TEREX CORP
Form 10-Q
October 29, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

F O R M 10 – Q

(Mark One)

S	QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2012

o	TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 1-10702

Terex Corporation
(Exact name of registrant as specified in its charter)

Delaware	34-1531521
(State of Incorporation)	(IRS Employer Identification No.)

200 Nyala Farm Road, Westport, Connecticut 06880
(Address of principal executive offices)

(203) 222-7170
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

YES S NO o

Indicate by check mark whether the registrant has submitted electronically filed 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 S NO o

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

Large accelerated filer S Accelerated filer o Non-accelerated filer o Smaller Reporting Company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
YES o NO S

Number of outstanding shares of common stock: 110.5 million as of October 25, 2012.

The Exhibit Index begins on page 69.

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TEREX CORPORATION AND SUBSIDIARIES

GENERAL

This Quarterly Report on Form 10-Q filed by Terex Corporation generally speaks as of September 30, 2012 unless specifically noted otherwise, and includes financial information with respect to the subsidiaries of the Company listed below (all of which are 100%-owned) which were guarantors on September 30, 2012 (the "Guarantors") of the Company's 4% Convertible Senior Subordinated Notes due 2015 (the "4% Convertible Notes"), its 8% Senior Subordinated Notes Due 2017 (the "8% Notes") and its 6-1/2% Senior Notes Due 2020 (the "6-1/2% Notes"). See Note P – "Consolidating Financial Statements" to the Company's September 30, 2012 Condensed Consolidated Financial Statements included in this Quarterly Report. Unless otherwise indicated, Terex Corporation, together with its consolidated subsidiaries, is hereinafter referred to as "Terex," the "Registrant," "us," "we," "our" or the "Company."

Guarantor Information

Guarantor	State or other jurisdiction of incorporation or organization	I.R.S. employer identification number
A.S.V., Inc.	Minnesota	41-1459569
CMI Terex Corporation	Oklahoma	73-0519810
Fantuzzi Noell USA, Inc.	Illinois	36-3865231
Genie Financial Services, Inc.	Washington	91-1712115
Genie Holdings, Inc.	Washington	91-1666966
Genie Industries, Inc.	Washington	91-0815489
Genie International, Inc.	Washington	91-1975116
GFS National, Inc.	Washington	91-1959375
Loegering Mfg. Inc.	North Dakota	45-0310755
Powerscreen Holdings USA Inc.	Delaware	61-1265609
Powerscreen International LLC	Delaware	61-1340898
Powerscreen North America Inc.	Delaware	61-1340891
Powerscreen USA, LLC	Kentucky	31-1515625
Schaeff Incorporated	Iowa	42-1097891
Schaeff of North America, Inc.	Delaware	75-2852436
Terex Advance Mixer, Inc.	Delaware	06-1444818
Terex Aerials, Inc.	Wisconsin	39-1028686
Terex Financial Services, Inc.	Delaware	45-0497096
Terex USA, LLC	Delaware	75-3262430
Terex South Dakota, Inc.	South Dakota	41-1603748
Terex Utilities, Inc.	Oregon	93-0557703
Terex Washington, Inc.	Washington	91-1499412

Forward-Looking Information

Certain information in this Quarterly Report includes forward-looking statements regarding future events or our future financial performance that involve certain contingencies and uncertainties, including those discussed below in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations – Contingencies and Uncertainties." In addition, when included in this Quarterly Report or in documents incorporated herein by reference, the words "may," "expects," "should," "intends," "anticipates," "believes," "plans," "projects," "estimates negatives thereof and analogous or similar expressions are intended to identify forward-looking statements. However, the absence of these words does not mean that the statement is not forward-looking. We have based these forward-looking statements on current expectations and projections about future events. These statements are not guarantees of future performance. Such statements are inherently subject to a variety of risks and uncertainties that could cause actual results to differ materially from those reflected in such forward-looking statements. Such risks and uncertainties, many of which are beyond our control, include, among others:

- Our business is cyclical and weak general economic conditions affect the sales of our products and financial results;
- our ability to successfully integrate acquired businesses, including the recent acquisition of Demag Cranes AG;
- our ability to access the capital markets to raise funds and provide liquidity;
- our business is sensitive to government spending;
- our business is very competitive and is affected by our cost structure, pricing, product initiatives and other actions taken by competitors;
- we have suffered losses from operations in the past and may suffer further losses from operations;
- a material disruption to one of our significant facilities;
- our retention of key management personnel;
- the financial condition of suppliers and customers, and their continued access to capital;
- our providing financing and credit support for some of our customers;
- we may experience losses in excess of recorded reserves;
- the carrying value of our goodwill and other indefinite-lived intangible assets could become impaired;
- our ability to obtain parts and components from suppliers on a timely basis at competitive prices;
- our ability to timely manufacture and deliver products to customers;
- the need to comply with restrictive covenants contained in our debt agreements;
- our ability to generate sufficient cash flow to service our debt obligations and operate our business;
- our business is global and subject to changes in exchange rates between currencies, regional economic conditions and trade restrictions;
- our operations are subject to a number of potential risks, including changing regulatory environments, the Foreign Corrupt Practices Act and other similar laws, and political instability;
- possible work stoppages and other labor matters;
- compliance with changing laws and regulations; particularly environmental and tax laws and regulations;
- litigation, product liability claims, patent claims, class action lawsuits and other liabilities;
- our ability to comply with an injunction and related obligations resulting from the settlement of an investigation by the United States Securities and Exchange Commission ("SEC");
- our implementation of a global enterprise system and its performance; and
- other factors.

