

MANITOWOC CO INC  
Form DEF 14A  
April 12, 2005

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934 (Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement  CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY  
RULE 14A-6(E)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

**THE MANITOWOC COMPANY, INC.**

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\_\_\_\_\_  
(Name of Registrant as Specified In Its Charter)

\_\_\_\_\_  
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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Payment of Filing Fee (Check the appropriate box):

- No fee required
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form of Schedule and the date of its filing.

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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\_\_\_\_\_  
\_\_\_\_\_

**THE MANITOWOC COMPANY, INC.**

2400 South 44<sup>th</sup> Street

P.O. Box 66

Manitowoc, Wisconsin 54221-0066

(920) 684-4410

April 12, 2005

Dear Shareholder:

You are cordially invited to attend the 2005 Annual Meeting of Shareholders of The Manitowoc Company, Inc. which will be held at the Holiday Inn Manitowoc located at 4601 Calumet Avenue, Manitowoc, Wisconsin, on Tuesday, May 3, 2005, at 9:00 a.m. (CDT).

As set forth in the enclosed proxy materials, the only matter of business scheduled to be acted upon at the meeting is the election of three directors.

The Board of Directors of the Company recommends a vote **FOR** election of the three directors named in the enclosed proxy materials, each of whom will serve a term expiring at the annual meeting of the shareholders in 2008.

Whether or not you are able to attend the 2005 Annual Meeting, we welcome your questions and comments about the Company. To make the best use of time at the meeting, we would appreciate receiving your questions or comments, in writing, in advance of the meeting, so they can be answered as completely as possible at the meeting. If you wish to make a comment or ask a question in writing, we would appreciate receiving it by April 22, 2005.

It is important that your shares be represented and voted at the meeting. Accordingly, please sign, date, and promptly mail the enclosed proxy card in the envelope provided.

To help us plan for the meeting, please mark your proxy card telling us if you will be attending personally.

Sincerely,

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Terry D. Growcock  
Chairman of the Board and  
Chief Executive Officer

**THE MANITOWOC COMPANY, INC.**

2400 South 44<sup>th</sup> Street

P.O. Box 66

Manitowoc, Wisconsin 54221-0066

(920) 684-4410

April 12, 2005

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**To the Shareholders of**

**THE MANITOWOC COMPANY, INC.**

The Annual Meeting of Shareholders of The Manitowoc Company, Inc. will be held at the Holiday Inn Manitowoc located at 4601 Calumet Avenue, Manitowoc, Wisconsin, on Tuesday, May 3, 2005, at 9:00 a.m. (CDT), for the following purposes:

1. To elect three directors of The Manitowoc Company, Inc., all as set forth and described in the accompanying Proxy Statement.
2. To transact such other business as may properly come before the Annual Meeting.

Shareholders of record as of the close of business on February 23, 2005 are entitled to vote at the Annual Meeting.

**Shareholders are cordially invited to attend the Annual Meeting. However, whether or not you expect to attend the Annual Meeting in person, you are requested to complete, date, sign, and promptly return the enclosed proxy card using the enclosed self-addressed envelope, which requires no postage if mailed in the United States.**

By Order of the Board of Directors

MAURICE D. JONES  
Senior Vice President, General Counsel  
and Secretary

Manitowoc, Wisconsin

**PROXY STATEMENT**

**THE MANITOWOC COMPANY, INC.**

2400 South 44<sup>th</sup> Street

P.O. Box 66

Manitowoc, Wisconsin 54221-0066

(920) 684-4410

**SOLICITATION AND VOTING**

This Proxy Statement is furnished by the Board of Directors (the Board of Directors ) of The Manitowoc Company, Inc., a Wisconsin corporation (referred to in this Proxy Statement as we or the Company ), to the shareholders of the Company in connection with a solicitation of proxies for use at the Annual Meeting of Shareholders (the Annual Meeting ) to be held at 9:00 a.m., Central Daylight Time, on Tuesday, May 3, 2005, at the Holiday Inn located at 4601 Calumet Avenue, Manitowoc, Wisconsin, and at any and all adjournments thereof. This Proxy Statement and the accompanying materials are being mailed to shareholders on or about April 12, 2005.

On February 23, 2005, the record date for determining shareholders entitled to vote at the Annual Meeting, there were outstanding 29,976,185 shares of Company Common Stock, \$0.01 par value per share (the Common Stock ). Each share outstanding on the record date is entitled to one vote on all matters presented at the meeting.

Any shareholder entitled to vote may vote in person or by duly executed proxy. A proxy may be revoked at any time before it is exercised by filing a written notice of revocation with the Secretary of the Company, by delivering a duly executed proxy bearing a later date, or by voting in person at the Annual Meeting. Attendance at the Annual Meeting will not in itself constitute revocation of a proxy. The shares represented by all properly executed unrevoked proxies received in time for the Annual Meeting will be voted as specified on the proxies. Shares held for the accounts of participants in the Company's Dividend Reinvestment Plan and RSVP Profit Sharing Plan (for which the proxies will serve as voting instructions for the shares) will be voted in accordance with the instructions of participants or otherwise in accordance with the terms of those Plans. If no direction is given on a properly executed unrevoked proxy, it will be voted **FOR** each of the three director nominees.

The cost of soliciting proxies will be borne by the Company. Solicitation will be made principally by mail, but also may be made by telephone, facsimile or other means of communication by certain directors, officers, employees, and agents of the Company. The directors, officers, and employees will receive no compensation for these proxy solicitation efforts in addition to their regular compensation, but may be reimbursed for reasonable out-of-pocket expenses in connection with the solicitation. The Company has retained the services of Georgeson Shareholder Communications, Inc. to assist in the solicitation of proxies for an anticipated cost to the Company of \$7,500 plus reasonable out-of-pocket expenses. The Company will request persons holding shares in their names for the benefit of others, or in the names of their nominees, to send proxy material to and obtain proxies from their principals and will reimburse such persons for their expenses in so doing.

To be effective, a matter presented for a vote of shareholders at the Annual Meeting must be acted upon by a quorum (i.e., a majority of the votes entitled to be cast represented at the Annual Meeting in person or by proxy). Abstentions, shares for which authority is withheld to vote for director nominees, and broker non-votes (i.e., proxies from brokers or nominees indicating that such persons have not received instructions from



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the beneficial owners or other persons entitled to vote shares as to a matter with respect to which the brokers or nominees do not have discretionary power to vote) will be considered present for the purpose of establishing a quorum. Once a share is represented at the Annual Meeting, it is deemed present for quorum purposes throughout the meeting or any adjourned meeting, unless a new record date is or must be set for the adjourned meeting.

Directors are elected by a plurality of the votes cast by the holders of shares entitled to vote in the election at a meeting at which a quorum is present. A plurality means that the individuals who receive the largest number of votes are elected as directors up to the maximum number of directors to be chosen at the election (four at the Annual Meeting). Votes attempted to be cast against a director nominee are not given legal effect and are not counted as votes cast in an election of directors. Any shares not voted, whether by withheld authority, broker non-vote or otherwise, will have no effect on the election of directors except to the extent that the failure to vote for an individual results in another nominee receiving a larger number of votes.

