S. subsidiaries or upon dividend repatriation of cash balances. At December 31, 2012, approximately $57.1 million of our total cash and cash equivalents were held by our foreign subsidiaries. This cash is associated with earnings that we have asserted are permanently reinvested. We have no current plans to repatriate cash or cash equivalents held by our foreign subsidiaries because we plan to reinvest such cash and cash equivalents to support our operations and continued growth plans outside the United States through funding of capital expenditures, acquisitions, research, operating expenses or other similar cash needs of these operations. Further, we do not currently forecast a need for these funds in the United States because the U.S. operations and debt service is supported by the cash generated by the U.S. operations. The company's intent is to repatriate foreign cash when it would be tax effective through the utilization of foreign tax credits or when earnings qualify as previously taxed income.
Management also considers the following regarding liquidity and capital resources to identify trends, demands, commitments, events and uncertainties that require disclosure:
A. Our Senior Credit Facility requires us to comply with certain financial ratios and tests to comply with the terms of the agreement. We were in compliance with these covenants as of December 31, 2012, the latest measurement date. The occurrence of any default of these covenants could result in acceleration of any outstanding balances under the Senior Credit Facility. Further, such acceleration would constitute an event of default under the indentures governing our 2018 Notes, 2020 Notes, and 2022 Notes, and could trigger cross default provisions in other agreements.
B. Circumstances that could impair our ability to continue to engage in transactions that have been integral to historical operations or are financially or operationally essential, or that could render that activity commercially impracticable, such as the inability to maintain a specified credit rating, level of earnings, earnings per share, financial ratios, or collateral. We do not believe that these risk factors applicable to our business are reasonably likely to impair our ability to continue to engage in our planned activities at this time.
C. Factors specific to us and our markets that we expect to be given significant weight in the determination of our credit rating or will otherwise affect our ability to raise short-term and long-term financing. We do not presently believe that events covered by these risk factors applicable to our business could materially affect our credit ratings or could adversely affect our ability to raise short-term or long-term financing.
D. We have disclosed information related to certain guarantees in Note 18 to our Consolidated Financial Statements.
E. Written options on non-financial assets (for example, real estate puts). We do not have any written options on non-financial assets.

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OFF-BALANCE SHEET ARRANGEMENTS

Our disclosures concerning transactions, arrangements and other relationships with unconsolidated entities or other persons that are reasonably likely to materially affect liquidity or the availability of or requirements for capital resources are as follows:

- We have disclosed in Note 18 to the Consolidated Financial Statements our buyback and residual value guaranty commitments.
- We lease various assets under operating leases. The future estimated payments under these arrangements are disclosed in Note 21 to the Consolidated Financial Statements and in the table below.
- We have disclosed our accounts receivable securitization arrangement in Note 12 to the Consolidated Financial Statements.

CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

A summary of our significant contractual obligations as of December 31, 2012 is as follows:

(in millions)	Total Committed	2013	2014	2015	2016	2017	Thereafter
Debt (including capital lease obligations)	$1,824.8	$92.8	$40.1	$39.9	$232.3	$81.8	$1,337.9
Interest on long-term debt (including capital lease obligations)	908.9	132.2	128.7	127.1	121.8	118.2	280.9
Operating leases	207.2	50.8	40.5	32.3	27.5	21.4	34.7
Purchase obligations	492.4	389.6	101.3	1.1	0.4	—	—
Total committed	$3,433.3	$665.4	$310.6	$200.4	$382.0	$221.4	$1,653.5

- Unrecognized tax liabilities totaling $47.3 million as of December 31, 2012, excluding related interests and penalties, are not included in the table because the timing of their resolution cannot be estimated. See Note 13 to the Consolidated Financial Statements for disclosures surrounding uncertain income tax positions under ASC Topic 740.

At December 31, 2012, we had outstanding letters of credit that totaled $38.2 million. We also had buyback commitments and residual value guarantees with a balance outstanding of $80.5 million as of December 31, 2012. This amount is not reduced for amounts the company would recover from the repossession and subsequent resale of collateral.

We maintain defined benefit pension plans for some of our operations in the United States, Europe and Asia. The company has established the Retirement Plan Committee to manage the operations and administration of all benefit plans and related trusts. As of December 31, 2010, all of the remaining United States defined benefit plans were merged into a single plan: the Manitowoc U.S. Pension Plan. All merged plans had benefit accruals frozen prior to merger of plan.

In 2012, cash contributions by us to all pension plans were $9.9 million, and we estimate that our pension plan contributions will be approximately $10.5 million in 2013.

