

MANITOWOC CO INC
Form 10-K
March 01, 2007
United States
Securities and Exchange Commission
Washington, D.C. 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended December 31, 2006

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)
2400 South 44th Street, Manitowoc, Wisconsin
(Address of principal executive offices)

39-0448110
(I.R.S. Employer Identification Number)
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
Common Stock, \$.01 Par Value
Common Stock Purchase Rights

Name of Each Exchange on Which Registered
New York Stock Exchange

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the securities Act.

Yes No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Act.

Yes No

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 No

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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.

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The Aggregate Market Value on June 30, 2006, of the registrant's Common Stock held by non-affiliates of the registrant was \$2,739,769,503 based on the closing per share price of \$44.50 on that date.

The number of shares outstanding of the registrant's Common Stock as of January 31, 2007, the most recent practicable date, was 62,139,062.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement, to be prepared and filed for the annual Meeting of Shareholders, dated April 2, 2007 (the 2007 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.

PART I

Item 1. Business

General

Founded in 1902, we are a diversified industrial manufacturer in three principal markets: Cranes and Related Products (Crane); Foodservice Equipment (Foodservice) and Marine. We have over a 100-year tradition of providing high-quality, customer-focused products and support services to our markets worldwide. For the year ended December 31, 2006 we had net sales of approximately \$2.9 billion.

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

On January 3, 2006, we acquired certain assets, rights and properties of ExacTech, Inc., a supplier of fabrication, machining, welding, and other services to various parties. Located in Port Washington, Wisconsin, ExacTech, Inc. (n/k/a Port Washington) provides these services exclusively to our U.S. based crane manufacturing facilities.

Our Foodservice business is a leading broad-line manufacturer of cold side commercial foodservice products. We design, manufacture and market full product lines of ice making machines, walk-in and reach-in refrigerators and freezers, fountain beverage delivery systems and other foodservice refrigeration products for the lodging, restaurant, healthcare, convenience store, soft-drink bottling, and institutional foodservice markets. Our Foodservice products are marketed under the Manitowoc, SerVend, Multiplex, Kolpak, Harford-Duracool, McCall, McCann's, Koolaire, Flomatic, Kyees, RDI, and other brand names.

On May 26, 2006, we acquired substantially all of the net assets and business operated by McCann's Engineering & Mfg. Co. and McCann's de Mexico, S.A. de C.V. (McCann's). Headquartered in Los Angeles, California, with operations also in Tijuana, Mexico, McCann's is engaged in the design, manufacture and sale of beverage dispensing equipment primarily used in fast food restaurants, stadiums, cafeterias and convenience stores. McCann's primary products are backroom beverage equipment such as carbonators, water boosters and racks. McCann's also produces accessory components for beverage dispensers including specialty valves, stands and other stainless steel components.

Our Marine segment provides new construction (commercial/government), ship repair and maintenance services for freshwater and saltwater vessels from three shipyards on the U.S. Great Lakes. Our Marine segment serves the Great Lakes maritime market consisting of U.S. and Canadian fleets, inland waterway operators, and ocean going vessels that transit the Great Lakes and St. Lawrence Seaways.

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

Financial Information About Business Segments

The following is financial information about the Crane, Foodservice and Marine segments for the years ended December 31, 2006, 2005 and 2004. 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 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, interest expense, and income tax expense. The company evaluates segment performance based upon profit and loss before the aforementioned expenses. Restructuring costs separately identified in the Consolidated Statements of Operations are included as reductions to the respective segment's operating earnings for each year below. Amounts are shown in millions of dollars.

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	2006	2005	2004
Net sales from continuing operations:			
Cranes and Related Products	\$ 2,235.4	\$ 1,628.7	\$ 1,248.5
Foodservice Equipment	415.4	399.6	377.2
Marine	282.5	225.8	219.2
Total	\$ 2,933.3	\$ 2,254.1	\$ 1,844.9
Operating earnings (loss) from continuing operations:			
Crane and Related Products	\$ 280.6	\$ 115.5	\$ 57.0
Foodservice Equipment	56.2	54.9	55.7
Marine	11.3	(9.2)	16.5
Corporate	(42.4)	(24.8)	(21.2)
Amortization expense	(3.3)	(3.1)	(3.1)
Operating earnings from continuing operations	\$ 302.4	\$ 133.3	\$ 104.9
Capital expenditures:			
Cranes and Related Products	\$ 51.3	\$ 32.9	\$ 24.2
Foodservice Equipment	10.9	16.9	11.8
Marine	3.1	4.1	4.3
Corporate	2.3	1.0	2.9
Total	\$ 67.6	\$ 54.9	\$ 43.2
Total assets:			
Crane and Related Products	\$ 1,572.4	\$ 1,224.7	\$ 1,279.7
Foodservice Equipment	340.1	313.2	302.9
Marine	120.9	123.3	110.3
Corporate	186.1	300.6	235.2
Total	\$ 2,219.5	\$ 1,961.8	\$ 1,928.1