**1. PROPOSALS REQUIRING YOUR VOTE**

**ELECTION OF DIRECTORS**

Three directors are to be elected at the Annual Meeting. The names of the nominees to the Board are set forth below along with additional information regarding such persons. If elected, Messrs. Anderson, Nosbusch and Throop will hold office for a three-year term expiring in the year 2008, or until their respective successors are duly elected and qualified. Messrs. Anderson, Nosbusch and Throop are presently serving as directors of the Company.

The election will be determined by a plurality of the votes duly cast. Shares represented by proxies in the accompanying form will be voted for the election of the nominees listed below, unless a contrary direction is indicated. The three nominees have indicated that they are able and willing to serve as directors. However, if any of the nominees should be unable to serve, an eventuality which management does not contemplate, it is intended that the proxies will vote for the election of such other person or persons as management may recommend.

**The Board of Directors Recommends Election of the Nominees Whose Names Follow**

All three nominees were recommended to the Board by the Corporate Governance Committee, and all three are incumbent directors.

*Nominees for Three-Year Terms Expiring at the Annual Meeting to be Held in the Year 2008*

**Dean H. Anderson**, 64, President and Owner of Dynamic Specialties Inc. (privately held), specializing in the sale of equipment and systems to the factory and process automation markets located in Houston, TX (since 2001). Previously Senior Vice President Strategic Development (7/97-3/01) and Vice President Strategic Development (2/95-7/97) of ABB Vetco Gray Inc., an oilfield equipment manufacturer headquartered in Houston, TX. A member of The Manitowoc Company Inc.'s Board of Directors since 1992. (1)

**Keith D. Nosbusch**, 54, Chairman (since 2005), President and Chief Executive Officer and Director of Rockwell Automation, Inc. (2/04 to present). Rockwell Automation is a leading global provider of industrial automation power, control and information solutions. Also a director of Rockwell Automation, Inc. (since 2/04). Previously President, Control Systems, a business unit of Rockwell Automation, Inc. and Senior Vice President of Rockwell Automation, Inc. (11/98-2/04). A member of The Manitowoc Company Inc.'s Board of Directors since 2003. (2), (3)

**Robert S. Throop**, 67, former Chairman and Chief Executive Officer (12/84-12/96) of Anthem Electronics, Inc., a distributor of electronic products headquartered in San Jose, CA. Also a director of The Coast Distribution System, Inc., Morgan Hill, CA, and Azerity, San Jose, CA. A member of The Manitowoc Company Inc.'s Board of Directors since 1992. (2)

**Members of Board of Directors Continuing In Office**

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*Terms Expiring at the Annual Meeting to be Held in the Year 2006*

**Daniel W. Duval**, 68, director (12/86-12/99; 12/03 to present) former interim President and Chief Executive Officer (12/03-07/04), Vice Chairman (until 1999), and President and Chief Executive Officer (1986-1998) of Robbins & Myers, Inc. Robbins & Myers, Inc. is a global manufacturer of specialized fluid management products and systems, headquartered in Dayton, OH. Director and Chairman (1987 to present) and former interim Chief Executive Officer (6/02-2/03) of Arrow Electronics, Inc. of Melville, New York. Arrow Electronics, Inc. is a worldwide distributor of electronic components and computer products and a leading provider of services to the electronics industry. A member of The Manitowoc Company, Inc.'s Board of Directors since 2000. (3)

**James L. Packard**, 62, Chairman of the Board (since 1986), President (1980-2002) and Chief Executive Officer (since 1984) of REGAL-BELOIT CORPORATION. REGAL-BELOIT is a worldwide manufacturer of mechanical power transmission equipment, electric motors and controls, and electric power generators headquartered in Beloit,

WI. Also a director of Clarcor, Inc., Rockford, IL, and First National Bank and Trust, Beloit, WI. A member of The Manitowoc Company, Inc.'s Board of Directors since 2000. (1), (2)

**Terry D. Growcock**, 59, Chairman (since 10/02) and Chief Executive Officer (since 1998) of The Manitowoc Company, Inc. (also President from 1998 to 10/02). Also, a director of Bemis Manufacturing Company, Sheboygan Falls, WI (since 02/03), Vice Chairman of Wisconsin Manufactures and Commerce, and a director of the National Association of Manufacturers. A member of The Manitowoc Company, Inc.'s Board of Directors since 1998.

*Terms Expiring at the Annual Meeting to be Held in the Year 2007*

**Robert C. Stiff**, 63, current director and former Chairman, President and Chief Executive Officer (3/00-12/01) of Strategic Industries, LLC, Hagerstown, MD, a manufacturer of industrial and consumer products. Previously Chairman and Chief Executive Officer (8/99-1/00) of Lighting Corporation of America, Hagerstown, MD. A member of The Manitowoc Company Inc.'s Board of Directors since 1998. (1), (3)

**Virgis W. Colbert**, 65, Executive Vice President (since 1997) of Miller Brewing Company, a leading beer brewer and producer headquartered in Milwaukee, WI. Also a Director of Delphi Automotive Systems Corporation, Troy, MI; Weyco Group, Inc., Milwaukee, WI; Manor Care, Inc., Toledo, OH; and Stanley Works, New Britain, CT. A member of The Manitowoc Company Inc.'s Board of Directors since 2001. (2), (3)

**Kenneth W. Krueger**, 48, Sr. Vice President and Chief Financial Officer of A. O. Smith Corporation (8/00 to present), a leading manufacturer of electric motors, water heaters and boilers headquartered in Milwaukee, WI. Former Vice President Finance and Business Planning, Hydraulics, Semiconductor Equipment and Specialty Controls Group, Eaton Corporation, Cleveland, OH (7/99-7/00). A member of The Manitowoc Company, Inc.'s Board of Directors since 2004. (1)

(1) *Audit Committee*

(2) *Compensation Committee*

(3) *Corporate Governance Committee*

**2. EQUITY COMPENSATION PLANS**

The following table summarizes, as of December 31, 2004, the number of shares of the Company's common stock that may be issued under the Company's equity compensation plans pursuant to which grants of options, warrants and rights to acquire shares may be made from time to time.

**Equity Compensation Plan Information**

<u>Plan Category</u>	Numbers of securities to be issued upon exercise of outstanding	Weighted-average exercise price of outstanding options,	Number of securities remaining available for future issuance under equity compensation plans
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	options, warrants and rights (a)	warrants and rights (b)	(excluding securities reflected in column (a)) (c)
Equity compensation plans not approved by security holders (1)(3)	1,703,586(2)	\$ 35.4000(2)	0(2)
Equity compensation plans approved by security holders (4)	62,800(4(a))	\$ 32.1546(4(a))	3,014,064(4(a))
	3,000(4(b))	\$ 33.8500(4(b))	222,000(4(b))
	151,875(4(c))(2)	\$ 27.3647(4(c))(2)	23,125(4(c))(2)
<b>Total (3)</b>	<b>1,921,261</b>		<b>3,259,189</b>

(1) Consists of the Company's 1995 Stock Plan and Deferred Compensation Plan. For a description of the key provisions of those plans, see the discussion contained herein in Item 9 - Report of the Compensation Committee on Executive Compensation, under the headings "1995 Stock Plan" and "Deferred Compensation Plan" and the discussion contained herein in Item 4 - Compensation of Directors.