Financial Risk Management

We are exposed to market risks from changes in interest rates, commodities, and changes in foreign currency exchange rates. To reduce these risks, we selectively use derivative financial instruments and other proactive management techniques. We have written policies and procedures that place financial instruments under the direction of corporate finance and restrict all derivative transactions to those intended for hedging purposes. The use of financial instruments for trading purposes or speculation is strictly prohibited.

For a more detailed discussion of our accounting policies and the financial instruments that we use, please refer to Note 2, “Summary of Significant Accounting Policies,” and Note 11, “Debt,” to the Consolidated Financial Statements.

Interest Rate Risk

We are exposed to fluctuating interest rates for our debt. We have established programs to mitigate exposure to these fluctuations. The company is a party to various interest rate swaps or caps in connection with the Senior Credit Facility and the

Senior Notes. On May 13, 2011, the company entered into the Senior Credit Facility which includes a $350.0 million Term Loan A, $400.0 million Term Loan B and $500.0 million Revolver. Subsequently, the company entered interest rate cap agreements during the third quarter 2011 with a beginning notional value of $450.0 million and reducing notional value over time based on our projections for pay down of Term Loan debt. These interest rate derivative instruments effectively cap the company’s future interest rate exposure for $450.0 million of the original notional value of its variable term debt at a one-month U.S. LIBOR rate of 3.00% plus the applicable spread per the Senior Credit Facility. As of December 31, 2012, the notional value of these interest rate cap agreements was $225.0 million.

As of December 31, 2012, the company did not have any float-to-fixed interest rate hedges outstanding on Term Loans A and B. As of December 31, 2012, total notional swapped from fixed-to-floating rate debt was $100.0 million for the 2022 Notes. The variable rate of interest on these fixed-to-float interest rate swaps was 4.31% at December 31, 2012.

A 10% increase or decrease in the average cost of the company’s variable rate debt would result in an immaterial change in interest expense for the year ended December 31, 2012.

Commodity Prices

We are exposed to fluctuating market prices for commodities, including steel, copper, aluminum, and petroleum-based products. Each of our business segments is subject to the effect of changing raw material costs caused by movements in underlying commodity prices. We have established programs to manage the negotiations of commodity prices. Some of these programs are centralized across business segments, and others are specific to a business segment or business unit. In addition to the regular negotiations of material prices with certain vendors, we routinely enter into certain commodity hedges that fix the price of certain of our key commodities utilized in the production of our Foodservice and Crane product offerings. Commodities that are hedged include copper, aluminum, certain steel inputs and natural gas. At December 31, 2012, $0.8 million (net of tax of $0.5 million) of unrealized losses due to commodity hedging positions remain deferred in accumulated other comprehensive income and will be realized as a component of cost of sales over the next 12 months.

Currency Risk

We have manufacturing, sales and distribution facilities around the world and thus make investments and enter into transactions denominated in various foreign currencies. International sales, including those sales that originated outside of the United States, were approximately 53% of our total sales for 2012, with the largest percentage (20%) being sales into various European countries.

Regarding transactional foreign exchange risk, we enter into limited forward exchange contracts to 1) reduce the impact of changes in foreign currency rates between a budgeted rate and the rate realized at the time we recognize a particular purchase or sale transaction and 2) reduce the earnings and cash flow impact on nonfunctional currency denominated receivables and payables. Gains and losses resulting from hedging instruments either impact our Consolidated Statements of Operations in the period of the underlying purchase or sale transaction, or offset the foreign exchange gains and losses on the underlying receivables and payables being hedged. The maturities of these forward exchange contracts coincide with either the underlying transaction date or the settlement date of the related cash inflow or outflow. The hedges of anticipated transactions are designated as cash flow hedges under the guidance of Accounting Standards Codification ("ASC") Topic 815-10, “Derivatives and Hedging.” At December 31, 2012, we had outstanding forward exchange contracts hedging anticipated transactions and future settlements of outstanding accounts receivable and accounts payable with an after tax market value of a $2.2 million (net of tax of $1.4 million) asset. A 10% appreciation or depreciation of the underlying functional currency at December 31, 2012 for fair value hedges would not have a significant impact on our Consolidated Statements of Operations as any gains or losses under the foreign exchange contracts hedging accounts receivable or payable balances would be offset by equal gains or losses on the underlying receivables or payables. A 10% appreciation or depreciation of the underlying functional currency at December 31, 2012 for cash flow hedges would not have a significant impact on the date of settlement due to the insignificant amounts of such hedges.

Amounts invested in non-U.S. based subsidiaries are translated into U.S. dollars at the exchange rate in effect at year-end. Results of operations are translated into U.S. dollars at an average exchange rate for the period. The resulting translation adjustments are recorded in stockholders’ equity as cumulative translation adjustments. The

translation adjustment recorded in accumulated other comprehensive income at December 31, 2012 was $50.3 million.
Environmental, Health, Safety, and Other Matters
Please refer to Part II, Item 8, Note 17, “Contingencies and Significant Estimates,” where we have disclosed our Environmental, Health, Safety, Contingencies and other Matters.