Actual events or our actual future results may differ materially from any forward-looking statement due to these and other risks, uncertainties and significant factors. The forward-looking statements contained herein speak only as of the date of this Quarterly Report and the forward-looking statements contained in documents incorporated herein by reference speak only as of the date of the respective documents. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained or incorporated by reference in this Quarterly Report to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TEREX CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(unaudited)
(in millions, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Net sales	$1,822.0	$1,803.6	$5,652.9	$4,548.0
Cost of goods sold	(1,443.4)	(1,528.0)	(4,514.9)	(3,890.3)
Gross profit	378.6	275.6	1,138.0	657.7
Selling, general and administrative expenses	(246.7)	(223.0)	(767.3)	(607.6)
Income (loss) from operations	131.9	52.6	370.7	50.1
Other income (expense)				
Interest income	1.3	3.2	6.4	8.3
Interest expense	(42.6)	(37.1)	(130.0)	(93.2)
Loss on early extinguishment of debt	(49.9)	(1.4)	(52.3)	(7.7)
Other income (expense) – net	(3.6)	50.0	(2.7)	136.5
Income (loss) from continuing operations before income taxes	37.1	67.3	192.1	94.0
(Provision for) benefit from income taxes	(8.8)	(34.2)	(61.7)	(56.5)
Income (loss) from continuing operations	28.3	33.1	130.4	37.5
Income (loss) from discontinued operations – net of tax	—	—	2.5	5.8
Gain (loss) on disposition of discontinued operations – net of tax	—	—	2.3	(0.5)
Net income (loss)	28.3	33.1	135.2	42.8
Net loss (income) attributable to noncontrolling interest	1.9	3.8	3.9	5.3
Net income (loss) attributable to Terex Corporation	$30.2	$36.9	$139.1	$48.1
Amounts attributable to Terex Corporation common stockholders:				
Income (loss) from continuing operations	$30.2	$36.9	$134.3	$42.8
Income (loss) from discontinued operations – net of tax	—	—	2.5	5.8
Gain (loss) on disposition of discontinued operations – net of tax	—	—	2.3	(0.5)
Net income (loss) attributable to Terex Corporation	$30.2	$36.9	$139.1	$48.1
Basic Earnings (Loss) per Share Attributable to Terex Corporation Common Stockholders:				
Income (loss) from continuing operations	$0.27	$0.34	$1.22	$0.39
Income (loss) from discontinued operations – net of tax	—	—	0.02	0.05
Gain (loss) on disposition of discontinued operations – net of tax	—	—	0.02	—
Net income (loss) attributable to Terex Corporation	$0.27	$0.34	$1.26	$0.44
Diluted Earnings (Loss) per Share Attributable to Terex Corporation Common Stockholders:				
Income (loss) from continuing operations	$0.27	$0.33	$1.19	$0.38
Income (loss) from discontinued operations – net of tax	—	—	0.02	0.05
Gain (loss) on disposition of discontinued operations – net of tax	—	—	0.02	—
Net income (loss) attributable to Terex Corporation	$0.27	$0.33	$1.23	$0.43
Weighted average number of shares outstanding in per share calculation				
Basic	110.5	109.6	110.3	109.5
Diluted	113.3	110.3	113.2	110.8

Comprehensive income (loss)	71.8	(194.8)	152.1	(105.6)
Comprehensive loss (income) attributable to noncontrolling interest	1.9	2.1	3.9	3.6
Comprehensive income (loss) attributable to Terex Corporation	$73.7	$(192.7)	$156.0	$(102.0)

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

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

	September 30, 2012	December 31, 2011
Assets		
Current assets		
Cash and cash equivalents	$542.6	$774.1
Trade receivables (net of allowance of $36.4 and $42.5 at September 30, 2012 and December 31, 2011, respectively)	1,174.1	1,178.1
Inventories	1,760.9	1,758.1
Deferred taxes	107.9	121.5
Other current assets	209.7	221.4
Total current assets	3,795.2	4,053.2
Non-current assets		
Property, plant and equipment – net	805.9	835.5
Goodwill	1,229.7	1,232.9
Intangible assets – net	477.0	519.5
Deferred taxes	65.7	69.0
Other assets	380.8	353.3
Total assets	$6,754.3	$7,063.4
Liabilities and Stockholders' Equity		
Current liabilities		
Notes payable and current portion of long-term debt	$79.0	$77.0
Trade accounts payable	738.9	764.6
Accrued compensation and benefits	222.1	222.3
Accrued warranties and product liability	107.1	111.0
Customer advances	254.2	223.2
Income taxes payable	54.4	185.2
Other current liabilities	304.1	307.6
Total current liabilities	1,759.8	1,890.9
Non-current liabilities		
Long-term debt, less current portion	1,984.8	2,223.4
Retirement plans	328.5	344.6
Other non-current liabilities	370.2	416.1
Total liabilities	4,443.3	4,875.0
Commitments and contingencies		
Redeemable noncontrolling interest	236.9	—
Stockholders' equity		
Common stock, $.01 par value – authorized 300.0 shares; issued 122.8 and 121.9 shares at September 30, 2012 and December 31, 2011, respectively	1.2	1.2
Additional paid-in capital	1,258.7	1,271.8
Retained earnings	1,501.0	1,361.9
Accumulated other comprehensive income (loss)	(108.6)	(125.5)
	(597.7)	(599.1)

Less cost of shares of common stock in treasury – 13.0 and 13.1 shares at September 30, 2012 and December 31, 2011, respectively		
Total Terex Corporation stockholders’ equity	2,054.6	1,910.3
Noncontrolling interest	19.5	278.1
Total stockholders’ equity	2,074.1	2,188.4
Total liabilities, redeemable noncontrolling interest and stockholders’ equity	$6,754.3	$7,063.4