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Products And Services

We sell our products categorized in the following business segments:

Business Segment	Percentage of 2006 Net Sales	Key Products	Key Brands
Cranes and Related Products	76%	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: including rough-terrain, all-terrain, truck-mounted and industrial cranes; Boom Trucks: which include telescopic and articulated boom trucks; Parts and Service: which include replacement parts, product services, crane rebuilding and remanufacturing services	Manitowoc Potain Grove National CraneCARE
Foodservice Equipment	14%	Commercial ice-cube machines, ice flakers, and storage bins; ice/beverage dispensers; long-draw soft-drink and beer dispensing systems; walk-in refrigerators and freezers; reach-in refrigerators and freezers; refrigerated under-counters and food prep tables; post-mix beverage dispensing valves; cast aluminum cold plates; carbonator tanks; compressor racks and modular refrigeration systems; backroom beverage equipment distribution	Manitowoc SerVend Mutipex Kolpak Harford-Duracool McCall McCann's Koolaire Flomatic Kyees RDI SnoBall
Marine	10%	New construction services for commercial, government, and military vessels of all varieties, including research vessels, ice breakers, ferries, patrol boats, self-unloading bulk carriers, double-hull tank barges, articulated tug/barges (AT/B units) and dredges; military vessels; inspection, maintenance and repair of freshwater and saltwater vessels.	

Cranes and Related Products

Our Crane segment designs, manufactures and/or distributes a diversified line of crawler and truck mounted lattice-boom cranes, which we sell under the Manitowoc 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 name. We design and manufacture mobile telescopic cranes which we sell under the Grove name. We also design and manufacture a comprehensive line of hydraulically powered telescopic and articulated boom trucks, which we sell under the National brand name. We also provide crane product parts and services, and crane rebuilding and remanufacturing services which are delivered under the 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, petrochemical and industrial projects, infrastructure development such as road, bridge and airport construction, commercial and high-rise residential construction, mining and dredging. Many of our customers purchase one or more crane(s) together with several attachments to permit use of the crane in a broader range of lifting applications and other operations. Various crane models combined with available options have lifting capacities up to 1,433 U.S. tons.

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. 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 1,433 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 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-ton capacity are utilized to lift materials in a wide variety of applications and are often utilized in heavy construction, energy-related, stadium construction, petrochemical work, and dockside applications. We offer six low-capacity models

and eight high-capacity models. We also manufacture lattice-boom, self erecting truck cranes. These cranes serve the same markets as our high capacity crawler cranes. They differ from their crawler counterparts only in that they are mounted on a truck rather than a crawler and can travel at highway speeds.

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 attachment, 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 building and construction industry. 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 tower and a horizontal jib with a counterweight, which is placed near the vertical tower. A cable runs through a trolley which is on the jib, enabling the load to move along the jib. The jib rotates 360 degrees, thus increasing the crane's work area. Except when using a remote control device, operators occupy a cabin, located where the jib and tower 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 counterweight located at the bottom of the tower and which 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 37 models of top slewing tower cranes with maximum jib lengths of 85 meters and lifting capabilities ranging between 40 and 3,600 meter-tons. These cranes are generally sold to medium to large building and construction groups, as well as 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 7 models of topless tower cranes with maximum jib lengths of 75 meters and lifting capabilities ranging between 90 and 300 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 7 models of luffing jib tower cranes with maximum jib lengths of 60 meters and lifting capabilities ranging between 90 and 600 meter-tons.

Self-erecting tower cranes are mounted on axles or transported on a low-loader trailer. One line of tower cranes is marked under the name Igo. The lower segment of the range (Igo cranes up to Igo36) unfolds in four sections, two for the tower and two for the jib. The smallest of our models unfolds in less than 8 minutes; larger models erect in a few hours. Self erecting cranes rotate from the bottom of their mast. We offer 25 models of self erecting cranes with maximum jib lengths of 50 meters and lifting capacities ranging between 10 and 120 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 35 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 427 feet with lifting capacities up to 550 tons: (i) rough-terrain, (ii) all-terrain,

(iii) truck-mounted, and (iv) 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, 10 models of rough-terrain cranes capable of tip heights of up to 279 feet and maximum load capacities of up to 130 U.S. tons.

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

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produce, under the Grove brand name, 14 models of all-terrain cranes capable of tip heights of up to 427 feet and maximum load capacities of up to 550 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, 4 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 distribute, under the Grove brand name, 8 models of industrial cranes capable of tip heights of up to 92 feet and maximum load capacities of up to 22 tons. On January 3, 2007 we acquired from our private label manufacturer all the rights to manufacture the industrial cranes.