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Critical Accounting Policies

The Consolidated Financial Statements include the accounts of the company and all its subsidiaries. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions in certain circumstances that affect amounts reported in the accompanying Consolidated Financial Statements and related footnotes. In preparing these Consolidated Financial Statements, we have made our best estimates and judgments of certain amounts included in the Consolidated Financial Statements giving due consideration to materiality. However, application of these accounting policies involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. Although we have listed a number of accounting policies below which we believe to be most critical, we also believe that all of our accounting policies are important to the reader. Therefore, please refer also to the Notes to the Consolidated Financial Statements for more detailed description of these and other accounting policies of the company.

Revenue Recognition- Revenue is generally recognized and earned when all the following criteria are satisfied with regard to a specific transaction: persuasive evidence of an arrangement exists, the price is fixed and determinable, collectability of cash is reasonably assured, and delivery has occurred or services have been rendered. We periodically enter into transactions with customers that provide for residual value guarantees and buyback commitments. These transactions are recorded as operating leases for all significant residual value guarantees and for all buyback commitments. These initial transactions are recorded as deferred revenue and are amortized to income on a straight-line basis over a period equal to that of the customer's third-party financing agreement. In addition, we lease cranes to customers under operating lease terms. Revenue from operating leases is recognized ratably over the term of the lease, and leased cranes are depreciated over their estimated useful lives.

Allowance for Doubtful Accounts- Accounts receivable are reduced by an allowance for amounts that may become uncollectible in the future. Our estimate for the allowance for doubtful accounts related to trade receivables includes evaluation of specific accounts where we have information that the customer may have an inability to meet its financial obligations together with a general provision for unknown but existing doubtful accounts based on pre-established percentages to specific aging categories which are subject to change if experience improves or deteriorates.

Inventories and Related Reserve for Obsolete and Excess Inventory- Inventories are valued at the lower of cost or market using both the first-in, first-out (FIFO) method and the last-in, first-out (LIFO) method and are reduced by a reserve for excess and obsolete inventories. The estimated reserve is based upon specific identification of excess or obsolete inventories based on pre-established percentages applied to specific aging categories of inventory. These categories are evaluated based upon historical usage, estimated future usage, and sales requiring the inventory. These percentages were established based upon historical write-off experience and are subject to change if experience improves or deteriorates.

Goodwill, Other Intangible Assets and Other Long-Lived Assets- The company accounts for goodwill and other intangible assets under the guidance of ASC Topic 350-10, "Intangibles - Goodwill and Other." Under ASC Topic 350-10, goodwill is not amortized; however, the company performs an annual impairment review at June 30 of every year or more frequently if events or changes in circumstances indicate that the asset might be impaired. The company performs impairment reviews for its reporting units, which have been determined to be: Cranes Americas; Cranes Europe, Middle East, and Africa; Cranes China; Cranes Greater Asia Pacific; Crane Care; Foodservice Americas; Foodservice Europe, Middle East, and Africa; and Foodservice Asia, using a fair-value method, primarily the income approach, based on the present value of future cash flows, which involves management's judgments and assumptions about the amounts of those cash flows and the discount rates used. The estimated fair value is then compared with the carrying amount of the reporting unit, including recorded goodwill. Goodwill and other intangible assets are then subject to risk of write-down to the extent that the carrying amount exceeds the estimated fair value.

The company has not experienced any further impairment charges since March 2009 (see Note 9, "Goodwill and Other Intangible Assets"). The company will continue to monitor market conditions and determine if any additional interim reviews of goodwill, other intangibles or long-lived assets are warranted. Deterioration in the market or actual results as compared with the company's projections may ultimately result in a future impairment. In the event the company determines that assets are impaired in the future, the company would need to recognize a non-cash impairment charge, which could have a material adverse effect on the company's consolidated balance sheet and results of operations.

The company also reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the assets carrying amount may not be recoverable. The company conducts its long-lived asset impairment analyses in accordance

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with ASC Topic 360-10-5, "Property, Plant, and Equipment." ASC Topic 360-10-5 requires the company to group assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities and to evaluate the asset group against the sum of the undiscounted future cash flows.

Other intangible assets with definite lives continue to be amortized over their estimated useful lives. Indefinite and definite lived intangible assets are also subject to impairment testing. Indefinite lived assets are tested annually, or more frequently if events or changes in circumstances indicate that the assets might be impaired. Definite lived intangible assets are tested whenever events or circumstances indicate that the carrying value of the assets may not be recoverable. A considerable amount of management judgment and assumptions are required in performing the impairment tests, principally in determining the fair value of the assets. While the company believes its judgments and assumptions were reasonable, different assumptions could change the estimated fair values and, therefore, impairment charges could be required.