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

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

	Nine Months Ended September 30,	
	2012	2011
Operating Activities of Continuing Operations		
Net income	$135.2	$42.8
Adjustments to reconcile net income to net cash provided by (used in) operating activities of continuing operations:		
Discontinued operations	(4.8)	(5.3)
Depreciation and amortization	112.3	89.3
Deferred taxes	9.7	(17.5)
Gain on sale of assets	(8.8)	(172.0)
Stock-based compensation expense	22.1	18.3
Changes in operating assets and liabilities (net of effects of acquisitions and divestitures):		
Trade receivables	19.3	(193.8)
Inventories	(103.1)	(145.3)
Trade accounts payable	(13.1)	101.5
Other assets and liabilities	(133.4)	73.9
Other operating activities, net	103.4	100.5
Net cash provided by (used in) operating activities of continuing operations	138.8	(107.6)
Investing Activities of Continuing Operations		
Capital expenditures	(56.1)	(63.6)
Acquisitions of businesses, net of cash acquired	(3.4)	(1,013.5)
Other investments	(14.1)	(16.1)
Proceeds from sale of assets	31.3	537.0
Other investing activities, net	(1.8)	(1.7)
Net cash (used in) provided by investing activities of continuing operations	(44.1)	(557.9)
Financing Activities of Continuing Operations		
Repayments of debt	(654.5)	(422.3)
Proceeds from issuance of debt	339.0	895.2
Payment of debt issuance costs	(5.3)	(25.8)
Distributions to noncontrolling interest	(4.9)	—
Other financing activities, net	(1.1)	4.9
Net cash provided by (used in) financing activities of continuing operations	(326.8)	452.0
Effect of Exchange Rate Changes on Cash and Cash Equivalents	0.6	4.2
Net Increase (Decrease) in Cash and Cash Equivalents	(231.5)	(209.3)
Cash and Cash Equivalents at Beginning of Period	774.1	894.2
Cash and Cash Equivalents at End of Period	$542.6	$684.9

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

TEREX CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2012
(unaudited)
NOTE A – BASIS OF PRESENTATION

Basis of Presentation. The accompanying unaudited Condensed Consolidated Financial Statements of Terex Corporation and subsidiaries as of September 30, 2012 and for the three and nine months ended September 30, 2012 and 2011 have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America to be included in full-year financial statements. The accompanying Condensed Consolidated Balance Sheet as of December 31, 2011 has been derived from and should be read in conjunction with the audited Consolidated Balance Sheet as of that date. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2011.

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

In the opinion of management, all adjustments considered necessary for fair statement of these interim financial statements have been made. Except as otherwise disclosed, all such adjustments consist only of those of a normal recurring nature. Operating results for the three and nine months ended September 30, 2012 are not necessarily indicative of results that may be expected for the year ending December 31, 2012.

Cash and cash equivalents at September 30, 2012 and December 31, 2011 include $9.4 million and $14.2 million, respectively, which was not immediately available for use. These consist primarily of cash balances held in escrow to secure various obligations of the Company.

On August 16, 2011, the Company acquired a majority interest in the shares of Demag Cranes AG. The results of Demag Cranes AG are included within the Material Handling & Port Solutions ("MHPS") segment since the date of acquisition. See Note H – "Acquisitions."

Reclassification. Certain prior year amounts have been reclassified to conform to the current year's presentation. Certain reclassifications have been made to the December 31, 2011 Condensed Consolidated Balance Sheet in accordance with the accounting for business combinations to reflect retrospective purchase accounting adjustments to the preliminary estimated fair values of acquired Demag Cranes AG net assets. See Note H – "Acquisitions." Effective July 1, 2011, the Company's bridge inspection equipment business, which was formerly included in the Construction segment, is now included in the Aerial Work Platforms ("AWP") segment. Effective July 1, 2012, the Company realigned certain operations, which were formerly included in the Cranes segment, to provide a single source for serving port equipment customers and are now included in the MHPS segment. See Note B – "Business Segment Information." The Company has changed the presentation of its Consolidated Statement of Cash Flows. Certain borrowings and repayments of debt have been reported on a gross basis; these cash flows were reported on a net basis previously. The payment of call premiums for early debt retirement which were previously included in operating activities are now included in financing activities in the Condensed Consolidated Statement of Cash Flows. The Company believes that these changes provide a clearer presentation of the Company's cash flows.

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Recent Accounting Pronouncements. In May 2011, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2011-04, "Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs," which amended Accounting Standards Codification ("ASC") 820, "Fair Value Measurements and Disclosures." This guidance addresses efforts to achieve convergence between U.S. GAAP and International Financial Reporting Standards ("IFRS") requirements for measurement of and disclosures about fair value. Key provisions of the amendment include: a prohibition on grouping financial instruments for purposes of determining fair value, except when an entity manages market and credit risks on the basis of the entity's net exposure to the group; an extension of the prohibition against the use of a blockage factor to all fair value measurements (that prohibition currently applies only to financial instruments with quoted prices in active markets); and a requirement that for recurring Level 3 fair value measurements, entities disclose quantitative information about unobservable inputs, a description of the valuation process used and qualitative details about the sensitivity of the measurements. In addition, for items not carried at fair value but for which fair value is disclosed, entities will be required to disclose the level within the fair value hierarchy that applies to the fair value measurement disclosed. This guidance was effective for the Company in its interim and annual reporting periods beginning January 1, 2012. Adoption of this guidance did not have a significant impact on the determination or reporting of the Company's financial results.

In June 2011, the FASB issued ASU 2011-05, "Comprehensive Income (ASC Topic 220): Presentation of Comprehensive Income," ("ASU 2011-05") which amended previous comprehensive income guidance. This accounting update eliminates the option to present components of other comprehensive income as part of the statement of stockholders' equity. Instead, the Company must report comprehensive income in either a single continuous statement of comprehensive income which contains two sections, net income and other comprehensive income, or in two separate but consecutive statements. In December 2011, the FASB issued ASU 2011-12, "Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in ASU 2011-05," ("ASU 2011-12"). ASU 2011-12 defers the requirement that companies present reclassification adjustments for each component of accumulated other comprehensive income in both net income and other comprehensive income on the face of the financial statements. ASU 2011-05 and 2011-12 were effective for the Company on January 1, 2012. Since the provisions of ASU 2011-05 and 2011-12 are presentation related only, adoption of ASU 2011-05 and 2011-12 did not have a significant impact on the determination or reporting of the Company's financial results.

In December 2011, the FASB issued ASU 2011-11, "Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities," ("ASU 2011-11"). ASU 2011-11 requires an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. ASU 2011-11 is effective for annual and interim reporting periods beginning on or after January 1, 2013. Adoption of this guidance is not expected to have a significant impact on the determination or reporting of the Company's financial results.