- (2) Column (a) does not include 136,517 common stock units issued under the Deferred Compensation Plan as of December 31, 2004. Each common stock unit represents the right to receive one share of Company common stock following the participant's death, disability, termination of service as a director or employee, a date specified by the participant, or the earlier of any such events to occur. Since the common stock units are acquired by participants through a deferral of fees or compensation, there is no exercise price associated with the common stock units. As a result, the weighted-average exercise price in column (b) is calculated solely on the basis of outstanding options issued under the 1995 Stock Plan, the 1999 Non-Employee Director Stock Option Plan, the 2003 Incentive Stock and Awards Plan, and the 2004 Non-Employee Director Stock and Awards Plan, and does not take into account the common stock units issued under the Deferred Compensation Plan. The operation of the Deferred Compensation Plan requires the plan trustees to make available as and when needed a sufficient number of shares of Company common stock to meet the needs of the plan. Accordingly, since there is no specific number of shares reserved for issuance under the Deferred Compensation Plan, column (c) includes only those shares remaining available for issuance under the 1995 Stock Plan, the 1999 Non-Employee Director Stock Option Plan, the 2003 Incentive Stock and Awards Plan and the 2004 Non-Employee Director Stock and Awards Plan.
- (3) Does not include the 60,875 shares underlying the outstanding stock options issued under the Grove Investors, Inc. 2001 Stock Incentive Plan, which were assumed by the Company in connection with the acquisition of Grove Investors, Inc. Those options have a weighted average exercise price of \$18.30. No additional options may be granted under the Grove Investors, Inc. 2001 Stock Incentive Plan.
- (4) Consists of (a) the Company's 2003 Incentive Stock and Awards Plan, (b) the 2004 Non-Employee Director Stock and Awards Plan, and (c) the 1999 Non-Employee Director Stock Option Plan. For a description of the key provisions of the plans, see the discussion contained in this proxy under Item 9 Report of the Compensation Committee, and Item 4 Compensation of Directors.

### 3. OWNERSHIP OF SECURITIES

#### Stock Ownership of Beneficial Owners of More than Five Percent

The following table sets forth information regarding the beneficial ownership of each person or entity known by the Company to have beneficial ownership of more than 5% of the Company's outstanding Common Stock as of December 31, 2004.

NAME AND ADDRESS OF BENEFICIAL OWNER	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP	PERCENT OF CLASS
FMR Corp. (1) 82 Devonshire Street Boston, Massachusetts 02109	3,094,620	10.483%

- (1) This information is based solely on a Schedule 13G/A, filed with the SEC by FMR Corp. on March 10, 2005. In that filing, FMR Corp. reports that it has sole voting power with respect to 1,090,300 of the shares and shared voting power with respect to none of the shares, and that it has sole dispositive power with respect to 3,094,620 of the shares and shared dispositive power with respect to none of the shares. FMR Corp. reported that it was making the filing on behalf of itself and a subsidiary, Fidelity Management & Research Company, as well as on behalf of certain affiliates, including Edward C. Johnson 3d and Abigail P. Johnson.

### Stock Ownership of Directors and Management

The following table sets forth information regarding the beneficial ownership of Common Stock by each director and director nominee of the Company, by each executive officer of the Company named in the Summary Compensation Table below, and by the directors and executive officers of the Company as a group. Unless otherwise indicated, the information is provided as of February 23, 2005. Each of the persons listed below is the beneficial owner of less than 1% of the outstanding shares of Common Stock, except that the executive officers and directors as a group own approximately 6.0% of the outstanding shares of Common Stock. The table also reflects for each person the number of Common Stock units associated with compensation deferred under the Company's Deferred Compensation Plan.

NAME	NUMBER OF SHARES OF COMMON STOCK BENEFICIALLY OWNED (1)	NUMBER OF DEFERRED COMMON STOCK UNITS BENEFICIALLY OWNED (2)
Dean H. Anderson	20,725(5)	7,147
Virgis W. Colbert	11,125(7)	3,051
Daniel W. Duval	12,625(6)(8)	3,160
Terry D. Growcock	224,979(3)(4)(9)	5,823
Maurice D. Jones	55,913(3)(4)(10)	534
Timothy J. Kraus	67,848(3)(4)(11)	6,211
Kenneth W. Krueger	1,000	547
Carl J. Laurino	15,530(3)(4)(12)	6
Thomas G. Musial	112,593(3)(4)(13)	2,114
Keith D. Nosbusch	2,750(14)	1,403
James L. Packard	15,625(6)	4,099
Robert C. Stift	15,125(5)(15)	5,611
Glen E. Tellock	77,875(3)(4)(16)	2,413
Robert S. Throop	37,472(5)	27,985
<b>Total of all above named Executive Officers and Directors</b>	<b>671,185</b>	<b>70,104</b>
<b>Total of All Executive Officers and Directors as a group (16 persons)</b>	<b>1,605,247(17)</b>	<b>110,397(18)</b>

- (1) Unless otherwise noted, the specified persons have sole voting power and sole dispositive power as to the indicated shares.
- (2) The Company has the sole right to vote all shares of Common Stock underlying the Common Stock units held in the Deferred Compensation Plan Trust. The independent trustee of the Trust has dispositive power as to such shares.
- (3) For the following current executive officers, includes the indicated number of shares which were held in their respective RSVP Profit Sharing Plan accounts as of December 31, 2004, as to which they have sole voting power and shared investment power: Terry D. Growcock 2,045, Maurice D. Jones 756, Timothy J. Kraus 14,258, Carl J. Laurino 3,882, Thomas G. Musial 5,152, and Glen E. Tellock 4,256.
- (4) Reflects shares beneficially owned as of December 31, 2004, under the RSVP Profit Sharing Plan, as amended effective April 1, 1999 to provide that, after July 1, 1999, Plan accounts are valued on a daily basis.
- (5) Includes 14,125 shares which the director has the right to acquire pursuant to the 1999 Non-Employee Director Stock Option Plan within sixty days following the record date for the Annual Meeting.

- (6) Includes 12,625 shares which the director has the right to acquire pursuant to the 1999 Non-Employee Director Stock Option Plan within sixty days following the record date for the annual meeting.



- (7) Includes 11,125 shares which the director has the right to acquire pursuant to the 1999 Non-Employee Director Stock Option Plan within sixty days following the record date for the annual meeting.
- (8) Includes 3,000 shares as to which voting and investment power is shared with spouse.
- (9) Includes 38,531 shares as to which voting and investment power is shared with spouse. Also includes 184,403 shares that Mr. Growcock has the right to acquire pursuant to the 1995 Stock Plan within sixty days following the record date for the annual meeting.
- (10) Includes 52,690 shares which Mr. Jones has the right to acquire pursuant to the 1995 Stock Plan within sixty days following the record date for the annual meeting.
- (11) Includes 49,664 shares which Mr. Kraus has the right to acquire pursuant to the 1995 Stock Plan within sixty days following the record date for the annual meeting.
- (12) Includes 10,740 shares which Mr. Laurino has the right to acquire pursuant to the 1995 Stock Plan within sixty days following the record date for the annual meeting. Also, excludes 300 shares owned by spouse.
- (13) Includes 90,883 shares which Mr. Musial has the right to acquire pursuant to the 1995 Stock Option Plan within sixty days following the record date for the annual meeting.
- (14) Includes 2,750 shares which the director has the right to acquire pursuant to the 1999 Non-Employee Director Stock Option Plan within sixty days following the record date for the annual meeting.
- (15) Includes 1,000 shares as to which voting and investment power is shared with spouse. Also includes 14,125 shares which the director has the right to acquire pursuant to the 1999 Non-Employee Director Stock Option Plan within sixty days following the record date for the annual meeting. Excludes 1,500 shares held by Mr. Stiff's spouse directly, as to which Mr. Stiff disclaims beneficial ownership.
- (16) Includes 2,643 shares as to which voting and investment power is shared with spouse. Also includes 70,364 shares which Mr. Tellock has the right to acquire pursuant to the 1995 Stock Plan within sixty days following the record date for the annual meeting. Excludes 150 shares held by Mr. Tellock's spouse as custodian for their daughter.
- (17) Includes 45,174 shares as to which voting and investment power are shared and 947,741 shares, as of December 31, 2004, held by the RSVP Profit Sharing Plan Trust (persons within the group hold sole voting power with respect to 31,727 of these shares, and share investment power with respect to all of these shares by virtue of the Plan's administration by an investment committee of executive officers).
- (18) Also includes 40,293 shares, as of February 23, 2005, as to which the Company, through certain officers, have sole voting power under the Deferred Compensation Plan Trust.

#### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's officers and directors and persons owning more than ten percent of the Company's Common Stock to file reports of ownership and changes in ownership of equity and derivative securities of the Company with the Securities and Exchange Commission and the New York Stock Exchange. To the Company's knowledge, based on information provided by the reporting persons, all applicable reporting requirements for fiscal year 2004 were complied with in a timely manner, except as follows: (1) the

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initial Form 3 for Mr. Nolden and the Form 3 for Mr. Krueger were timely filed, but failed to include all shares of the Company's Common Stock beneficially owned by them, causing them to be considered as late filings, (2) one Form 4 was not timely filed for Mr. Colbert due to a problem with a CCC code created at another entity at which Mr. Colbert serves as a director, and (3) one Form 4 was not timely filed for Mr. McCloskey. All required Forms have been filed prior to the date of this proxy.

#### 4. COMPENSATION OF DIRECTORS

Directors of the Company are entitled to reimbursement of their reasonable out-of-pocket expenses in connection with their travel to and attendance at meetings of the Board of Directors and committees of the Board. In addition, for fiscal year 2004 each non-employee director was paid an annual retainer of \$30,000, each non-employee director serving as a committee chairman was paid an additional \$7,500 annual retainer, and each non-employee director was paid an additional fee of \$1,500 for each meeting of the Board of Directors and each committee meeting attended. Directors who are employees of the Company do not receive separate remuneration in connection with their service on the Board or Board committees. In 2004, the Board approved stock ownership guidelines for non-employee directors, which requires a non-employee director to acquire an amount of the Company's Common Stock equal to five times such director's total annual retainer. Non-employee directors have until the end of fiscal year 2009 to meet the guideline.

Under the Company's Deferred Compensation Plan, each non-employee director may elect to defer all or any part of the director's annual retainer and meeting fees for future payment upon death, disability, termination of service as a director, a date specified by the participant, or the earlier of any such date to occur. A director may use the Deferred Compensation Plan as a means of achieving the director's stock ownership requirement, by electing to defer a portion of his/her compensation under the Company's Deferred Compensation Plan, and by making an appropriate election under the Deferred Compensation Plan.

Amounts deferred by participating non-employee directors are accounted for in one or more bookkeeping accounts maintained pursuant to the Deferred Compensation Plan. The value of each such account is based on the performance of a specific investment. The investments associated with bookkeeping accounts under the Deferred Compensation Plan are shares of the Common Stock of the Company for the Company Stock Fund and selected mutual funds for the Money Market Fund, Bond Fund, Balanced Fund, S & P 500 Index Fund, Equity Fund, Small Cap Fund, Mid Cap Growth Stock Fund, and International Stock Fund. Participants have no rights as shareholders pertaining to Company Stock units credited to their accounts under the Company Stock Fund. Effective March 31, 2002, transfers between the Company Stock Fund and any other Fund are not permitted. Transfers between the other Funds may be made in accordance with plan rules. Distributions from the Company Stock Fund are required to be made in Company Stock, except fractional shares may be paid in cash. Upon a change in control (as defined in the Deferred Compensation Plan), all restrictions on the distribution of deferred compensation will be automatically terminated and the participant would promptly receive the full balance of his/her account.

At the Annual Meeting in 1999, the shareholders approved The Manitowoc Company, Inc. 1999 Non-Employee Director Stock Option Plan (the 1999 Plan). Pursuant to the terms of the 1999 Plan (as amended by the Board of Directors in 1999, 2001 and 2002), each non-employee director is automatically granted an option to purchase 3,000 shares of Common Stock on the date he/she becomes a director of the Company, and each continuing non-employee director is thereafter automatically granted an option to purchase an additional 5,000 shares of Common Stock annually on the date of the first meeting of the Board of Directors occurring each calendar year. At the Annual Meeting in May 2004, the shareholders approved The Manitowoc Company, Inc. 2004 Non-employee Director Stock and Awards Plan (the 2004 Director Stock Plan). The 2004 Director Stock Plan provides for stock-based awards ( Awards ) in the form of non-qualified stock options, restricted stock, and restricted stock units. The 2004 Director Stock Plan replaces the 1999 Plan. As such, the 1999 Plan has been frozen and no further options will be made under the 1999 Plan. However, options already granted under the 1999 Plan will continue to be governed by the terms of that plan.

The purpose of the 2004 Director Stock Plan is three-fold: (i) to promote the long-term growth and financial success of the Company; (ii) to induce, attract and retain highly experienced and qualified individuals to serve on the Company's Board of Directors; and (iii) to assist the Company in promoting a greater identity of interest between the Company's non-employee directors and its shareholders. The 2004 Director Stock Plan is designed to achieve these goals by providing non-employee directors of the Company with incentives to increase shareholder value by offering the opportunity to acquire shares of the Company's common stock, receive incentives based on the value of such common stock, or receive other incentives on the potentially favorable terms that the 2004 Director Stock Plan provides. Only non-employee directors of the Company are eligible to receive Awards under the 2004 Director Stock Plan. The Compensation Committee of the Company's Board of Directors may, in its discretion, grant Awards from time to time in such amounts as it determines and to such non-employee directors as it selects.



Pursuant to the terms of the 1999 Plan, each non-employee director who was serving at the time of the Board of Director's first meeting in 2004 was granted options to purchase 5,000 shares of Common Stock. Since Mr. Krueger was not a director at that time and since the 1999 Plan was replaced by the 2004 Plan effective May 4, 2004, on June 30, 2004, Mr. Krueger was granted options to purchase 3,000 share of Common stock under the 2004 Director Stock Plan. The terms of the Award to Mr. Krueger provide that (a) the option price is the fair market value of shares of Common Stock as of the close of business on June 30, 2004, (b) the options vest in 25% increments each year commencing on June 30, 2005, and (c) the options expire six years from the grant date.

## 5. EXECUTIVE COMPENSATION

### Summary Compensation Table

The following table sets forth, for the fiscal years ended December 31, 2004, December 31, 2003, and December 31, 2002, each component of compensation paid or earned for the Chief Executive Officer, and for each of the five other most highly compensated executive officers of the Company who were serving as executive officers at the end of fiscal 2004.

### SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	LONG-TERM COMPENSATION					
		ANNUAL COMPENSATION		Awards	Awards	Payout	
		Salary	Bonus	Stock Award(s)	Underlying Options/SARs	LTIP Payout	All Other Compensation
		(\$) (1)	(\$) (1) (2)	(\$) (3)	(#) (4)	(\$) (5)	(\$) (6)
Terry D. Growcock Chairman and Chief Executive Officer	2004	\$ 735,000	\$ 749,149	0	0	\$ 0	\$ 56,694
	2003	\$ 700,000	\$ 518,700	0	0	\$ 0	\$ 35,780
	2002	\$ 648,077	\$ 263,550	6,637	250,000	\$ 0	\$ 33,786
Glen E. Tellock President, Crane Group (5/02 to present); Sr. Vice President, The Manitowoc Company.	2004	\$ 330,000	\$ 268,967	0	0	\$ 0	\$ 57,525
	2003	\$ 310,000	\$ 111,290	0	0	\$ 0	\$ 21,038
	2002	\$ 283,462	\$ 77,810	1,839	100,000	\$ 0	\$ 25,655
Timothy J. Kraus President, Food Service Group Sr. Vice President, The Manitowoc Company	2004	\$ 325,000	\$ 187,200	0	0	\$ 0	\$ 52,663
	2003	\$ 300,000	\$ 241,912	0	0	\$ 52,087	\$ 27,685
	2002	\$ 274,038	\$ 166,275	1,839	75,000	\$ 8,145	\$ 28,426
Thomas G. Musial Sr. Vice President Human Resources and Administration	2004	\$ 295,000	\$ 238,079	0	0	\$ 0	\$ 52,271
	2003	\$ 275,000	\$ 135,850	0	0	\$ 0	\$ 27,152
	2002	\$ 262,019	\$ 69,025	1,839	75,000	\$ 0	\$ 26,312
Maurice D. Jones Sr. Vice President, General Counsel and Secretary	2004	\$ 240,000	\$ 204,716	0	0	\$ 0	\$ 59,407
	2003	\$ 220,000	\$ 108,680	0	0	\$ 0	\$ 31,357
	2002	\$ 207,019	\$ 55,220	0	0	\$ 0	\$ 24,488

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				1,398	45,000	\$	0	
Carl J. Laurino	2004	\$ 222,693	\$ 169,108	0	0	\$	0	\$ 45,445
Sr. Vice President, CFO (05/04 to present)	2003	\$ 175,000	\$ 60,515	0	0	\$	0	\$ 26,000
and Treasurer	2002	\$ 156,827	\$ 30,748	721	21,000	\$	0	\$ 20,978

- (1) Compensation deferred at the election of an executive officer pursuant to the Company's Deferred Compensation Plan is included in the year earned. Under that Plan, an executive officer may elect to defer up to 40% of base compensation and up to 100% of any incentive compensation.
- (2) Bonus is incentive compensation under the Economic Value Added (EVA) Plan. The bonus amount reflects the bonus earned under the EVA Plan and accrued during the year indicated, without regard to any bonus bank balance under the EVA Plan that may have existed at the beginning of that year and paid at the beginning of the next fiscal year.

- (3) Consists of shares of restricted Common Stock awarded on February 22, 2002 under the 1995 Stock Plan. The restrictions lapse in one third increments every year beginning with the first anniversary of the award date.
- (4) Consists entirely of stock options under the 1995 Stock Plan.
- (5) Reflects that portion of the bonus bank balance under the EVA Plan existing at the beginning of the year indicated, and paid at the beginning of the next fiscal year.
- (6) The 2004 amounts include: (a) the Company's contributions to the RSVP Profit Sharing Plan as follows: Terry D. Growcock \$32,767, Glen E. Tellock \$32,767, Timothy J. Kraus \$30,833, Thomas G. Musial \$30,177, Maurice D. Jones \$31,767, and Carl J. Laurino \$3,882; (b) premiums paid by the Company relating to Long Term Disability as follows: Terry D. Growcock \$4,866, Glen E. Tellock \$4,676, Timothy J. Kraus \$6,130, Thomas G. Musial \$7,079, Maurice Jones \$2,281, and Carl J. Laurino \$987; (c) Company contributions to the Deferred Compensation Plan as follows: Glen E. Tellock \$429, and Maurice D. Jones \$1,343; (d) tax preparation fees paid as follows: Terry D. Growcock \$1,750, Glen E. Tellock \$5,845, Timothy J. Kraus \$4,900, Thomas G. Musial \$447, and Maurice D. Jones \$325; (e) club membership fees: Terry D. Growcock \$2,746, Glen Tellock \$3,008, Thomas G. Musial \$3,745, Maurice D. Jones \$3,745, and Carl J. Laurino \$3,446; (f) car allowance: Terry D. Growcock \$13,200, Glen Tellock \$10,800, Timothy J. Kraus \$10,800, Thomas G. Musial \$10,800, Maurice D. Jones \$10,800, and Carl J. Laurino \$10,800; and (g) internet access fees: Terry D. Growcock \$1,365, Thomas G. Musial \$23, and Maurice D. Jones \$778.

#### Retirement Plan

Under Manitowoc's Supplemental Executive Retirement Plan, participants are entitled to receive retirement benefits equal to 55% of their five-year final average pay at normal retirement (age 65). The following table shows total amounts payable under the Plan, at normal retirement, at various rates of final average pay.

Final Average Pay	Annual Retirement Benefit
\$ 200,000	\$ 110,000
\$ 300,000	\$ 165,000
\$ 400,000	\$ 220,000
\$ 500,000	\$ 275,000
\$ 600,000	\$ 330,000
\$ 700,000	\$ 385,000
\$ 800,000	\$ 440,000
\$ 900,000	\$ 495,000
\$ 1,000,000	\$ 550,000

Benefits under the Plan are computed by averaging the participant's final five years of base salary (including elective deferrals) and bonus awards payable for each year (bonus plus LTIP payments for the year). Benefits are computed using a straight-life annuity and are not reduced for social security or other offsets.

Currently, the Compensation Committee has determined that an executive will not be eligible to participate under the plan until the executive has five credited years of service with the Company and/or its subsidiaries. As of December 31, 2004, the credited years of service for each of the executives officers named in the Summary Compensation Table who participate in the Plan were as follows: Terry D. Growcock 10, Timothy J.

Kraus 15, Glen E. Tellock 14, Thomas G. Musial 28, and Maurice D. Jones 5.

**Options/SAR Grants in Last Fiscal Year**

No stock option grants were made in 2004 to the executive officers named in the Summary Compensation Table.



**Aggregated Option/SAR Exercises in Last Fiscal Year  
and Fiscal Year-End Option/SAR Values**

The following table sets forth the number of options and the value of such options held at the end of the last fiscal year by the executive officers named in the Summary Compensation Table.