Employee Benefit Plans- We provide a range of benefits to our employees and retired employees, including pensions and postretirement health care coverage. Plan assets and obligations are recorded annually based on the company's measurement date utilizing various actuarial assumptions such as discount rates, expected return on plan assets, compensation increases, retirement and mortality rates, and health care cost trend rates as of that date. The approach we use to determine the annual assumptions are as follows:

- Discount Rate— Our discount rate assumptions are based on the interest rate of noncallable high-quality corporate bonds, with appropriate consideration of our pension plans' participants' demographics and benefit payment terms.
- Expected Return on Plan Assets — Our expected return on plan assets assumptions are based on our expectation of the long-term average rate of return on assets in the pension funds, which is reflective of the current and projected asset mix of the funds and considers the historical returns earned on the funds.
- Compensation increase— Our compensation increase assumptions reflect our long-term actual experience, the near-term outlook and assumed inflation
- Retirement and Mortality Rates— Our retirement and mortality rate assumptions are based primarily on actual plan experience and mortality tables.
- Health Care Cost Trend Rates— Our health care cost trend rate assumptions are developed based on historical cost data, near-term outlook and an assessment of likely long-term trends

Measurements of net periodic benefit cost are based on the assumptions used for the previous year-end measurements of assets and obligations. We review our actuarial assumptions on an annual basis and make modifications to the assumptions when appropriate. As required by U.S. GAAP, the effects of the modifications are recorded currently or amortized over future periods. We have developed the assumptions with the assistance of our independent actuaries and other relevant sources, and we believe that the assumptions used are reasonable; however, changes in these assumptions could impact the company's financial position, results of operations or cash flows. Refer to Note 20, "Employee Benefit Plans," for a summary of the impact of a 0.50% change in the discount rate and rate of return on plan assets and a 1% change on health care trend rates would have on our financial statements.

Product Liability- We are subject in the normal course of business to product liability lawsuits. To the extent permitted under applicable laws, our exposure to losses from these lawsuits is mitigated by insurance with self-insurance retention limits. We record product liability reserves for our self-insured portion of any pending or threatened product liability actions. Our reserve is based upon two estimates. First, we track the population of all outstanding pending and threatened product liability cases to determine an appropriate case reserve for each based upon our best judgment and the advice of legal counsel. These estimates are continually evaluated and adjusted based upon changes to the facts and circumstances surrounding the case. Second, we determine the amount of additional reserve required to cover incurred but not reported product liability issues and to account for possible adverse development of the established case reserves (collectively referred to as IBNR). This analysis is performed at least twice annually. We have established a position within the actuarially determined range, which we believe is the best estimate of the IBNR liability.

Income Taxes - We account for income taxes under the guidance of ASC Topic 740-10, "Income Taxes." Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. We record a valuation allowance that represents a reserve on deferred tax assets for which utilization is not more-likely-than-not. Management judgment is required in

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determining our provision for income taxes, deferred tax assets and liabilities, and the valuation allowance recorded against our net deferred tax assets. Our policy is to remit earnings from foreign subsidiaries only when it would be tax effective through the utilization of foreign tax credits or when earnings qualify as previously taxed income. Accordingly, we do not currently provide for additional United States and foreign income taxes which would become payable upon repatriation of undistributed earnings of foreign subsidiaries. We measure and record income tax contingency accruals under the guidance of ASC Topic 740-10. We recognize liabilities for uncertain income tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more-likely-than-not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step requires us to estimate and measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. It is inherently difficult and subjective to estimate such amounts, as we must determine the probability of various possible outcomes. We reevaluate these uncertain tax positions on a quarterly basis or when new information becomes available to management. These reevaluations are based on factors including, but not limited to, changes in facts or circumstances, changes in tax law, successfully settled issues under audit, expirations due to statutes, and new audit activity. Such a change in recognition or measurement could result in the recognition of a tax benefit or an increase to the tax accrual.

Stock Compensation- The computation of the expense associated with stock-based compensation requires the use of certain valuation models and based on projected achievement of underlying performance criteria for performance shares. We currently use a Black-Scholes option pricing model to calculate the fair value of our stock options and Monte Carlo analysis to calculate the total shareholder return portion of performance shares. The Black-Scholes and Monte Carlo models require assumptions regarding the volatility of the company's stock, the expected life of the stock award and the company's dividend ratio. We primarily use historical data to determine the assumptions to be used in the Black-Scholes model and have no reason to believe that future data is likely to differ materially from historical data. However, changes in the assumptions to reflect future stock price volatility, future dividend payments and future stock award exercise experience could result in a change in the assumptions used to value awards in the future and may result in a material change to the fair value calculation of stock-based awards.