In July 2012, the FASB issued ASU 2012-02, "Intangibles - Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment," ("ASU 2012-02"). ASU 2012-02 amends the guidance in ASC 350-30 on testing indefinite-lived intangible assets, other than goodwill, for impairment. Under ASU 2012-02, an entity has the option of performing a qualitative assessment of whether it is more likely than not that the fair value of an entity's indefinite-lived intangible asset is less than its carrying amount before calculating the fair value of the asset. If the conclusion is that it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount, the Company would be required to calculate the fair value of the asset. ASU 2012-02 is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012, with early adoption permitted. Adoption of this guidance is not expected to have a significant impact on the determination or reporting of the Company's financial results.

Accounts Receivable and Allowance for Doubtful Accounts. Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in its existing accounts receivable. The Company determines the allowance based on historical customer review and current financial conditions. The Company reviews its allowance for doubtful accounts at least quarterly. Past due balances over 90 days and over a specified amount are reviewed individually for collectibility. All other balances are reviewed on a pooled basis by type of receivable. Account balances are charged off against the allowance when the Company determines it is probable the receivable will not be recovered. There can be no assurance that the Company's historical accounts receivable collection experience will be indicative of future results. The Company has off-balance sheet credit exposure related to guarantees provided to financial institutions as disclosed in Note N – "Litigation and Contingencies." Substantially all receivables were trade receivables at September 30, 2012 and December 31, 2011.

Impairment of Long-Lived Assets. The Company's policy is to assess the realizability of its long-lived assets, including intangible assets, and to evaluate such assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets (or group of assets) may not be recoverable. Impairment is determined to exist if the estimated future undiscounted cash flows are less than the carrying value. Future cash flow projections include assumptions for future sales levels and the level of working capital needed to support each business. The Company uses data developed by business segment management as well as macroeconomic data in making these calculations. The amount of any impairment then recognized would be calculated as the difference between estimated fair value and the carrying value of the asset. The Company recognized $0.2 million and $1.4 million of asset impairments for the three and nine months ended September 30, 2012, respectively, of which $0.2 million was recognized as part of restructuring costs for the three and nine months ended September 30, 2012. The Company recognized $2.1 million and $11.1 million of asset impairments for the three and nine months ended September 30, 2011, respectively, of which $2.1 million and $2.2 million, respectively, were recognized as part of restructuring costs. See Note K – "Restructuring and Other Charges."

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

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

Determining which category an asset or liability falls within this hierarchy requires judgment. The Company evaluates its hierarchy disclosures each quarter. Certain balances included in Cash and cash equivalents are invested in money market accounts, which are generally categorized as Level 1 or Level 2 in the fair value hierarchy, and/or certificates of deposit. Given the short term and liquid nature of these balances, the Company believes that carrying value approximates fair value for these amounts.

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

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

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

	Nine Months Ended September 30, 2012
Balance at beginning of period	$134.1
Accruals for warranties issued during the period	53.1
Changes in estimates	(0.8)
Settlements during the period	(62.6)
Foreign exchange effect/other	0.2
Balance at end of period	$124.0

NOTE B – BUSINESS SEGMENT INFORMATION

Terex is a diversified global equipment manufacturer of a variety of capital goods machinery products. The Company is focused on delivering reliable, customer-driven solutions for a wide range of commercial applications, including the construction, infrastructure, quarrying, mining, manufacturing, shipping, transportation, refining, energy and utility industries. The Company operates in five reportable segments: (i) AWP; (ii) Construction; (iii) Cranes; (iv) MHPS; and (v) Materials Processing ("MP").

The AWP segment designs, manufactures, refurbishes, services and markets aerial work platform equipment, telehandlers, light towers, bridge inspection equipment and utility equipment as well as their related replacement parts and components. Customers use these products to construct and maintain industrial, commercial and residential buildings and facilities, construct and maintain utility and telecommunication lines, trim trees, in construction and foundation drilling applications and for other commercial operations, as well as in a wide range of infrastructure projects. Effective July 1, 2011, the Company's bridge inspection equipment, which was formerly included in the Construction segment, is now included in the AWP segment. The historical results have been reclassified to give effect to this change.

The Construction segment designs, manufactures and markets heavy and compact construction equipment, roadbuilding equipment, including asphalt and concrete equipment and landfill compactors, as well as their related replacement parts and components. Customers use these products in construction and infrastructure projects, in building roads and bridges, in quarrying and mining operations and for material handling applications.

The Cranes segment designs, manufactures, services and markets mobile telescopic cranes, tower cranes, lattice boom crawler cranes, lattice boom truck cranes, and truck-mounted cranes (boom trucks), as well as their related replacement parts and components. Cranes products are used primarily for construction, repair and maintenance of commercial buildings, manufacturing facilities and infrastructure projects.

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

The MHPS segment was formed upon the completion of the Company's acquisition of a majority interest in the shares of Demag Cranes AG on August 16, 2011. See Note H – "Acquisitions." Accordingly, the results of Demag Cranes AG and its subsidiaries ("Demag Cranes") are consolidated within MHPS from its date of acquisition. The Company acquired the port equipment businesses of Reggiane Cranes and Plants S.p.A. and Noell Crane Holding GmbH (collectively, "Terex Port Equipment" or the "Port Equipment Business") on July 23, 2009. Subsequently, effective July 1, 2012, the Company realigned certain operations to provide a single source for serving port equipment customers. The Terex Port Equipment Business and the Company's French reach stacker business, both formerly part of the Cranes segment, are now consolidated within the MHPS segment. As a result, the 2011 performance of this segment reflects approximately one and a half months of operations of Demag Cranes. Accordingly, comparisons between the three and nine months ended September 30, 2011 and 2012, respectively, must be reviewed in this context.

The MP segment designs, manufactures and markets materials processing equipment, including crushers, washing systems, screens, apron feeders, chippers and related components and replacement parts. Construction, quarrying, mining, recycling, landscaping and government customers use MP products in construction, recycling, landscaping and infrastructure projects, as well as in various quarrying and mining applications.

The Company assists customers in renting, leasing and acquiring its products through Terex Financial Services ("TFS"). TFS uses its equipment and financial leasing experience to provide a variety of financing solutions to the Company's customers.