Boom Trucks. We offer our hydraulic and articulated boom truck products under the National Crane product line. A boom truck is a hydraulically powered telescopic crane or articulated crane mounted on a truck chassis. Telescopic boom trucks are used primarily for lifting material on a job site, while articulated boom trucks are utilized primarily to load and unload truck beds at a job site. We currently offer, under the National Crane brand name, 15 models of telescoping and 8 models of articulating cranes capable of reaching maximum heights of 176 feet and lifting capacity up to 40 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, 2006 was \$1,534.3 million, as compared with \$866.1 million at December 31, 2005.

Foodservice Equipment

Our Foodservice segment designs, manufactures and markets commercial ice-cube and flaker machines and storage bins; walk-in refrigerators and freezers; reach-in refrigerators and freezers; refrigerated undercounter and food preparation tables; ice/beverage dispensers; post-mix beverage dispensing valves; cast aluminum cold plates; carbonator tanks; long-draw beer dispensing systems; compressor racks and modular refrigeration systems; pumps; valves; and backroom beverage equipment distribution services. Products are sold under the brand names Manitowoc, SerVend, Multiplex, Kolpak, Harford-Duracool, McCall, McCann's, Koolaire, Flomatic, Kyees, RDI, and other brand names.

Ice-Cube Machines, Ice Flaker Machines and Storage Bins. Ice machines are classified as either self-contained or modular machines and can be further classified by size, capacity and the type of ice they produce. There are two basic types of ice made by ice machines: cubes and flakes. Machines that make ice cubes, the most popular type of machine, are used by the foodservice industry for drinks, ice displays and salad bars. Flake ice is used to a great extent in processing applications, such as keeping meats and seafood fresh, as well as in medical facilities for use in ice packs.

Our subsidiary Manitowoc Ice, Inc. manufactures 26 models of commercial ice machines under the Manitowoc and Snoball brand names, serving the foodservice, convenience store, healthcare, restaurant and lodging markets. Our ice machines make ice in cube and flake form, and range in daily production capacities from 45 to 2,150 pounds. The ice-cube machines are either self-contained units, which make and store ice, or modular units, which make, but do not store ice. We offer the world's only commercial ice making machines with patented cleaning and sanitizing technology. This feature eliminates the downtime and labor costs associated with periodic cleaning of the water distribution system. Majority of the units feature patented technology with environmentally friendly hydrofluorocarbon refrigerants. We also manufacture the patented QuietQube ice-cube machines, which feature CVD, or cool vapor defrost, technology, operate heat-free, are 75% quieter than non-CVD units and produce more ice in a smaller footprint. These QuietQube machines are ideally suited for use in new restaurants, which often feature more open designs, and for use with the self-service beverage systems increasingly found in quick service restaurants and convenience stores. Our ice machines are sold throughout North America, Europe and Asia.

Walk-in Refrigerators and Freezers. We manufacture under the brand names Kolpak and Harford-Duracool. Products include modular and fully assembled walk-in refrigerators, coolers and freezers for restaurants, institutions, commissaries and convenience stores. Walk-in refrigerators and freezers are large, insulated storage spaces fitted with refrigeration systems. Most walk-ins are custom-made from modular insulated panels constructed with steel or aluminum exteriors and foamed-in-place urethane insulation. Refrigerator/blower units are installed in order to maintain an even temperature throughout the refrigerated space. Walk-ins come in many models with various types of doors, interior shelving, and viewing windows. We also produce a complete line of express or pre-assembled walk-ins.

Reach-in Refrigerators and Freezers. Reach-in refrigerators and freezers are typically constructed from stainless steel and have a thick layer of insulation in the walls, doors and floor. The cabinets have one to three doors, made of either glass or

steel, and come in a variety of sizes with storage capabilities up to 72 cubic feet. Although reach-ins resembles household refrigerators, commercial versions utilize few plastic parts, incorporate larger compressor units and do not usually combine refrigerator and freezer compartments in the same unit. These design features stem from the heavy duty usage needs of most reach-ins by customers. For example, in contrast to the typical household refrigerator, commercial reach-ins may be opened and closed hundreds of times per day, placing mechanical strain on the structure and greatly increasing the cooling load on

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the refrigeration system. We market these products under our McCall, Kolpak, and Koolaire brand names. We offer over 60 self-contained upright and under-counter refrigeration equipment units, including a full line of reach-ins and refrigerated food preparation equipment for restaurants, institutions and commissaries. We also manufacture custom-built units for select national chains restaurants.

Beverage Dispensers and Other Products. Our subsidiary Manitowoc Beverage Equipment, Inc. produces, beverage dispensers, ice/beverage dispensers, post-mix dispensing valves and cast aluminum cold plates and related equipment for use by quick service restaurants, convenience stores, bottling operations, movie theaters, and the soft-drink industry. Ice/beverage dispensers include traditional combination ice/beverage dispensers, drop-in dispensers and electric countertop units. Dispensing systems are manufactured for the dispensing of soda, juice, water, beer and other specialty drinks. Soda systems include remote systems that produce cold carbonated water and chill incoming water and syrup prior to delivery to dispensing towers.