Name	Shares Acquired	Value Realized	Number of Securities Underlying Unexercised Options/SARs at Fiscal Year-End (#)(1)		Value of Unexercised In-the-Money Options/SARs at Fiscal Year-End \$(2)	
	On Exercise		Exercisable	Unexercisable	Exercisable	Unexercisable
	(#)	(\$)				
Terry D. Growcock	78,910	\$ 1,011,519.81	173,191	234,000	\$ 2,202,248	\$ 3,120,975
Glen E. Tellock	37,499	\$ 582,341.49	66,001	97,500	\$ 928,853	\$ 1,318,312
Timothy J. Kraus	58,950	\$ 847,062.59	45,303	78,748	\$ 519,844	\$ 1,085,413
Thomas G. Musial	37,500	\$ 582,357.00	86,524	78,746	\$ 1,251,384	\$ 1,085,399
Maurice D. Jones	1,026	\$ 12,414.60	49,974	46,000	\$ 785,503	\$ 628,575
Carl J. Laurino	0	\$ 0.00	8,625	16,875	\$ 105,487	\$ 170,362

(1) No SARs were outstanding at the end of fiscal 2004.

(2) Based upon the difference between the option exercise prices and the \$37.65 closing sale price of Common Stock on the New York Stock Exchange at the end of fiscal 2004.

**Long-Term Incentive Plans Awards in Last Fiscal Year**

As described in more detail in the Report of the Compensation Committee on Executive Compensation below, the EVA Plan required that bonuses payable to executive officers in excess of their target bonuses be banked and remain at risk. Under the EVA Plan, one third of a positive bonus bank balance is paid out at the end of each year, and a negative bonus in any year is subtracted from the outstanding bonus bank balance. As also described in the Report of the Compensation Committee on Executive Compensation, effective for the fiscal year commencing January 1, 2005, the EVA Plan has been replaced by the Short-Term Incentive Plan. Unlike the previous EVA Plan, the Short-Term Incentive Plan does not contain a bonus bank feature. Earned awards for a given year will be fully paid out after the end of the year, subject to a three-year transition period for positive and negative bank balances outstanding after the payment of the fiscal 2004 incentive awards under the EVA Plan. The amounts of the banked contingent incentive compensation awarded for fiscal 2004 to the executive officers named in the Summary Compensation Table are as follows:

Name	Amounts Banked	Performance or Other Period Until Maturation or Payout	Estimated Future Payouts Under Non - Stock Price-Based Plans	
			Minimum	Maximum
Terry D. Growcock	\$ 395,798	2006-2008	\$ 0	\$ 395,798
Timothy J. Kraus	\$ 49,400	2006-2008	\$ 0	\$ 49,400

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Glen E. Tellock	\$	44,088	2006-2008	\$ 0	\$	44,088
Thomas G. Musial	\$	22,301	2006-2008	\$ 0	\$	22,301
Maurice D. Jones	\$	40,192	2006-2008	\$ 0	\$	40,192
Carl J. Laurino	\$	26,758	2006-2008	\$ 0	\$	26,758

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**6. GOVERNANCE OF THE BOARD AND ITS COMMITTEES**

**Governance of the Company**

Currently the Board is comprised of nine directors with no vacant positions. Eight of the directors are not employees of the Company. Terry D. Growcock is the Chairman of the Board and Chief Executive Officer of the Company. The Board of Directors has determined that none of the eight non-employee directors has a material relationship with the Company and that each is independent as defined in the Company's Corporate Governance Guidelines (which are attached as Appendix A to this proxy and may be viewed on the Company's website at [www.manitowoc.com](http://www.manitowoc.com)) and under applicable law and the New York Stock Exchange listing standards. In determining whether a director has a material relationship with the Company, the Board has adopted nine criteria. Those criteria are attached as Appendix B to this proxy and may be viewed on the Company's website: [www.manitowoc.com](http://www.manitowoc.com). Any director who meets all of the nine criteria will be presumed by the Board to have no material relationship with the Company. All eight non-employee directors meet all nine of the criteria.

The Company has adopted Corporate Governance Guidelines in order to set forth internal Board policies and procedures. The Corporate Governance Guidelines were amended in February of 2005. A copy of the current Corporate Governance Guidelines is attached as Appendix A to this proxy and may be viewed on the Company's website: [www.manitowoc.com](http://www.manitowoc.com). A copy of the Corporate Governance Guidelines is also available in print to any Shareholder who requests a copy.

The Board's policy for Board Member attendance at the Annual Shareholders Meeting is set forth in the Company's Corporate Governance Guidelines. All of the directors attended the Annual Shareholders Meeting in 2004.

The Company has a Global Ethics Policy and other policies relating to business conduct that pertain to all employees. The Company has adopted a code of ethics that applies to the Company's principal executive officer, principal financial officer and controller, which is part of the Company's Global Ethics Policy and other policies related to business conduct. A copy of these policies can be viewed at the Company's website: [www.manitowoc.com](http://www.manitowoc.com) and is also available in print to any shareholder who requests a copy.

During the fiscal year ended December 31, 2004, the Board of Directors met five times. All members of the Board attended at least 75 percent of the meetings held by the Board and the committees on which they served. As required in the Corporate Governance Guidelines, the Board met in executive session at each regular Board meeting during 2004. The Corporate Governance Guidelines provide that the chairperson of the Corporate Governance Committee will serve as the presiding director for the executive session. If for any reason the chairperson of the Corporate Governance Committee is unable to attend or perform the presiding role at a particular executive session, he/she will designate the chairperson of either the Compensation Committee or the Audit Committee to assume the role of the presiding director for the particular executive session.

The Company has standing Corporate Governance, Audit, and Compensation Committees of the Board of Directors.

**Corporate Governance Committee**

The Corporate Governance Committee is also the Company's nominating committee. The purpose of the Corporate Governance Committee is to assist the Board in its corporate governance responsibilities, including to identify individuals qualified to become Board members, to recommend to the Board for the Board's selection director nominees, and to recommend to the Board the corporate governance principles and

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guidelines. The Corporate Governance Committee has a charter that may be viewed on the Company's website: [www.manitowoc.com](http://www.manitowoc.com) and is available in print to any shareholder who requests a copy.

All members of the Corporate Governance Committee are independent as defined in the Company's Corporate Governance Guidelines (which are attached as Appendix A and may be viewed at the Company's website: [www.manitowoc.com](http://www.manitowoc.com)) and applicable law and the corporate governance listing standards of the New York Stock Exchange.

There were four meetings of the Corporate Governance Committee during the Company's fiscal year ended December 31, 2004. For further information see the Corporate Governance Committee Report below.

#### **Audit Committee**

The purpose of the Audit Committee, which is established in accordance with Section 3(a)(58)(A) of the Exchange Act, is to (A) assist the Board of Directors in fulfilling its oversight of (1) the integrity of the Company's financial statements, (2) the Company's compliance with legal and regulatory requirements, (3) the independent auditor's qualifications and independence, (4) the performance of the Company's internal audit function and independent auditors, (5) the Company's compliance with ethical standards established by law, rule, regulation and Company policy, and (6) the Company's disclosure processes and procedures; and (B) prepare the report that SEC rules require be included in the Company's annual proxy statement. The Audit Committee has a charter that may be viewed on the Company's website: [www.manitowoc.com](http://www.manitowoc.com) and is available in print to any shareholder who requests a copy.