Business segment information is presented below (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Net Sales				
AWP	$526.1	$448.7	$1,645.2	$1,312.6
Construction	290.4	395.4	1,042.3	1,096.6
Cranes	394.6	417.3	1,097.0	1,107.7
MHPS	470.8	385.2	1,400.7	557.4
MP	149.9	171.1	509.4	512.0
Corporate and Other / Eliminations	(9.8)	(14.1)	(41.7)	(38.3)
Total	$1,822.0	$1,803.6	$5,652.9	$4,548.0
Income (loss) from Operations				
AWP	$59.3	$27.0	$185.1	$60.1
Construction	(8.3)	(6.4)	1.3	(15.6)
Cranes	47.6	25.1	97.7	(13.5)
MHPS	19.9	(1.8)	35.3	(19.7)
MP	15.2	12.4	59.1	45.8
Corporate and Other / Eliminations	(1.8)	(3.7)	(7.8)	(7.0)
Total	$131.9	$52.6	$370.7	$50.1

	September 30, 2012	December 31, 2011
Identifiable Assets		
AWP	$980.7	$1,039.5
Construction	1,188.4	1,232.3
Cranes	1,610.0	1,517.4
MHPS	2,788.4	2,890.2
MP	993.2	928.7
Corporate and Other / Eliminations	(806.4)	(544.7)
Total	$6,754.3	$7,063.4

NOTE C – INCOME TAXES

During the three months ended September 30, 2012, the Company recognized income tax expense of $8.8 million on income of $37.1 million, an effective tax rate of 23.7% as compared to income tax expense of $34.2 million on income of $67.3 million, an effective tax rate of 50.8%, for the three months ended September 30, 2011. The lower effective tax rate for the three months ended September 30, 2012 was primarily attributable to jurisdictional mix of income and reductions in the provision for uncertain tax positions.

During the nine months ended September 30, 2012, the Company recognized income tax expense of $61.7 million on income of $192.1 million, an effective tax rate of 32.1% as compared to income tax expense of $56.5 million on income of $94.0 million, an effective tax rate of 60.1%, for the nine months ended September 30, 2011. The lower effective tax rate for the nine months ended September 30, 2012 was primarily attributable to losses that did not produce tax benefits having less of an impact in the current period, jurisdictional mix of income, and reductions in the provision for uncertain tax positions.

The Company conducts business globally and the Company and its subsidiaries file income tax returns in U.S. federal, state and foreign jurisdictions, as required. In the normal course of business, the Company is subject to examination by taxing authorities throughout the world, including the jurisdictions of Australia, Germany, Italy, the United Kingdom and the U.S. Various entities of the Company are currently under audit in Germany, Italy, the U.S. and elsewhere. With a few exceptions, including certain subsidiaries in Germany that are under audit, the statute of limitations for the Company and its subsidiaries has expired for tax years prior to 2007. The Company assesses uncertain tax positions for recognition, measurement and effective settlement. Where the Company has determined that its tax return filing position does not satisfy the more likely than not recognition threshold of ASC 740, "Income Taxes," it has recorded no tax benefits. Where the Company has determined that its tax return filing positions are more likely than not to be sustained, the Company has measured and recorded the largest amount of tax benefit greater than 50% likely to be realized. The Company recognizes accrued interest and penalties, if any, related to income taxes as (Provision for) benefit from income taxes in its Condensed Consolidated Statement of Comprehensive Income.

The Company evaluates each reporting period whether it is reasonably possible that material changes to its uncertain tax position liability could occur in the next twelve months. Changes may occur as a result of uncertain tax positions being re-measured, effectively settled, paid, acquired or divested, as the result of a change in the accounting rules, tax law or judicial decision, or due to the extension or expiration of the relevant statute of limitations. It is not possible to predict which uncertain tax positions, if any, may be challenged by tax authorities. The timing and impact of income tax audits and their resolution is highly uncertain. New laws and judicial decisions can change assessments concerning technical merit and measurement. The amounts or periods in which changes to reserves for uncertain tax positions will occur is not ascertainable.

The Company evaluates the net realizable value of its deferred tax assets each reporting period. The Company considers all objective evidence, both positive and negative, in evaluating the future realization of its deferred tax assets. Historical information is supplemented by currently available information about future tax years. Realization requires sufficient taxable income of the appropriate character to use each deferred tax asset. The Company records a valuation allowance for any deferred tax asset for which realization is assessed as not more likely than not. In particular, the following was considered during the assessment of deferred tax asset realization: (i) estimates of future taxable income generated from various sources, including the continued recovery of operations in the U.S. and the United Kingdom and anticipated future recovery in Brazil, (ii) the reversal of taxable temporary differences, (iii) increased profitability due to cost reductions in recent years, and (iv) the anticipated combination of certain businesses in the United Kingdom, all of which were weighed against losses in late 2008 through 2010 in the U.S. and the United Kingdom and 2011 losses in Brazil. If the current estimates of future taxable income are not realized or future estimates of taxable income are reduced, then the assessment regarding the realization of deferred tax assets in certain jurisdictions, including the U.S., the United Kingdom and Brazil could change and have a material impact on the Condensed Consolidated Statement of Comprehensive Income.

Except for certain amounts related to Demag Cranes AG, including its subsidiaries in Australia, France, Italy, Spain, and the United Kingdom, the Company does not provide for foreign income and withholding, U.S. federal, or state income taxes or tax benefits on temporary differences between the financial reporting bases and tax bases of its investment in foreign subsidiaries because such amounts are indefinitely reinvested. The Company reviews its plan to indefinitely reinvest during each reporting period. In making its decision to indefinitely reinvest, the Company evaluates its plans of reinvestment, its ability to control repatriation, and the need, if any, to repatriate funds to support operations. If the assessment of the Company with respect to investments in its foreign subsidiaries changes, deferred U.S. income taxes, foreign income taxes, and foreign withholding taxes may have to be accrued. The Company records deferred tax assets and liabilities on the temporary differences between the financial statement basis and the tax basis in the investment in subsidiaries when such deferred taxes are required to be recognized. Where appropriate, the Company does not accrue deferred income taxes on the temporary difference between book and tax basis in domestic subsidiaries. At this time, determination of the unrecognized deferred tax liabilities for temporary differences related to the investments in subsidiaries is not practical.