Warranties- In the normal course of business, we provide our customers warranties covering workmanship, and in some cases materials, on products manufactured by us. Such warranties generally provide that products will be free from defects for periods ranging from 12 months to 60 months with certain equipment having longer-term warranties. If a product fails to comply with our warranty, we may be obligated, at our expense, to correct any defect by repairing or replacing such defective product. We provide for an estimate of costs that may be incurred under our warranty at the time product revenue is recognized based on historical warranty experience for the related product or estimates of projected losses due to specific warranty issues on new products. These costs primarily include labor and materials, as necessary, associated with repair or replacement. The primary factors that affect our warranty liability include the number of shipped units and historical and anticipated rates or warranty claims. As these factors are impacted by actual experience and future expectations, we assess the adequacy of our recorded warranty liability and adjust the amounts as necessary.

Restructuring Charges- Restructuring charges for exit and disposal activities are recognized when the liability is incurred. The company accounts for restructuring charges under the guidance of ASC Topic 420-10, "Exit or Disposal Cost Obligations." The liability for the restructuring charge associated with an exit or disposal activity is measured initially at its fair value.

Recent Accounting Changes and Pronouncements

In February 2013, the FASB issued ASU No. 2013-02, Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income. This update adds new disclosure requirements for items reclassified out of accumulated other comprehensive income. The updated standard is prospectively effective for the company's annual and interim periods beginning after December 15, 2012. The adoption of this new ASU is not expected to impact the company's

consolidated financial statements.
In July 2012, the FASB issued ASU 2012-02 which provides an entity the option to first assess qualitative factors to determine whether it is necessary to perform the current two-step test for indefinite-lived intangible asset impairment. If an entity believes, as a result of its qualitative assessment, that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, the quantitative impairment test is required. Otherwise, no further testing is required. The revised standard is effective for the company's annual and interim indefinite-lived intangible asset impairment tests performed for interim periods beginning after September 15, 2012. The adoption of this ASU did not impact the company's consolidated financial statements.
In September 2011, the FASB issued ASU 2011-08 which provides an entity the option to first assess qualitative factors to determine whether it is necessary to perform the current two-step test for goodwill impairment. If an entity believes, as a result of its qualitative assessment, that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount,

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the quantitative impairment test is required. Otherwise, no further testing is required. The revised standard is effective for the company's annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. The adoption of this ASU did not impact the company's consolidated financial statements.
In June 2011 and December 2011, the FASB issued an update to ASC Topic No. 220, "Presentation of Comprehensive Income," which eliminates the option to present other comprehensive income and its components in the statement of shareholders' equity. The company can elect to present the items of net income and other comprehensive income in a single continuous statement of comprehensive income or in two separate, but consecutive, statements. Under either method the statement would need to be presented with equal prominence as the other primary financial statements. The amended guidance, which must be applied retroactively, is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011, and has been incorporated into these financial statements.
Cautionary Statements about Forward-Looking Information
Statements in this report and in other company communications that are not historical facts are forward-looking statements, which are based upon our current expectations, within the meaning of the Private Securities Litigation Reform Act of 1995.
These statements involve risks and uncertainties that could cause actual results to differ materially from what appears within this quarterly report.

Forward-looking statements include descriptions of plans and objectives for future operations, and the assumptions behind those plans. The words "anticipates," "believes," "intends," "estimates," "targets" and "expects," or similar expressions usually identify forward-looking statements. Any and all projections of future performance are forward-looking statements.

In addition to the assumptions, uncertainties, and other information referred to specifically in the forward-looking statements, a number of factors relating to each business segment could cause actual results to be significantly different from what is presented in this quarterly report. Those factors include, without limitation, the following:

Crane-cyclicality of the construction industry; the effects of government spending on construction-related projects throughout the world; unanticipated changes in global demand for high-capacity lifting equipment; changes in demand for lifting equipment in emerging economies; the replacement cycle of technologically obsolete cranes; and demand for used equipment.

Foodservice-weather; global expansion of customers; commercial ice-cube machine and other foodservice equipment replacement cycles in the United States and other mature markets; unanticipated issues associated with refresh/renovation plans by national restaurant accounts and global chains; growth in demand for foodservice equipment by customers in emerging markets; and demand for quick service restaurants (QSR) chains and kiosks.