Beer systems offer technically advanced remote beer delivery systems which are superior by design, allow increased yields, provide better under-bar space utilization and allow multiple stations to operate from one central unit.

Our subsidiary Manitowoc Beverage Systems, Inc., or MBS, is a systems integrator with nationwide distribution of beverage dispensing and backroom equipment and support system components. MBS serves the needs of major beverage and bottler customers, restaurants, convenience stores and other outlets and provides our customers with one point of contact for their beverage dispenser and backroom equipment needs. It operates throughout the United States, with locations in Ohio, California, and Virginia.

On May 26, 2006, we acquired substantially all of the net assets and business operated by McCann s. Headquartered in Los Angeles, California, and with a manufacturing location in Tijuana, Mexico, McCann s is engaged in the design, manufacture and sale of beverage dispensing equipment primarily used in fast food restaurants, stadiums, cafeterias and convenience stores. McCann s primary products are backroom beverage equipment such as carbonators, water boosters and racks. McCann s also produces accessory components for beverage dispensers including specialty valves, stands and other stainless steel components.

Backlog. The backlog for unfilled orders for our Foodservice segment at December 31, 2006 and 2005 was not significant because orders are generally filled within 24 to 48 hours.

Marine

We operate three shipyards located in Marinette, Wisconsin; Sturgeon Bay, Wisconsin; and Cleveland, Ohio.

Marinette, Wisconsin. Marinette Marine Corporation (Marinette) was founded along the Menominee River in Marinette, Wisconsin in 1942 to meet America s growing need for naval construction. Since its first contract to build five wooden barges, Marinette has built more than 1,300 vessels. Marinette is a full service shipyard with in-house capabilities to design and construct the most complex military and commercial vessels. The Marinette facility has 300,000 square feet of heated indoor production area, 53,000 square feet of secure indoor warehouse and receiving area, a 4,500 long ton certified ship launch ways and a 1,600 ton ship transport system. These features of the Marinette facility allow the vessels to be constructed and outfitted completely indoors. When ready for launching, they are moved outdoors. Typically, vessels are significantly material and labor complete when launched which allows for high quality of finished product and greater manufacturing efficiency.

Sturgeon Bay, Wisconsin. Located in Sturgeon Bay, Wisconsin, Bay Shipbuilding Co. (Sturgeon Bay) is an industry leader in the construction of Oil Pollution Act (OPA) 90 double-hulled tank vessels, articulated tug and barge (AT/B) units, dredges, and dredging support equipment, along with bulk cargo self unloading solutions. This shipyard specializes in large ship construction projects and repair work. Our Sturgeon Bay shipyard consists of approximately 55 acres of waterfront property, approximately 295,000 square feet of enclosed manufacturing and office space, a 140-foot by 1,158-foot graving dock, a 250-foot graving dock, and a 600-foot, 7,000-ton, floating dry dock.

Cleveland, Ohio. Cleveland Shiprepair Company specializes in all types of voyage and topside marine repair.

Backlog The year-end backlog for our Marine segment includes new project work to be completed over a series of years and repair and maintenance work presently scheduled which will be completed in the next year. At December 31,

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2006, the backlog for our Marine segment approximated \$422 million, compared to \$152 million one year ago. The backlog is primarily made up of new vessel construction projects and does not include options for additional vessels, yet to be awarded.

Raw Materials and Supplies

The primary raw materials that we use are structural and rolled steel, aluminum, and copper, which is 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

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unregistered trademarks and licenses that are of material importance to our business and believe our ownership of this intellectual property is adequately protected in customary fashions under applicable law. 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. In our Crane segment, 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 for the increased demand. More recently, due to the strengthening end markets for our Crane segment, the traditional seasonality has been slightly muted due to strong cyclical demand, as well as more diversified product and geographic end markets. In our Marine segment, the Great Lakes shipping industry's sailing season is normally April through December. Thus, barring any emergency grounding, the majority of repair and maintenance work is performed during the winter months and the work is typically completed during the first and second quarter of the year. As a result our overall increase in new construction project work in our Marine segment, the seasonality of our traditional repair and maintenance work is less extreme as new construction projects are performed throughout the year.