With the exception of goodwill, the Company recorded deferred taxes on differences between the financial reporting bases and tax bases of Demag Cranes AG assets and liabilities acquired. In general, acquired goodwill in a non-taxable business combination is not amortized and not deductible for tax purposes. The Company has evaluated whether deferred income taxes should be provided for temporary differences related to investments in Demag Cranes AG subsidiaries that existed on August 16, 2011. See Note H – “Acquisitions.” Based on the Company’s current assessment, it believes, with the exceptions noted below, that such amounts remain indefinitely reinvested and that deferred taxes do not need to be provided. The Company determined that, as of the date of acquisition, temporary differences related to the Demag Cranes & Components GmbH investments in its Australian, French, Italian, Spanish, United Kingdom, and U.S. subsidiaries were not indefinitely reinvested and recorded deferred tax liabilities.

NOTE D – DISCONTINUED OPERATIONS

On February 19, 2010, the Company completed the disposition of its Mining business to Bucyrus International, Inc., (which was subsequently purchased by Caterpillar, Inc. (together with Bucyrus International, Inc. ("Bucyrus")) in July 2011) and received approximately $1 billion in cash and approximately 5.8 million shares of Bucyrus International, Inc. common stock. Following this transaction, the Company has invested in acquisitions and its current businesses and focused on products and services where it can maintain and build a strong market presence. The products divested by the Company in the transaction included hydraulic mining excavators, high capacity surface mining trucks, track and rotary blasthole drills, drill tools and highwall mining equipment, as well as the related parts and aftermarket service businesses, including the Company-owned distribution locations. The Company recorded a cumulative gain on the sale of its Mining business of approximately $607 million, net of tax through September 30, 2012. During the nine months ended September 30, 2012, the Company paid taxes of approximately $124 million related to the sale of its Mining business, which has been included in operating cash flows.

The Company is involved in a dispute with Bucyrus regarding the calculation of the value of the net assets of the Mining business. Bucyrus initially provided the Company with its calculation of the net asset value of the Mining business, which sought a payment of approximately $149 million from the Company to Bucyrus. The Company believed that the Bucyrus calculation of the net asset value was incorrect and not in accordance with the terms of the definitive agreement. The Company objected to Bucyrus' calculation and provided Bucyrus with its calculation of the net asset value, which did not require any payment from the Company to Bucyrus. The Company initiated a court proceeding on October 29, 2010 in the Supreme Court of the State of New York, County of New York, to enforce and protect its rights under the definitive agreement for the Mining business sale. On April 17, 2012, the appellate court in New York granted the Company's motion for summary judgment agreeing with the Company's interpretation of the definitive agreement with respect to the process for calculating the value of the net assets of the Mining business. Subsequently, Bucyrus revised its calculation of the net asset value of the Mining business and reduced the amount sought to approximately $23 million. Although no formal claim has been made, Bucyrus has stated it is considering whether it has any breach of contract claims against the Company relating to certain items in its original net asset value claim.

The Company continues to believe its calculation of the net asset value, not requiring any payment from the Company to Bucyrus, is correct. Therefore, the Company has not included the effects of the Bucyrus claim in the determination of the gain recognized in connection with the sale. In addition, the Company does not believe that Bucyrus has any valid claims for breach of contract and, in any event, the Company believes that any claims are time barred under the contract. While the Company believes Bucyrus' positions are without merit and it will continue to vigorously oppose them, no assurance can be given as to the final resolution of this dispute.

During the three months ended September 30, 2011, the Company sold approximately 2.6 million shares of Bucyrus common stock for net proceeds of $238.7 million, resulting in a gain of $76.2 million, which was recorded in Other income (expense) in the Condensed Consolidated Statement of Comprehensive Income. During the nine months ended September 30, 2011, the Company sold approximately 5.8 million shares of Bucyrus common stock for net proceeds of $531.8 million, resulting in a gain of $167.8 million, which was recorded in Other income (expense) in the Condensed Consolidated Statement of Comprehensive Income. As of September 30, 2012, the Company had no shares of Bucyrus stock remaining.

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

	Three Months Ended September 30,	Nine Months Ended September 30,

	2012	2011	2012	2011
Net sales	$—	$—	$—	$—
Loss from discontinued operations before income taxes	$—	$—	$—	$(0.1)
(Provision for) benefit from income taxes	—	—	2.5	5.9
Income (loss) from discontinued operations – net of tax	$—	$—	$2.5	$5.8
Gain (loss) on disposition of discontinued operations	$—	$—	$2.7	$(2.8)
(Provision for) benefit from income taxes	—	—	(0.4)	2.3
Gain (loss) on disposition of discontinued operations – net of tax	$—	$—	$2.3	$(0.5)

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During the nine months ended September 30, 2012 and September 30, 2011, a tax benefit of $2.5 million and $5.9 million, respectively was recognized in discontinued operations for the resolution of uncertain tax positions for pre-divestiture years in the Mining business. During the nine months ended September 30, 2011, the Company recorded a $0.5 million loss on the sale of its Mining business. During the nine months ended September 30, 2012, the Company recorded a $2.3 million gain on the sale of its Atlas business based on contractually obligated earnings based payments from the purchaser. No assets and liabilities were remaining in discontinued operations entities in the Condensed Consolidated Balance Sheet as of September 30, 2012 and December 31, 2011.