The Board of Directors has determined that the members of the Audit Committee are independent, as defined in the Company's Corporate Governance Guidelines (which are attached as Appendix A and which may be viewed on the Company's website at [www.manitowoc.com](http://www.manitowoc.com)) and applicable law and the corporate governance listing standards of the New York Stock Exchange relating to audit committees. The Board has determined that Messrs. Anderson, Stift and Krueger are designated audit committee financial experts as defined in the Company's Audit Committee Charter and in the Securities and Exchange Commission regulations. The Board has further determined that all members of the audit committee are financially literate and that the designation of Messrs. Anderson, Stift and Krueger as audit committee financial experts does not mean that the other Audit Committee members do not meet the qualifications of a financial expert.

During the fiscal year ended December 31, 2004, the Audit Committee met five times. For further information see the Audit Committee Report below.

#### **Compensation Committee**

The Compensation Committee provides assistance to the Board of Directors in fulfilling its responsibility to achieve the Company's purpose of maximizing the long-term total return to shareholders by ensuring that officers, directors and employees are compensated in accordance with the Company's philosophy, objectives, and policies. The Compensation Committee reviews and approves compensation and benefits policies, strategies, and pay levels necessary to support corporate objectives and provides an annual report on executive compensation for inclusion in the corporation's proxy statement, in accordance with applicable rules and regulations. A copy of the Compensation Committee Charter can be viewed at on the Company's website: [www.manitowoc.com](http://www.manitowoc.com) and is available in print to any shareholder who requests a copy.

There were five meetings of the Compensation Committee during fiscal year ended December 31, 2004. For further information see the Compensation Committee Report below.

### **7. CORPORATE GOVERNANCE COMMITTEE REPORT**

The purpose of the Corporate Governance Committee is to assist the Board in its corporate governance responsibilities, including to identify individuals qualified to become Board members, to recommend to the Board for the Board's selection director nominees, and to recommend to the Board the corporate governance principles and guidelines. The Corporate Governance Committee has adopted the following policies and

procedures regarding consideration of candidates for the Board.

Consideration of Candidates for the Board of Directors Submitted by Shareholders. The Corporate Governance Committee will only review recommendations for director nominees from any shareholder beneficially owning or group of shareholders beneficially owning in the aggregate, at least 5% of the issued and outstanding common stock of the Company for a least one year as of the date that the recommendation was made (a Qualified

Shareholder ). Any Qualified Shareholder must submit its recommendation not later than the 120<sup>th</sup> calendar day before the date of the Company's proxy statement released to the shareholders in connection with the previous year's annual meeting, for the recommendation to be considered by the Corporate Governance Committee. Any recommendation must be submitted in accordance with the policy in the Corporate Governance Guidelines captioned "Shareholder Communications to the Board of Directors". In considering any timely submitted recommendation from a Qualified Shareholder, the Corporate Governance Committee shall have sole discretion as to whether to nominate the individual recommended by the Qualified Shareholder, except that in no event will a candidate recommended by Qualified Shareholder who is not independent as defined in the Company's Corporate Governance Guidelines and who does not meet the minimum expectations for a director set forth in the Company's Corporate Governance Guidelines, be recommended for nomination by the Corporate Governance Committee.

The Corporate Governance Committee did not receive prior to the deadline noted in the foregoing policy, any recommendations for director nominees from any Qualified Shareholder (as defined in the foregoing policy).

Consideration of Candidates for Board that are Incumbent Directors. The process of evaluating directors for re-election will include a peer review of each director wishing to stand for re-election at the expiration of his/her current term. This will be done by circulation of a questionnaire to all other directors to be completed in essay form or by verbal response to an independent third party. The independent third party professional consultant will review all responses and summarize the conclusions on an anonymous basis for the Corporate Governance Committee. This consultant will then review the results on an individual and confidential basis with each of the candidates. The Corporate Governance Committee may also interview each candidate individually. The Corporate Governance Committee will make a recommendation to the Board for the Board's final decision on each candidate seeking re-election. The Corporate Governance Committee shall have sole authority to retain and terminate any search firm to be used to identify director candidates and any independent third party professional consultant used in the evaluation process for directors wishing to stand for re-election. Such authority shall include the sole authority to approve the search firm's and third party professional's fees and other retention terms.

Consideration of Candidates for Board that are Non-incumbent Directors. In the event of a vacancy in the Board of Directors that the Corporate Governance Committee anticipates will not be filled by an incumbent director, the Corporate Governance Committee will manage the process of searching for a suitable director. The Corporate Governance Committee will be free to use its judgement in structuring and carrying out the search process based on the Corporate Governance Committee's and the Board's perception as to what qualifications would best suit the Board's needs for each particular vacancy. The process may include the consideration of candidates recommended by officers, Board members, shareholders and/or a third party professional search firm retained by the Corporate Governance Committee. The Corporate Governance Committee shall have sole authority to retain and terminate any third party to be used to identify director candidates and/or evaluate any director candidates. Any candidate should meet the expectations for directors set forth in the Company's Corporate Governance Guidelines. Strong preference should be given to candidates who are independent as that term is defined in the Corporate Governance Guidelines and the New York Stock Exchange rules and to candidates who are sitting or former CEO's or CFO's of companies whose securities are listed on a national securities exchange registered pursuant to Securities Exchange Act of 1934. The Corporate Governance Committee is not required to consider candidates recommended by a shareholder except in accordance the Policy captioned "Consideration of Candidates for the Board of Directors Submitted by Shareholders", set forth in the Corporate Governance Committee Charter. If the Corporate Governance Committee determines to consider a candidate recommended by a shareholder, the Committee will be free to use its discretion and judgement as to what deference will be given in considering any such candidate.

Shareholder Communications. The Corporate Governance Committee has adopted a process for shareholders to send communications to the Board. That process is included in the Company's Corporate Governance Guidelines which are attached as Appendix A and which may be viewed on the Company's website: [www.manitowoc.com](http://www.manitowoc.com).

#### **Corporate Governance Committee**

Daniel W. Duval, Chairman

Virgis W. Colbert

Keith D. Nosbusch

Robert C. Stift

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**8. AUDIT COMMITTEE REPORT**

The purpose of the Audit Committee is to (A) assist the Board of Directors in fulfilling its oversight of (1) the integrity of the Company's financial statements, (2) the Company's compliance with legal and regulatory requirements; (3) the independent auditor's qualifications and independence, (4) the performance of the Company's internal audit function and independent auditors, (5) the Company's compliance with ethical standards established by law, rule, regulation and Company policy, and (6) the Company's disclosure processes and procedures; and (B) prepare the report that SEC rules require be included in the Company's annual proxy statement.

In connection with its function to oversee and monitor the financial reporting process of the Company, the Audit Committee has done the following:

reviewed and discussed the audited financial statements for the fiscal year ended December 31, 2004 with the Company's management;

discussed with PricewaterhouseCoopers LLP, the Company's independent auditors, those matters required to be discussed by SAS 90 (Codification of Statements on Auditing Standards, AU sec.380); and

received the written disclosure and the letter from PricewaterhouseCoopers LLP required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), considered whether the provisions of non-audit services by PricewaterhouseCoopers LLP is compatible with maintaining PricewaterhouseCoopers LLP's independence, and discussed with PricewaterhouseCoopers LLP its independence.

Based on the foregoing, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company's annual report on Form 10-K for the fiscal year ended December 31, 2004.

**Fees Billed to the Company by PricewaterhouseCoopers LLP during****Fiscal 2004 and 2003**

Fees billed or expected to be billed by PricewaterhouseCoopers LLP for each of the last two years are listed in the following table.