Corporate (including factors that may affect both of our segments)-changes in laws and regulations, as well as their enforcement, throughout the world; the ability to finance, complete, successfully integrate, and/or transition, restructure and consolidate acquisitions, divestitures, strategic alliances and joint ventures; in connection with acquisitions, divestitures, strategic alliances and joint ventures, the finalization of the price and other terms, the realization of contingencies consistent with any established reserves, unanticipated issues associated with transitional services, realization of anticipated earnings enhancements, cost savings, strategic options and other synergies, and the anticipated timing to realize those savings, synergies, and options; the successful development of innovative products and market acceptance of new and innovative products; issues related to plant closings and/or consolidation of existing facilities; issues related to new plant start-ups; efficiencies and capacity utilization of facilities; competitive pricing; availability of certain raw materials; changes in raw materials and commodity prices; unexpected issues associated with the quality of materials and components sourced from third parties and resolution of those issues; issues associated with new product introductions; matters impacting the successful and timely implementation of ERP systems; changes in domestic and international economic and industry conditions, including steel industry conditions;

changes in the markets we serve; unexpected issues associated with the availability of local suppliers and skilled labor; changes in the interest rate environment; risks associated with growth; foreign currency fluctuations and their impact on reported results and hedges in place; world-wide political risk; geographic factors and economic risks; pressure of additional financing leverage; success in increasing manufacturing efficiencies and capacities; unanticipated changes in revenue, margins, costs and capital expenditures; work stoppages, labor negotiations, rates and temporary labor; issues associated with workforce reductions and subsequent ramp-up; actions of competitors; unanticipated changes in consumer spending; the ability of our customers to obtain financing; the state of financial and credit markets; the ability to generate cash and manage working capital consistent with our stated goals; non-compliance with debt covenants; unexpected issues affecting the effective tax rate for the year; unanticipated issues associated with the resolution or settlement of uncertain tax positions; unfavorable resolution of a tax matter with the IRS related to the calendar years 2008 and 2009; unanticipated changes in customer demand; the ability to increase operational efficiencies across each of the company's business segments and capitalize

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on those efficiencies; the ability to capitalize on key strategic opportunities; natural disasters disrupting commerce in one or more regions of the world; and other events outside our control.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See Liquidity and Capital Resources, and Risk Management in Management’s Discussion and Analysis of Financial Condition and Results of Operations for a description of the quantitative and qualitative disclosure about market risk.

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Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Index to Consolidated Financial Statements and Financial Statement Schedule:

Financial Statements:

Financial Statement Schedule:

All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

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Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of The Manitowoc Company, Inc.:

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of The Manitowoc Company, Inc. and its subsidiaries at December 31, 2012 and 2011, and the results of their operations and cash flows for each of the three years in the period ended December 31, 2012 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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

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

/s/ PricewaterhouseCoopers LLP

Milwaukee, Wisconsin

February 28, 2013

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The Manitowoc Company, Inc.
Consolidated Statements of Operations
For the years ended December 31, 2012, 2011 and 2010

Millions of dollars, except per share data	2012	2011	2010
Operations			
Net sales	$3,927.0	$3,619.2	$3,111.5
Costs and expenses:			
Cost of sales	2,992.6	2,792.5	2,352.1
Engineering, selling and administrative expenses	603.5	565.4	508.9
Amortization expense	37.1	37.9	37.4
Restructuring expense	9.5	5.5	3.8
Other expenses (income)	2.5	(0.5)	2.3
Total costs and expenses	3,645.2	3,400.8	2,904.5
Operating earnings from continuing operations	281.8	218.4	207.0
Other income (expenses):			
Interest expense	(137.1)	(146.7)	(175.0)
Amortization of deferred financing fees	(8.2)	(10.4)	(22.0)
Loss on debt extinguishment	(6.3)	(29.7)	(44.0)
Other income (expense)-net	0.1	2.3	(9.0)
Total other expenses	(151.5)	(184.5)	(250.0)
Earnings (loss) from continuing operations before taxes on earnings	130.3	33.9	(43.0)
Provision for taxes on earnings	38.0	13.6	26.2
Earnings (loss) from continuing operations	92.3	20.3	(69.2)
Discontinued operations:			
Earnings (loss) from discontinued operations, net of income taxes of $0.2, ($2.6) and $1.7, respectively	0.3	(3.4)	(8.1)
Loss on sale of discontinued operations, net of income taxes of $0.0, $29.9 and $0.0, respectively	—	(34.6)	—
Net earnings (loss)	92.6	(17.7)	(77.3)
Less: Net loss attributable to noncontrolling interest, net of tax	(9.1)	(6.5)	(2.7)
Net earnings (loss) attributable to Manitowoc	$101.7	$(11.2)	$(74.6)
Amounts attributable to the Manitowoc common shareholders:			
Earnings (loss) from continuing operations	$101.4	$26.8	$(66.5)
Loss from discontinued operations, net of income taxes	0.3	(3.4)	(8.1)
Loss on sale of discontinued operations, net of income taxes	—	(34.6)	—
Net earnings (loss) attributable to Manitowoc	$101.7	$(11.2)	$(74.6)
Per Share Data			
Basic earnings (loss) per common share:			
Earnings (loss) from continuing operations attributable to Manitowoc common shareholders	$0.77	$0.21	$(0.51)
Earnings (loss) from discontinued operations attributable to Manitowoc common shareholders	—	(0.03)	(0.06)
Loss on sale of discontinued operations, net of income taxes	—	(0.27)	—
Earnings (loss) per share attributable to Manitowoc common shareholders	$0.77	$(0.09)	$(0.57)
Diluted earnings (loss) per common share:			
Earnings (loss) from continuing operations attributable to Manitowoc common shareholders	$0.76	$0.20	$(0.51)
Loss from discontinued operations attributable to Manitowoc common shareholders	—	(0.03)	(0.06)

