TEREX CORP
Form 11-K
June 25, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2012

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________ to __________

Commission file number ____________________

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

Terex Corporation and Affiliates' 401(k) Retirement Savings Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Terex Corporation
200 Nyala Farm Road
Westport, Connecticut 06880

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* Other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 are omitted because they are not applicable.

Report of Independent Registered Public Accounting Firm

To the Participants and Administrative Committee of the
Terex Corporation and Affiliates'
401(k) Retirement Savings Plan

We have audited the accompanying Statements of Net Assets Available for Benefits of the Terex Corporation and Affiliates' 401(k) Retirement Savings Plan (the "Plan"), as of December 31, 2012 and 2011, and the related Statement of Changes in Net Assets Available for Benefits for the year ended December 31, 2012. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes 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, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan, as of December 31, 2012 and 2011, and the changes in net assets available for benefits for the year ended December 31, 2012, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2012, is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Mayer Hoffman McCann P.C.
Plymouth Meeting, Pennsylvania
June 24, 2013

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STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
AS OF DECEMBER 31

	2012	2011
ASSETS		
Investments:		
Mutual Funds at fair value (see Notes 3 & 4)	$226,781,398	$192,279,130
Common Stock at fair value (see Notes 3 & 4)	63,947,245	34,656,549
Common Collective Trust at fair value (see Notes 3 & 4)	14,853,243	15,467,439
Total investments	305,581,886	242,403,118
Receivables:		
Participants' contributions	744,306	705,258
Employer contributions	795,339	758,492
Notes receivable from participants	11,685,295	11,671,629
Other plans (see Notes 1 &2)	36,318,167	—
Total receivables	49,543,107	13,135,379
NET ASSETS REFLECTING ALL ASSETS AT FAIR VALUE	355,124,993	255,538,497
Adjustment from fair value to contract value for fully benefit-responsive investment contracts (see Note 4)	(425,060)	(381,487)
NET ASSETS AVAILABLE FOR BENEFITS	$354,699,933	$255,157,010

See accompanying notes to financial statements.

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STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2012

ADDITIONS:	
Net appreciation in fair value of investments	$54,315,311
Dividends from investments	7,563,097
Interest from participants' notes receivable	520,170
Participant contributions	17,466,849
Employer contributions	11,799,724
Rollover contributions	1,342,639
Total additions	93,007,790
DEDUCTIONS:	
Benefits paid to participants	(29,603,329)
Administrative fees	(179,705)
Total deductions	(29,783,034)
NET INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS	63,224,756
TRANSFERS FROM OTHER PLANS (See Notes 1 & 2)	36,318,167
NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR	255,157,010
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	$354,699,933

See accompanying notes to financial statements.

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NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF THE PLAN

The following description of the Terex Corporation and Affiliates' 401(k) Retirement Savings Plan (the "Plan") provides only general information. Employees covered by the Plan ("Participants") should refer to the Plan document for a more complete description of the Plan's provisions.

General - The Plan is a defined contribution plan that covers certain salaried and hourly employees of Terex Corporation and its subsidiaries (the "Company") meeting minimum eligibility requirements. The investments of the Plan are held in a trust account by Fidelity Management Trust Company ("Fidelity"), the trustee of the Plan.

The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

A committee, consisting of at least three members appointed by the Company's Board of Directors, administers the benefit structure of the Plan ("Administrative Committee"). The Administrative Committee is considered the plan administrator for purposes of ERISA.

The Plan was amended effective January 24, 2012. As a result of the amendment, for any plan year in which a Participant may make both pre-tax and Roth elective contributions, distribution of excess deferrals shall be made from the pre-tax elective contributions before the Roth elective contributions to the extent such type of elective contributions were made for the year, unless the participant specifies otherwise. The amendment also established automatic elective contribution notices.

Effective December 31, 2012 the Crane America Services, Inc. ("CAS") 401(k) Retirement Savings Plan (the "CAS Plan") was merged with the plan. Additionally, the Demag Cranes and Components Corporation ("Demag") 401(k) Retirement Savings Plan, and the Demag Cranes and Components Corporation 401(k) Savings Plan for Bargaining Unit Employees (collectively, the "Demag Savings Plans") were also merged with the Plan. The Plan was amended effective January 1, 2013 adding CAS and Demag as Terex businesses participating in the Plan including services rendered by Participants prior to January 1, 2013.