NOTE E – EARNINGS PER SHARE

(in millions, except per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Net income (loss) from continuing operations attributable to Terex Corporation common stockholders	$30.2	$36.9	$134.3	$42.8
Income (loss) from discontinued operations–net of tax	—	—	2.5	5.8
Gain on disposition of discontinued operations–net of tax	—	—	2.3	(0.5)
Net income (loss) attributable to Terex Corporation	$30.2	$36.9	$139.1	$48.1
Basic shares:				
Weighted average shares outstanding	110.5	109.6	110.3	109.5
Earnings per share – basic:				
Income (loss) from continuing operations	$0.27	$0.34	$1.22	$0.39
Income (loss) from discontinued operations–net of tax	—	—	0.02	0.05
Gain (loss) on disposition of discontinued operations–net of tax	—	—	0.02	—
Net income (loss) attributable to Terex Corporation	$0.27	$0.34	$1.26	$0.44
Diluted shares:				
Weighted average shares outstanding	110.5	109.6	110.3	109.5
Effect of dilutive securities:				
Stock options, restricted stock awards and convertible notes	2.8	0.7	2.9	1.3
Diluted weighted average shares outstanding	113.3	110.3	113.2	110.8
Earnings per share – diluted:				
Income (loss) from continuing operations	$0.27	$0.33	$1.19	$0.38
Income (loss) from discontinued operations–net of tax	—	—	0.02	0.05
Gain on disposition of discontinued operations–net of tax	—	—	0.02	—
Net income (loss) attributable to Terex Corporation	$0.27	$0.33	$1.23	$0.43

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

Noncontrolling Interest Attributable to Common Stockholders

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Income (loss) from continuing operations	$28.3	$33.1	$130.4	$37.5
Noncontrolling interest attributed to (income) loss from continuing operations	1.9	3.8	3.9	5.3
Income (loss) from continuing operations attributable to common stockholders	$30.2	$36.9	$134.3	$42.8

Weighted average options to purchase 0.2 million of the Company's common stock, par value $0.01 per share ("Common Stock"), were outstanding during each of the three and nine months ended September 30, 2012 and 2011, but were not included in the computation of diluted shares as the effect would be anti-dilutive. Weighted average restricted stock awards of 0.3 million shares were outstanding during the three and nine months ended September 30, 2012, respectively, and weighted average restricted stock awards of 0.2 million were outstanding during the three and nine months ended September 30, 2011, respectively, but were not included in the computation of diluted shares because the effect would be anti-dilutive or performance targets were not yet achieved for awards contingent upon performance. ASC 260, "Earnings per Share," requires that employee stock options and non-vested restricted shares granted by the Company be treated as potential common shares outstanding in computing diluted earnings per share. Under the treasury stock method, the amount the employee must pay for exercising stock options, the amount of compensation cost for future services that the Company has not yet recognized and the amount of tax benefits that would be recorded in additional paid-in capital when the award becomes deductible are assumed to be used to repurchase shares. The Company includes the impact of pro forma deferred tax assets in determining the amount of tax benefits for potential windfalls and shortfalls (the differences between tax deductions and book expense) in this calculation.

The 4% Convertible Senior Subordinated Notes due 2015 (the "4% Convertible Notes") described in Note L – "Long-Term Obligations" are dilutive to the extent the volume-weighted average price of the Common Stock for the period evaluated was greater than $16.25 per share and earnings from continuing operations were positive. The volume-weighted average price of the Common Stock was greater than $16.25 per share for the three and nine months ended September 30, 2012. The number of shares that were contingently issuable for the 4% Convertible Notes during each of the three and nine months ended September 30, 2012 was 2.2 million. The volume-weighted average price of the common stock was not greater than $16.25 per share for the three and nine months ended September 30, 2011, and therefore no shares were contingently issuable during such period.

NOTE F – INVENTORIES

Inventories consist of the following (in millions):

	September 30, 2012	December 31, 2011
Finished equipment	$488.1	$465.2
Replacement parts	215.2	217.7
Work-in-process	514.8	508.7
Raw materials and supplies	542.8	566.5
Inventories	$1,760.9	$1,758.1

Reserves for lower of cost or market value, excess and obsolete inventory were $131.1 million and $120.1 million at September 30, 2012 and December 31, 2011, respectively.

NOTE G – PROPERTY, PLANT AND EQUIPMENT

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

	September 30, 2012	December 31, 2011
Property	$121.1	$123.3
Plant	395.2	426.4
Equipment	707.0	690.4
Property, plant and equipment – gross	1,223.3	1,240.1
Less: Accumulated depreciation	(417.4)	(404.6)

Property, plant and equipment – net	$805.9	$835.5

NOTE H – ACQUISITIONS

2012 Acquisitions

In April 2012, the Company completed a small acquisition in the Cranes segment that had an aggregate purchase price of less than $11 million. This acquisition did not have a material impact on the Company’s financial results.

2011 Acquisitions

Demag Cranes AG Acquisition

On August 16, 2011, the Company acquired approximately 81% of the shares of Demag Cranes AG at a price of €45.50 per share, for total cash consideration of approximately $1.1 billion, bringing the Company's ownership to 82%. Demag Cranes AG is active in developing, planning, producing, distributing, and marketing industrial cranes and hoists and port technology, as well as providing services in these areas. Demag Cranes AG's business is highly complementary to the Company's existing business both in terms of product and geographical fit. The acquisition of Demag Cranes AG is consistent with the Company's strategy to expand its position as a globally active manufacturer of machinery and industrial products in niche market segments.

In January 2012, the Company entered into a Domination and Profit and Loss Transfer Agreement (the "DPLA") with Demag Cranes AG. The DPLA was approved by the Demag Cranes AG shareholders on March 16, 2012 and became effective following registration of the DPLA in the commercial register on April 18, 2012. Upon demand from outside shareholders of Demag Cranes AG, the Company will acquire their shares in return for €45.52 per share. Any outside shareholders of Demag Cranes AG that choose not to sell their shares to the Company will receive an annual guaranteed payment in the gross amount of €3.33 per share (€3.04 net per share). See Note O – "Stockholders' Equity" for a discussion of the financial statement impact of these items.