Loss on sale of discontinued operations, net of income taxes	—	(0.26)	—
Earnings (loss) per share attributable to Manitowoc common shareholders	$0.76	$(0.08)	$(0.57)

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

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The Manitowoc Company, Inc.
Consolidated Statements of Comprehensive Income (Loss)
For the years ended December 31, 2012, 2011 and 2010

Millions of dollars	2012	2011	2010
Net earnings (loss)	$92.6	$(17.7)	$(77.3)
Other comprehensive income (loss), net of tax			
Foreign currency translation adjustments	8.3	(10.9)	(33.4)
Derivative instrument fair market value adjustment, net of income taxes of $2.6, $2.2, and $(3.3), respectively.	5.2	4.0	(6.1)
Employee pension and postretirement benefits, net of income taxes of $(0.5), $(9.7), and $(6.7), respectively.	(18.1)	(18.0)	(12.4)
Total other comprehensive loss, net of tax	(4.6)	(24.9)	(51.9)
Comprehensive income (loss)	88.0	(42.6)	(129.2)
Comprehensive loss attributable to noncontrolling interest	(9.1)	(6.5)	(2.7)
Comprehensive income (loss) attributable to Manitowoc	$97.1	$(36.1)	$(126.5)

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

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The Manitowoc Company, Inc.
Consolidated Balance Sheets
As of December 31, 2012 and 2011

Millions of dollars, except shares data	2012	2011
Assets		
Current Assets:		
Cash and cash equivalents	$73.4	$68.6
Marketable securities	2.7	2.7
Restricted cash	10.6	7.2
Accounts receivable, less allowances of $13.5 and $12.8, respectively	332.7	294.5
Inventories — net	707.6	662.3
Deferred income taxes	89.0	116.7
Other current assets	105.2	77.8
Current assets of discontinued operation	6.8	7.1
Total current assets	1,328.0	1,236.9
Property, plant and equipment — net	556.1	564.5
Goodwill	1,210.7	1,208.0
Other intangible assets — net	796.4	831.6
Other non-current assets	130.3	144.5
Long-term assets of discontinued operation	35.8	37.1
Total assets	$4,057.3	$4,022.6
Liabilities and Equity		
Current Liabilities:		
Accounts payable and accrued expenses	$912.9	$864.2
Short-term borrowings	92.8	79.1
Product warranties	82.1	93.1
Customer advances	24.2	35.1
Product liabilities	27.9	26.8
Current liabilities of discontinued operation	6.0	5.2
Total current liabilities	1,145.9	1,103.5
Non-Current Liabilities:		
Long-term debt	1,732.0	1,810.9
Deferred income taxes	223.0	258.2
Pension obligations	114.3	90.6
Postretirement health and other benefit obligations	53.4	59.8
Long-term deferred revenue	37.7	34.2
Other non-current liabilities	161.1	175.6
Long-term liabilities of discontinued operation	8.6	8.7
Total non-current liabilities	2,330.1	2,438.0
Commitments and contingencies (Note 17)		
Total Equity:		
Common stock (300,000,000 shares authorized, 163,175,928 shares issued, 132,769,478 and 131,884,765 shares outstanding, respectively)	1.4	1.4
Additional paid-in capital	486.9	466.6
Accumulated other comprehensive income (loss)	(29.4)	(24.8)
Retained earnings	222.1	131.0
Treasury stock, at cost (30,406,450 and 31,291,163 shares, respectively)	(80.7)	(83.2)
Total Manitowoc stockholders’ equity	600.3	491.0
Noncontrolling interest	(19.0)	(9.9)

Total equity	581.3	481.1
Total liabilities and equity	$4,057.3	$4,022.6

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

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The Manitowoc Company, Inc.
Consolidated Statements of Cash Flows
For the years ended December 31, 2012, 2011, and 2010