Participant Eligibility - Permanent employees may begin participation on the first day of the month following their hiring, with the exception of Powerscreen USA, LLC d/b/a Simplicity Engineering, Inc. ("Simplicity") participants who are subject to collective bargaining agreements ("Represented Participants"), who are eligible to participate in the Plan after 120 days of service.

Contributions - Participants may contribute a maximum of 80% of their compensation to the Plan in any combination of pre-tax, Roth or post-tax contributions. The maximum pre-tax contribution permitted under Internal Revenue Service ("IRS") regulations in 2012 was $17,000. Participants age 50 and older can elect to make additional pre-tax and Roth contributions ("catch-up contributions") up to the limits prescribed by IRS regulations. These additional catch-up contributions are not eligible for matching Company contributions and the maximum catch-up contributions permitted by IRS regulations in 2012 was $5,500.

The Company provides safe harbor matching contributions of 100% of participant contributions to the Plan up to a maximum of 5% of their compensation except for Represented Participants of Simplicity and of Terex USA, LLC ("Terex USA"). For Represented Participants of Simplicity, the Company contributions are 100% of a participants contributions to the Plan up to a maximum of 3% of their compensation. For Represented Participants of Terex USA,

the Company contributions are 100% of a participants contributions to the Plan up to a maximum of 5% of their compensation.
The Company may make, at its sole discretion, supplementary contributions.

Contributions (excluding catch-up contributions) are limited in that the sum of: a) total Company contributions; b) total participant pre-tax contributions; c) total participant Roth contributions and d) total participant post-tax contributions, cannot exceed the lesser of: i) $50,000 or ii) 100% of the participant’s total compensation for the year. Participants are able to direct both participant and Company contributions and redistribute accumulated contributions and earnings between investment alternatives.

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All employees under the Plan are subject to automatic enrollment for Participant pre-tax contributions equal to 2% of compensation. Participants may elect to opt out of automatic enrollment.

Vesting - Participants are fully vested immediately in their voluntary contributions and all Company safe harbor matching contributions, plus any actual earnings thereon.

Forfeitures - Nonvested (prior to safe harbor matching provisions) Company contributions of participants that have separated from the Company become forfeitures and are held in a separate account and may be used to reduce future Company contributions or to pay the Plan's administrative fees. However, participants that return to service within five years from their separation date will be entitled to continue vesting in the Company contributions which were previously forfeited. At December 31, 2012 and 2011, respectively, forfeited nonvested accounts totaled $80,590 and $10,324. These accounts will be used to offset future Company contributions or pay the Plan's administrative fees. During the year ended December 31, 2012, $59,193 of the forfeiture account was used to offset Company contributions or for payment of the Plan's expenses.

Allocation of Earnings - Each participant's account is credited with contributions and an allocation of earnings (losses) from the respective investment funds. A participant's contributions and related Company contributions are used to purchase shares in the various investment alternatives. The value of and the earnings credited to a participant's account are based on the proportionate number of shares owned by the participant and the fair value of the investment on the valuation date.

Payment of Benefits - Upon retirement, disability or death, the entire balance of the participant's account becomes payable to the participant or designated beneficiary. Upon any other termination of employment, the participant receives the vested portion of his/her account; however, if the vested portion of the participant's account is greater than $5,000 the participant can elect to keep the investments in the Plan. Withdrawals are also permitted for financial hardship, basic Roth contributions, rollover and after-tax contributions, as defined in the Plan document, or upon attainment of age 59-1/2.

In the event the participant does not direct the distribution, the Administrative Committee is allowed to designate an individual retirement plan for a mandatory distribution greater than $1,000. For amounts less than $1,000 a distribution is made to the participant.

Notes Receivable from Participants - Participants may obtain loans between $1,000 and an amount up to the lesser of $50,000 or 50% of the vested portion of their account balance, subject to the discretion of the plan administrator and certain other restrictions. Terms of all loans are established by the plan administrator. As of December 31, 2012, interest rates on participant loans ranged from 4.25% to 9.50% with maturities at various dates through 2027.

Participant-directed Investments - All assets of the Plan are participant-directed investments. Participants have the option of directing their account balance to one or more different investment options. The investment options include various mutual funds, a common collective trust and Company Common Stock. If a participant does not elect an investment option in which to invest their deferrals the Plan will invest their contributions in a Qualified Default Investment Alternative ("QDIA"). Currently the Plan's QDIA's are the Fidelity Freedom Funds (2000, 2010, 2020, 2030, 2040 and 2050). The participant's projected retirement date, based on their date of birth, will determine which Fidelity Freedom Fund their contributions will be invested in.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting.