Net Assets Acquired
The Company has applied purchase accounting to Demag Cranes AG and the results of operations are included in the Company's consolidated financial statements following the acquisition date. The application of purchase accounting under ASC 805 requires the recognition and measurement of the identifiable assets acquired, liabilities assumed, and any noncontrolling interest in the acquiree. The net assets and liabilities of Demag Cranes AG were recorded at their estimated fair value using Level 3 inputs. The noncontrolling interest was recorded at fair value using Level 1 inputs. See Note A – "Basis of Presentation," for an explanation of Level 1 and 3 inputs. In valuing acquired assets and liabilities, fair value estimates are based on, but are not limited to, future expected cash flows, market rate assumptions for contractual obligations, actuarial assumptions for benefit plans, and appropriate discount and growth rates. The estimated fair values of assets acquired and liabilities assumed are based on the information that was available as of the date of this filing to estimate the fair value of assets acquired and liabilities assumed. The Company believes that such information provides a reasonable basis for estimating the fair values of assets acquired and liabilities assumed. The Company finalized the valuation and completed the purchase price adjustments during the period ended September 30, 2012.

During the period ended September 30, 2012, the Company made an election, for U.S. tax purposes, to characterize most aspects of the Demag Cranes AG acquisition as a purchase of assets, rather than as a purchase of shares of Demag Cranes AG. As a result of this election, a net $38.4 million U.S. deferred tax liability related to the investment basis difference was no longer required. Since the deferred tax liability was recorded in purchase accounting as an increase to goodwill, its elimination was recorded as a reduction to goodwill. In addition, during the period ended September 30, 2012, additional measurement period adjustments of $9.8 million related principally to uncertain tax position amounts and deferred tax liabilities for the investment basis differences in certain Demag Cranes AG subsidiaries were recorded as an increase to goodwill. The total measurement period adjustment in the period ended September 30, 2012 to MHPS goodwill for tax-related purchase accounting items was a decrease of $28.6 million and the Demag Cranes AG acquisition date balance sheet (shown below) and the December 31, 2011 Condensed Consolidated Balance Sheet have been adjusted to reflect such decrease.

The fair value of the noncontrolling interest in Demag Cranes AG at the acquisition date was $253.0 million. The valuation techniques and significant inputs used to measure the fair value of the noncontrolling interest was quoted market prices.

The following table summarizes the estimated fair values of the Demag Cranes AG assets acquired and liabilities assumed and related deferred income taxes as of acquisition date (in millions).

Assets acquired	
Current assets	$603.4
Trade receivables	253.3
Property, plant and equipment	308.0
Intangible assets not subject to amortization	129.7
Intangible assets subject to amortization	302.3
Other assets	131.0
Goodwill	821.5
Total assets acquired	2,549.2
Liabilities assumed	
Current liabilities, excluding current portion of long-term debt	471.4
Long-term debt	169.5
Postemployment benefit obligation	188.9
Other noncurrent liabilities	329.8
Total liabilities assumed	1,159.6
Net assets acquired	$1,389.6

Goodwill of $821.5 million, resulting from the acquisition of a majority interest in Demag Cranes AG was assigned to the newly created MHPS segment. Goodwill consists of intangible assets that do not qualify for separate recognition which includes assembled workforce. As part of the final valuation of the acquisition, the Company determined which entities and to what extent the benefit of the acquisition applies and, as required by U.S. GAAP, recorded the appropriate intangibles and goodwill to each entity. With the exception of tax deductible goodwill existing prior to the acquisition, the purchased intangibles and goodwill are not deductible for tax purposes. However, purchase accounting allows for the establishment of deferred tax liabilities on purchased intangibles (other than goodwill) that will be recognized as a tax benefit on the Company’s future Consolidated Statements of Comprehensive Income in proportion to and over the amortization period of each related intangible asset.

Demag Cranes AG maintained change-in-control provisions with certain management board members that allowed for enhanced severance and benefit payments. Included in the assets acquired and liabilities assumed above are severance accruals of approximately $4.1 million. These severance payments are expected to be completed in 2013.

Unaudited Pro Forma Information

The Company’s consolidated Net sales and Net (loss) income attributable to Terex Corporation from August 16, 2011 through September 30, 2011 includes $256.0 million and $35.4 million, respectively, related to the Demag Cranes AG business.

The following unaudited pro forma information has been presented as if the Demag Cranes AG transaction occurred on January 1, 2010. This information is based on historical results of operations, adjusted for acquisition accounting adjustments, and is not necessarily indicative of what the results would have been had the Company operated the business since January 1, 2010, nor does it intend to be a projection of future results. No pro forma adjustments have been made for the Company's incremental transaction costs or other transaction-related costs.

(in millions, except per share data)	Three Months Ended September 30 2011	Nine Months Ended September 30 2011
Net sales	$1,910.1	$5,336.5
Net (loss) income attributable to Terex Corporation	$(49.3)	$(64.3)
Basic earnings (loss) per share attributable to Terex Corporation common stockholders	$(0.45)	$(0.59)
Diluted earnings (loss) per share attributable to Terex Corporation common stockholders	$(0.45)	$(0.59)

The fiscal year-ends for the Company and Demag Cranes AG were different. Demag Cranes AG fiscal year end was September 30. The information presented is for the three and nine month periods for the respective company's fiscal years. The results of Demag Cranes AG for the three and nine month periods ended June 30, 2011 were used in these computations.

Other 2011 Acquisitions

In May 2011, the Company completed a small acquisition in the MP segment that had an aggregate purchase price of less than $5 million. In October 2011, the Company completed a small acquisition in the AWP segment that had an aggregate purchase price of less than $25 million. These acquisitions did not have a material impact on the Company's financial results.

NOTE I – GOODWILL AND INTANGIBLE ASSETS, NET

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

	AWP	Construction	Cranes	MHPS	MP	Total
Balance at December 31, 2011, gross (1)	$154.7	$438.8	$185.5	$760.7	$198.0	$1,737.7
Accumulated impairment	(42.8)	(438.8)	—	—	(23.2)	(504.8)
Balance at December 31, 2011, net	111.9	—	185.5	760.7	174.8	1,232.9
Acquisitions	(0.2)	—	15.1	6.3	—	21.2
Change in control of joint venture (2)	—	—	(4.6)	—	—	(4.6)
Foreign exchange effect and other	(0.2)	—	(1.5)			