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, and price. 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, 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 with 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. The following table sets forth our primary competitors in each of our business segments:

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Business Segment	Products	Primary Competitors
Cranes and Related Products	Lattice-boom Crawler Cranes	Hitachi Sumitomo; Kobelco; Liebherr; Sumitomo/Link-Belt; Terex; XCMG; Fushun; Zoomlion; and Sany
	Tower Cranes	Comansa; Terex Comedil/Peiner; Liebherr; FM Gru; Jaso; Raimondi; FMGru; Viccario; Saez; Benezato; Cattaneo; Sichuan Construction Machinery; Shenyang; Zoomlion; Jiangilu; and Yongmao
	Mobile Telescopic Cranes	Liebherr; Link-Belt; Terex; Changjiang; Tadano; XCMG; Kato; and Zoomlion
Foodservice Equipment	Boom Trucks	Terex; Manitex; Altec; Elliott; Tadano; Fassi; Palfinger; Furukawa; and Hiab
	Ice Machines	Hoshizaki; Scotsman; Follet; Ice-O-Matic
	Ice/Beverage Dispensers	Automatic Bar Controls; Celli; Cornelius; Enodis; Hoshizaki/Lancer Corporation; and Vin Service
Marine	Walk-in Refrigerators/Freezers	American Panel; ICS; Nor-Lake; Master-Bilt; Thermo-Kool; and W.A. Brown
	Reach-in Refrigerators/Freezers	Beverage Air; Delfield; Traulsen; and True Foodservice
	Ship Repair and Construction	Atlantic Marine; Bender Shipbuilding & Repair; Bollinger-Lockport & Larose; Fraser Shipyards; VT Halter Marine; and Port Weller Drydocks

Engineering, Research and Development

Our extensive engineering, research and development capabilities have been key drivers of our success. We engage in research and development activities at all of our significant manufacturing facilities. We have a staff of engineers and technicians on three continents that are responsible for improving existing products and developing new products. We incurred research and development expenditures of \$31.2 million in 2006, \$26.0 million in 2005 and \$21.4 million in 2004.

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 quickly 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 is

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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

We employ approximately 9,500 persons and have labor agreements with 12 union locals in North America. In addition, a large majority of our European employees belong to European trade unions. There were no work stoppages during 2006, 2005 or 2004, however, the following work stoppages occurred during 2003 and 2002:

- At our Manitowoc Crane Facility for 4 days during November of 2003 by the Local International Association of Machinists.
- At our Marinette Marine facility for 44 days beginning January 21, 2003, by the local boilermakers union.
- At our Bay Shipbuilding facility for 5 days during February of 2002 by the local boilermakers, electrical workers, pipefitters, and carpenters unions.

In 2007, one collective bargaining contract expires at Marinette Marine Corporation. We believe that we have satisfactory relations with our union and, therefore, anticipate reaching a new agreement on satisfactory terms when the existing agreement expires.

Available Information

Our Internet address is www.manitowoc.com. Where we make available, free of charge, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K 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. The information 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 as follows:

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	Net Sales			Long-Lived Assets	
	2006	2005	2004	2006	2005
United States	\$ 1,535.1	\$ 1,177.7	\$ 981.6	\$ 594.5	\$ 569.2
Other North America	80.5	38.7	36.4		
Europe	817.0	679.4	576.8	424.3	387.0
Asia	170.4	118.2	106.1	43.7	38.9
Middle East	167.8	112.9	71.0	1.3	0.5
Central and South America	54.0	34.8	24.2		
Africa	50.6	37.3	15.8		
South Pacific and Caribbean	5.0	8.0	4.8	5.8	6.0
Australia	52.9	47.1	28.2	7.2	6.8
Total	\$ 2,933.3	\$ 2,254.1	\$ 1,844.9	\$ 1,076.8	\$ 1,008.4

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, interest rates 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, 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, as Manitowoc has been at times, more than competing companies with less leverage and may have a material adverse effect on our financial condition, results of operations and cash flows.

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Products in our Crane and Marine segments depend in part on federal, state, local and foreign governmental spending and appropriations, including infrastructure, security and defense outlays. Reductions in governmental spending can affect 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. In addition, weather conditions can affect our Marine segment. A mild winter can keep the fleet sailing longer through the winter repair season thus deferring repair activity for Marine.

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.

A substantial portion of our growth has come through acquisitions. We may not be able to identify or complete future acquisitions, which could adversely affect our future growth.

Our growth strategy historically has been based in part upon acquisitions. Our successful growth through acquisitions depends upon our ability to identify and successfully negotiate suitable acquisitions, obtain financing for future acquisitions on satisfactory terms or otherwise complete acquisitions in the future. In addition, our level of indebtedness may increase in the future if we finance other acquisitions with debt. This would cause us to incur additional interest expense and could increase our vulnerability to general adverse economic and industry conditions and limit our ability to service our debt or obtain additional financing. We cannot assure that future acquisitions will not have a material adverse effect on our financial condition, results of operations and cash flows.

Our future success depends on our ability to effectively integrate acquired companies and manage growth.

Our growth has placed, and will continue to place, significant demands on our management and operational and financial resources. We have made three significant acquisitions since November 2000. Future acquisitions will require integration of the acquired companies' sales and marketing, distribution, manufacturing, engineering, purchasing, finance and administrative organizations. Experience has taught us that the successful integration of acquired businesses requires substantial attention from our senior management and the management of the acquired companies, which tends to reduce the time that they have to manage the ongoing business. While we believe we have successfully integrated our acquisitions to date, we cannot assure you that we will be able to integrate any future acquisitions successfully, that these acquired companies will operate profitably or that the intended beneficial effect from these acquisitions will be realized. Our financial condition, results of operations and cash flows could be materially and adversely affected if we do not successfully integrate any future companies that we may acquire or if we do not manage our growth effectively.