Expenses - Fees and expenses related to administering the Plan are generally paid by the Company. Investment management fees and loan administration fees are paid by participants.

Payment of Benefits - Benefits are recorded when paid.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein and disclosure of contingent assets and liabilities at the date of the financial

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statements and the reported amounts of investment income and expenses during the reporting period. Actual results could differ significantly from those estimates.

Investment Valuation and Income Recognition - The Plan's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Administrative Committee determines the Plan's valuation policies utilizing information provided by the investment advisers and custodian (see Note 3). Shares of mutual funds are valued at the net asset value of shares held by the Plan at year-end. Purchases and sales of securities are recorded on a trade-date basis. Interest income from Participant notes receivable is recorded on the accrual basis. Net appreciation in the aggregate fair value of investments is comprised of all realized and unrealized gains and losses during the year. Dividends are recorded on the ex-dividend date.

Investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Plan invests in investment contracts through a common collective trust. The Statement of Net Assets Available for Benefits presents the fair value of the investment in the collective trust as well as the adjustment of the investment in the collective trust from fair value to contract value relating to the investment contracts. The Statement of Changes in Net Assets Available for Benefits has been prepared using the contract value of fully benefit-responsive investment contracts. See Note 4 for additional information.

Notes Receivable from Participants - Notes receivable from participants are measured at their unpaid principal balance plus accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based upon the terms of the Plan document. No allowance for credit losses has been recorded as of December 31, 2012 or 2011.

Receivables from Other Plans - Participant accounts attributable to the CAS Plan and the Demag Savings Plans were merged with the Plan effective December 31, 2012. Total assets of these plans were $36,318,167 and were recorded as receivables from other plans as of December 31, 2012.

Unit Values - Individual participant accounts in the common collective trust (the "Trust") described below are maintained on a unit value basis. Participants do not have beneficial ownership in the specific underlying securities or other assets in the Trust , but do have an interest therein represented by units valued daily. The funds in the Trust earn dividends and interest which are automatically reinvested in additional units. Generally, contributions to and withdrawals from each fund within the Trust are converted to units by dividing the amounts of such transactions by the unit values as last determined, and the participants' accounts are charged or credited with the number of units properly attributable to each participant.

Recent Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board ("FASB") issued ASU 2011-04, "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs," which amends Accounting Standards Codification ("ASC 820"). The amendment is the result of work by the FASB and the International Accounting Standards Board to develop common requirements for measuring fair value and for disclosing information about fair value measurements in accordance with accounting principles generally accepted in the United States of America and International Financial Reporting Standards. The amendment clarifies that the concepts of highest and best use in a fair value measurement are relevant only when measuring the fair value of nonfinancial assets and are not relevant when measuring the fair value of financial assets or liabilities. The guidance expanded the disclosures for fair value measurements categorized within Level 3 of the fair value hierarchy to include the valuation processes used by the reporting entity and the sensitivity of the fair value measurement to changes in unobservable inputs and the interrelationships between those unobservable inputs, if any. ASU 2011-04 is effective for interim and annual periods beginning after December 15, 2011. Adoption of ASU 2011-04 did not have a significant impact on the determination or reporting of the Plan’s financial results.

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3. FAIR VALUE MEASUREMENT

The Plan performs fair value measurements in accordance with ASC 820. ASC 820 defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the Plan considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance.

ASC 820 also establishes a fair value hierarchy that requires the Plan to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Determining which category an asset or liability falls within this hierarchy requires judgment. ASC 820 establishes three levels of inputs that may be used to measure fair value:

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).

The Plan's valuation methodology used to measure the fair value of common stock and mutual funds were derived from quoted market prices as all of these instruments have active markets. The Trust value is determined by the contractual terms of the underlying guaranteed investment contracts ("GICs") and is priced based on the market value of the underlying investments in the portfolio which may include U.S. Treasury bonds, corporate bonds, mortgage-backed securities, asset-backed securities, and derivative instruments, including futures, options, and swaps.

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Investments measured at fair value on a recurring basis consisted of the following types of instruments as of December 31, 2012 (Level 1 and 2 are defined above):

	12/31/2012	Level 1	Level 2
Mutual funds:			
Large cap			
Value	$8,097,478	$8,097,478	$