Millions of dollars	2012	2011	2010
Cash Flows From Operations			
Net earnings (loss)	$92.6	$(17.7)	$(77.3)
Adjustments to reconcile net earnings to cash provided by operating activities of continuing operations:			
Discontinued operations, net of income taxes	(0.3)	3.4	8.1
Depreciation	69.5	81.5	86.5
Amortization of intangible assets	37.1	37.9	37.4
Amortization of deferred financing fees	8.2	10.4	22.0
Deferred income taxes	(8.5)	24.5	25.4
Loss on early extinguishment of debt	6.3	29.7	44.0
Loss (gain) on sale of property, plant and equipment	3.0	(2.2)	(3.3)
Loss on sale of discontinued operations	—	34.6	—
Other	16.4	13.7	8.4
Changes in operating assets and liabilities, excluding the effects of business acquisitions or dispositions:			
Accounts receivable	(35.6)	(98.2)	17.9
Inventories	(41.0)	(111.9)	0.8
Other assets	(1.9)	(1.2)	29.8
Accounts payable	25.7	98.6	46.2
Accrued expenses and other liabilities	(12.4)	(70.6)	(43.4)
Net cash provided by operating activities of continuing operations	159.1	32.5	202.5
Net cash provided by (used for) operating activities of discontinued operations	3.2	(16.9)	6.8
Net cash provided by operating activities	162.3	15.6	209.3
Cash Flows From Investing			
Capital expenditures	(72.9)	(64.8)	(35.9)
Proceeds from sale of property, plant and equipment	0.9	17.5	23.2
Restricted cash	(3.3)	2.2	(3.0)
Business acquisitions, net of cash acquired	—	—	(4.8)
Proceeds from sale of business	—	143.6	—
Net cash (used for) provided by investing activities of continuing operations	(75.3)	98.5	(20.5)
Net cash used for investing activities of discontinued operations	(0.2)	(0.1)	(4.4)
Net cash (used for) provided by investing activities	(75.5)	98.4	(24.9)
Cash Flows From Financing			
Proceeds from (payments on) revolving credit facility-net	34.4	(24.2)	24.2
Proceeds from swap monetization	14.8	21.5	—
Payments on long-term debt	(495.4)	(960.3)	(1,250.8)
Proceeds from long-term debt	383.3	845.0	1,063.0
Proceeds from securitization facility	—	—	101.0
(Payments on) securitization facility	—	—	(101.0)
(Payments on) proceeds from notes financing - net	(10.4)	14.8	(4.1)
Debt issuance costs	(5.7)	(14.7)	(27.0)
Dividends paid	(10.6)	(10.6)	(10.6)
Exercises of stock options including windfall tax benefits	6.4	2.6	0.9

Net cash used for financing activities	(83.2)	(125.9)	(204.4)
Effect of exchange rate changes on cash	1.2	(3.2)	—
Net increase (decrease) in cash and cash equivalents	4.8	(15.1)	(20.0)
Balance at beginning of year	68.6	83.7	103.7
Balance at end of year	$73.4	$68.6	$83.7
Supplemental Cash Flow Information			
Interest paid	$137.7	$154.1	$159.3
Income taxes paid (refunded)	$18.8	$24.2	$(40.4)

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

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The Manitowoc Company, Inc.
Consolidated Statements of Equity
For the years ended December 31, 2012, 2011 and 2010

Millions of dollars, except shares data	2012	2011	2010
Common Stock - Shares Outstanding			
Balance at beginning of year	131,884,765	131,388,472	130,708,124
Stock options exercised	699,913	244,923	166,718
Restricted stock	184,800	251,370	513,630
Balance at end of year	132,769,478	131,884,765	131,388,472
Common Stock - Par Value			
Balance at beginning of year	$1.4	$1.4	$1.4
Balance at end of year	$1.4	$1.4	$1.4
Additional Paid-in Capital			
Balance at beginning of year	$466.6	$450.6	$442.3
Stock options exercised and issuance of other stock awards	2.0	0.2	(0.7)
Restricted stock expense	4.5	4.0	2.6
Windfall tax benefit on stock options exercised	1.9	0.8	(0.2)
Performance shares	5.2	4.1	—
Stock option expense	6.7	6.9	6.6
Balance at end of year	$486.9	$466.6	$450.6
Accumulated Other Comprehensive Income (Loss)			
Balance at beginning of year	$(24.8)	$0.1	$52.0
Other comprehensive loss	(4.6)	(24.9)	(51.9)
Balance at end of year	$(29.4)	$(24.8)	$0.1
Retained Earnings			
Balance at beginning of year	$131.0	$152.8	$238.0
Net earnings (loss)	101.7	(11.2)	(74.6)
Cash dividends	(10.6)	(10.6)	(10.6)
Balance at end of year	$222.1	$131.0	$152.8
Treasury Stock			