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, all 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, especially those in the Crane and Foodservice segments, 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 cranes or other equipment, or competitors' products, rather than invest in new products manufactured by us. In our Marine segment, we must sometimes perform engineering services either at no cost or for limited margins, or build prototypes for little or no margin, in competing for contracts without any assurance that we will be awarded a contract for production models which would allow us to achieve an appropriate return on our investment.

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. Recently, market prices of some of our key raw materials have increased significantly. In particular, we have experienced significant increases in steel, aluminum, foam, and copper prices in recent periods, which have increased our expenses. If we are not able to reduce product cost in other areas or pass future raw material price increases on to our customers, our margins

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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 affect our financial performance.

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, 2006, 2005, and 2004, approximately 47.7%, 47.8% and 46.8%, respectively, of our net sales were attributable to products sold outside of the United States. Expanding international sales is part of our growth strategy. We have several manufacturing facilities located in Europe and Asia and during 2005 constructed two new facilities in Asia. 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 international manufacturing and the transfer to the new facilities and sales that could cause loss of revenue. 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 assure you 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 labor relations problems.

We employ approximately 9,500 people and have labor agreements with 12 union locals in North America. In addition, a large majority of our European employees belong to European trade unions. These collective bargaining or similar agreements expire at various times in each of the next several years. We believe that we have satisfactory relations with our unions and, therefore, anticipate reaching new agreements on satisfactory terms as the existing agreements expire. However, we may not be able to reach new agreements without a work stoppage or strike and any new agreements that are reached may not be reached on terms satisfactory to us. A prolonged work stoppage or strike at any one of our manufacturing facilities could have a material adverse effect on our financial condition, results of operations and cash flows.

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, sales 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 defend ourselves, however, a substantial increase in the number of claims that are made against us or the amounts of any judgments or settlements could, however, materially and adversely affect our reputation and our financial condition, results of operations and cash flows.

Some of our products are built under fixed-price agreements; cost overruns therefore can hurt our results.

Some of our work, particularly in the Marine segment, is done under agreements on a fixed-price basis. If we do not accurately estimate our costs, we may incur a loss under these contracts. Even if the agreements have provisions which allow reimbursement for cost overruns, we may not be able to recoup excess expenses.

Strategic divestitures could negatively affect our results.

We regularly review our business units and evaluate them against our core business strategies. As part of that process, we regularly consider the divestiture of non-core and non-strategic operations or facilities. Depending upon the circumstances and terms, the divestiture of a profitable operation or facility could negatively affect our earnings.

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 or penalties which 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 US dollars at the applicable exchange rates for inclusion in our consolidated financial statements, which are stated in US dollars. The exchange rates between many of these currencies and the US 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 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. 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.

We rely principally on sales of our products to generate cash from operations. 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 could negatively impact their 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, 2006, our total consolidated debt was \$268.4 million. Although this level is significantly down from previous peaks, 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

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industries in which we operate.

The agreements governing our debt include covenants that restrict, among other things, our ability to incur additional debt; pay dividends on or repurchase our equity;

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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.

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.

The company is in the process of implementing a global ERP system in its Foodservice segment.

The company is in the process of implementing a new global ERP system in its Foodservice segment. This system will replace many of the company's 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 or adversely affect the operations and results of operations of the company, including the ability of the company to report accurate and timely financial results.

Item 1B. UNRESOLVED STAFF COMMENTS

None

Item 2. PROPERTIES OWNED

The following table outlines the principal facilities we own or lease as of December 31, 2006:

Facility Location	Type of Facility	Approximate Square Footage	Owned/Leased
Cranes and Related Products			
<i>Europe/Asia</i>			
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
Zhangjiagang, China	Manufacturing	245,500	Owned/Leased
Walldorf, Germany	Office	184,000	Owned
Fanzeres, Portugal	Manufacturing	183,000	Leased
La Clayette, France	Manufacturing/Office	161,000	Owned/Leased
Niella Tanaro, Italy	Manufacturing	105,500	Owned
Ecully, France	Office	85,000	Owned
Alfena, Portugal	Office	84,000	Owned
Langenfeld, Germany	Office/Storage and Field Testing	80,300	Leased
Osny, France	Office/Storage/Repair	43,000	Owned
Decines, France	Logistics	47,500	Leased
Vaux-en-Velin, France	Office/Workshop	17,000	Owned
Naia, Portugal	Manufacturing	17,000	Owned
Vitrolles, France	Office	16,000	Owned
Sunderland, United Kingdom	Office/Storage	14,000	Leased
Lusigny, France	Crane Testing Site	10,000	Owned
Baudemont, France	Office	8,000	Owned
Singapore	Office	7,000	Leased
Lisbonne, Portugal	Office	6,500	Owned
<i>United States</i>			
Shady Grove, Pennsylvania	Manufacturing/Office	1,182,300	Owned
Manitowoc, Wisconsin	Manufacturing/Office	278,000	Owned
Quincy, Pennsylvania	Manufacturing	36,000	Owned
Bauxite, Arkansas	Manufacturing/Office	22,000	Owned
Port Washington, Wisconsin	Manufacturing	51,000	Owned

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Foodservice Equipment			
<i>Europe/Asia</i>			
Hangzhou, China	Manufacturing/Office	260,000	Owned/Leased
<i>United States and Mexico</i>			
Manitowoc, Wisconsin	Manufacturing/Office	376,000	Owned
Parsons, Tennessee(1)	Manufacturing	214,000	Owned
Sparks, Nevada	Manufacturing/Office	150,000	Leased
Sellersburg, Indiana	Manufacturing/Office	140,000	Owned
River Falls, Wisconsin	Manufacturing	133,000	Owned
La Mirada, California	Manufacturing/Office	77,000	Leased
Aberdeen, Maryland	Manufacturing/Office	67,000	Owned
Los Angeles, California	Manufacturing/Office	90,000	Leased
Los Angeles, California	Manufacturing	29,000	Leased
Manitowoc, Wisconsin	Office	13,000	Leased
Tijuana, Mexico	Manufacturing	30,000	Leased
<i>Marine</i>			
Marinette, Wisconsin	Shipyards	450,000	Owned
Sturgeon Bay, Wisconsin	Shipyards	220,000	Owned/Leased
Cleveland, Ohio	Marine Repair and Storage	8,000	Leased
<i>Corporate</i>			
Manitowoc, Wisconsin	Office	34,000	Owned
Manitowoc, Wisconsin	Hanger Ground Lease	31,320	Leased

(1) There are three separate locations within Parsons, Tennessee.

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In addition, we lease sales office and warehouse space for our Crane segment in Begles, France; Lille, France; Nantes, France; Rouen, France; Toulouse, France; Nice, France; Orleans, France; Sainte Laurant de Mure, France; Persans, France; Vitry sur Seine, France; Parabiago, Italy; Meath Ireland; Munich, Germany; Budapest, Hungary; Warsaw, Poland; Sydney, Australia; Beijing, China; Dubai, UAE; Makati City, Philippines; Moscow, Russia; the Czech Republic; Manitowoc, Wisconsin; Shanghai, China; Monterrey, Mexico; Sao Paulo, Brazil; and Reno, Nevada. We lease office and warehouse space for our Foodservice segment in Franklin, Tennessee; Salem, Virginia; Irwindale, California; Holland, Ohio; Decaturville, Tennessee; Sparks, Nevada; and Clackames, Oregon and Ecully, France. We also own sales offices and warehouse facilities for our Crane segment in Northhampton, England and Dole, France.

See Note 19 Leases to the Consolidated Financial Statements included in 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 15, Contingencies and Significant Estimates to the Consolidated Financial Statements included in Item 8 of this Form 10-K.



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Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to security holders for a vote during the fourth quarter of our fiscal year ended December 31, 2006.

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 25, 2007.

Name	Age	Position With The Registrant	Principal Position Held Since
Terry D. Growcock	61	Chairman & Chief Executive Officer	1998
Carl J. Laurino	45	Senior Vice President and Chief Financial Officer	2004
Thomas G. Musial	55	Senior Vice President of Human Resources and Administration	2000
Maurice D. Jones	47	Senior Vice President, General Counsel and Secretary	2004
Dean J. Nolden	38	Vice President of Finance and Assistant Treasurer	2005
Mary Ellen Bowers	50	Vice President Corporate Development	2004
Glen E. Tellock	46	Senior Vice President President Crane Segment	2002
Robert P. Herre	54	Senior Vice President President Marine Segment	2005

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Terry D. Growcock has been the company's president and chief executive officer since 1998 and has served as chairman of the board since October 2002. He has also been a director since 1998. Mr. Growcock joined the company in 1994 as executive vice president and general manager of Manitowoc Ice. In March 1995, he was appointed president of Manitowoc Foodservice Group and served in that capacity until his promotion to president and chief executive officer in 1998. Prior to joining the company, Mr. Growcock served in numerous management and executive positions with Siebe plc and United Technologies Corporation. Currently, Mr. Growcock also serves as a director of Harris Corporation and Bemis Manufacturing Company, Chairman of Wisconsin Manufactures and Commerce, and director of the National Association of Manufacturers.

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 Firststar 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 Firststar.

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 to 2000), manager of human resources (1987 to 1995), and personnel/industrial relations specialist (1976 to 1987).

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 partner 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 assistant treasurer in May 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.

Mary Ellen Bowers joined the company in November of 2004 as vice president of corporate development. Prior to joining the company, Ms. Bowers spent 23 years with Alcoa Inc. During that period Ms. Bowers held numerous positions of increasing responsibility including vice president and general manager, Aerospace and Industrial Products forging group, director Alcoa global business design, vice president and director, strategic planning and information technology, and manager strategic planning.

Glen E. Tellock has been senior vice president of The Manitowoc Company, Inc. and president of Manitowoc Crane Group since 2002. Previously, he served as our senior vice president and chief financial officer (1999 to 2002), vice president of finance and treasurer (1998 to 1999), corporate controller (1992 to 1998) and director of accounting (1991 to

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1992). Prior to joining the company, Mr. Tellock served as financial planning manager with the Denver Post Corporation, and as audit manager for Ernst & Whinney.

Robert P. Herre joined the company in February of 2005 as senior vice president of The Manitowoc Company, Inc. and president of Manitowoc Marine Group. Prior to joining the company, Mr. Herre served as executive vice president and head of operations for Trinity Marine Group, joining that company in 2003. From 1991 to 2003 Mr. Herre held numerous positions within American Commercial Lines, LLC, including president and chief operating officer Jeffboat, vice president maintenance and vessel management American Commercial Barge Line, vice president and general manager American Commercial Terminals, vice president, employee relations Jeffboat and vice president, engineering.

Effective December 31, 2006, Timothy J. Kraus, President of Manitowoc Foodservice Group and Senior Vice President of The Manitowoc Company, Inc., retired from the company. Mr. Kraus, 53, had been senior vice president of The Manitowoc Company since 2004, and president and general manager of Manitowoc's Foodservice Group since 2000. He served as executive vice president and general manager of Manitowoc Ice, Inc. having joined the company as its national sales manager. His retirement from Manitowoc culminates a 32-year career in the foodservice industry.

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, 2006, the approximate number of record shareholders of common stock was 2,531. The amount and timing of the annual dividend is determined by the board of directors at regular times each year. In December 2004 the company paid a cash dividend to share holders totaling \$0.14 per share of common stock. At its February 2005 meeting, the board of directors approved the return to a quarterly dividend payment beginning with the first quarter of 2005. Quarterly dividends in the amount of \$0.035 per share were paid in March, June, September and December of 2006 and 2005.

On February 24, 2006, the board of directors authorized a two-for-one stock split of the company's common stock. Record holders of Manitowoc's common stock at the close of business on March 31, 2006, received on April 10, 2006 one additional share of common stock for every share of Manitowoc common stock they owned. Manitowoc shares outstanding at the close of business on March 31, 2006 totaled 30,605,986 (pre-split). The company's common stock began trading at its post-split price at the beginning of trading on April 11, 2006.

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The high and low sales prices of the common stock were as follows for 2006, 2005 and 2004 (amounts have been adjusted for the two-for-one stock split discussed above):

Year Ended December 31	2006			2005			2004		
	High	Low	Close	High	Low	Close	High	Low	Close
1st Quarter	\$ 47.70	\$ 24.82	\$ 45.58	\$ 21.30	\$ 17.15	\$ 20.20	\$ 16.88	13.80	\$ 14.79
2nd Quarter	56.03	34.00	44.50	21.32	17.97	20.51	16.93	14.68	16.93
3rd Quarter	47.16	34.65	44.79	25.40	20.58	25.13	17.81	14.93	17.73
4th Quarter	62.66	44.61	59.43	27.00	22.75	25.11	19.93	16.25	18.83

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Under our current bank credit agreement, we are limited on the amount of dividends we may payout in any one year. The amount of dividend payments is restricted based on our consolidated senior leverage ratio as defined in the credit agreement. If the consolidated senior leverage ratio is less than 2.00 to 1.00, dividend payments cannot exceed \$50.0 million. If the consolidated senior leverage ratio is greater than 2.00 to 1.00, but less than 3.00 to 1.00, dividend payments cannot exceed \$25.0 million.

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The following graph sets forth the cumulative total shareholder return, including reinvestment of dividends on a quarterly basis, on Common Stock during the preceding five fiscal years, as compared to the cumulative total returns of the Standard and Poor's (S&P) 500 Composite Stock Index and the S&P 600 Industrial Machinery Index. The graph assumes \$100 was invested on December 31, 2001, in Common Stock, the S&P 500 Composite Stock Index, and the S&P 600 Industrial Machinery Index.

Comparison of cumulative five-year total return

Total Return To Shareholders
(Includes reinvestment of dividends)

	Annual Return Percentages				
	Years Ending December 31,				
	2002	2003	2004	2005	2006
The Manitowoc Company, Inc.	-17.15%	23.62 %	21.58 %	34.24 %	137.42 %
S&P 500 Index	-22.10%	28.68 %	10.88 %	4.91 %	