<b>Year Ended</b>	<b>Audit</b>	<b>Audit</b>	<b>Tax Fees</b>	<b>All Other</b>
<b>December 31</b>	<b>Fees</b>	<b>Related Fees</b>		<b>Fees</b>
2004	\$1,590,500	\$20,410	\$11,950	\$32,400
2003	\$1,027,005	\$80,000	\$174,776	\$11,572

Audit service fees include fees for services performed to comply with Generally Accepted Auditing Standards (GAAS), including the recurring audit of the Company's consolidated financial statements. This category also includes fees for audits provided in connection with statutory filings or services that generally only the principal auditor reasonably can provide to a client, such as procedures related to consents and assistance with a review of documents filed with the Securities and Exchange Commission (SEC).

Audit-related fees include fees associated with assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements. This category includes fees related to assistance in financial due diligence related to mergers and acquisitions and fees related to general assistance with implementation of the SEC and Sarbanes-Oxley Act of 2002 requirements.

Tax fees primarily include fees associated with tax compliance, tax consulting, as well as domestic and international tax planning.

All other fees primarily include fees associated with audits of the company's employee benefit plans in 2004 and certain agreed upon procedures services in 2004.

The Company's policy and procedures for pre-approval of non-audit services to be performed by the company's independent public accountants are set forth in Section III of the Audit Committee Charter. A copy of the Audit Committee Charter may be viewed on the Company's website: [www.manitowoc.com](http://www.manitowoc.com) and is available in print to any shareholder who requests a copy. All services performed by PricewaterhouseCoopers LLP that are encompassed in the audit related fees, tax fees and all other fees were approved by the Audit Committee in advance in accordance with the pre-approval policy and process set forth in the Audit Committee Charter.

### **Independent Public Accountants**

In accordance with the recommendation of the Audit Committee, and at the direction of the Board of Directors, the Company has retained PricewaterhouseCoopers LLP as its independent public accountants for the fiscal year ending December 31, 2005. A representative of PricewaterhouseCoopers LLP is expected to be present at the Annual Meeting to respond to appropriate questions and to make a statement if he or she desires to do so.

### **Audit Committee**

Dean H. Anderson, Chairman

James L. Packard

Kenneth W. Krueger

Robert C. Stift

## **9. REPORT OF THE COMPENSATION COMMITTEE ON EXECUTIVE COMPENSATION**

The Compensation Committee provides assistance to the Board of Directors in fulfilling its responsibility to achieve the Company's purpose of maximizing the long-term total return to shareholders by ensuring that officers, directors and employees are compensated in accordance with the Company's philosophy, objectives, and policies. The Compensation Committee reviews and approves compensation and benefits policies, strategies, and pay levels necessary to support corporate objectives and provides an annual report on executive compensation for inclusion in the corporation's proxy statement, in accordance with applicable rules and regulations.

Executive compensation consists of the following components:

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Base salary compensation;

Short-term incentive compensation (the Economic Value Added Plan, which was replaced by the Short Term Incentive Plan effective January 1, 2005);

Long-term incentive compensation (the 1995 Stock Plan and 2003 Incentive Stock and Awards Plan);

Deferred Compensation Plan;

Supplemental Executive Retirement Plan; and

RSVP Profit Sharing Plan

### **Overall Compensation and Base Salary Philosophy**

It is the Compensation Committee's objective to set overall compensation for executive officers, including base salary compensation, to be competitive with comparable positions at other durable goods manufacturing companies of similar size. The Compensation Committee references survey data of comparable companies obtained from a major compensation and benefits consulting firm and sets proposed overall compensation and base salaries at a level about equal to the midpoint of the survey data. Overall compensation and base salaries of individual executive officers can vary from this salary benchmark based on a subjective analysis of such factors as the scope of

the executive officer's experience, current performance and future potential, along with the Company's financial performance.

During 2004, the Compensation Committee approved stock ownership guidelines for executive officers. The guidelines require that by the end of 2009 (or within 5 years after the date that the executive officer commenced employment, whichever is later) each executive officer acquire and hold an amount of stock equal to, in the case of the chief executive officer 5 times and in the case of other executive officers 3 times, such executive officer's annual base salary. If an executive does not meet his/her ownership requirement measured as of the end of any given year (commencing in 2009 or the fifth anniversary of the executive officer's start date), the executive will be required to acquire for his or her account during the subsequent year, shares of the Company's stock having a dollar value equal to, at the time of acquisition, 50% of any earned annual bonus awards payable during such subsequent year, determined after tax, until compliance is achieved.

### **The Economic Value Added (EVA) Plan**

The EVA Plan is an incentive compensation program, first effective during the 1994 fiscal year, which provides for annual bonuses for all executive officers of the Company along with certain other officers and key employees of the Company and its subsidiaries, if their performance adds value for the Company's shareholders. The Compensation Committee's objective under the EVA Plan is to provide an incentive share portion of compensation which will result in higher total compensation opportunities than the median total compensation of peer companies in years in which the Company performs well. Similarly, the incentive share portion of compensation payable to EVA Plan participants is expected to result in lower total compensation opportunities than the median total compensation of comparable companies in years in which the Company performs poorly.

Bonuses payable under the program are determined based on improvements in Economic Value Added (EVA), which is a technique developed by Stern Stewart & Co., a financial consulting firm based in New York, that measures the economic profit generated by a business. EVA is equal to the difference between (i) net operating profit after tax, defined as operating earnings adjusted to eliminate the impact of, among other things, certain accounting charges such as amortization of goodwill and bad debt reserve expenses, and (ii) a capital charge, defined as capital employed times the weighted average cost of capital.

Participants are divided into eleven classifications which have target bonus levels ranging from 2% to 75% of base salary. It is intended that the assignment of a particular classification correspond with a participant's relative effect on the Company's performance.

Under the EVA Plan as amended, bonuses are awarded to each Plan participant based on the improvement in EVA for the participant's business unit. To measure the improvement (or deterioration) in EVA, an EVA target is set yearly for each business unit. The Target EVA for an upcoming year is based on the prior fiscal year's actual EVA plus the expected improvement in EVA for the current fiscal year. If the actual EVA for a given year is in excess of the target EVA for the year, the bonus calculation will produce an amount in excess of the participant's target bonus. If the annual improvement in EVA is less than the targeted improvement, the bonus calculation will produce an amount less than the individual's target bonus. Bonuses payable under the EVA Plan are not subject to any minimum or maximum. In fiscal 2004, the performance of the Company and its business units resulted in Plan compensation ranging from 5.4% to a 242.1% of their targets.

In order to encourage a long-term commitment by executive officers and other key employees to the Company, the EVA Plan provides that if the bonus calculation for a given year produces an amount in excess of the participant's target bonus, the excess amount will be placed in a bonus bank for the participant. A bonus bank account is also considered at risk in the sense that if EVA performance for a given year results in a bonus calculation for a given year that is negative, the participant's bonus bank balance is reduced by the negative amount. It is possible that a participant may have a negative bank balance. A participant is not required to repay negative bonus bank balances.

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If the participant began the year with a bank balance that was zero or positive, the participant's bonus and bonus bank payable for that year would consist of the participant's bonus earned up to the target bonus, plus one third of the participant's positive bank balance (after adding to the bank balance the amount of any positive bonus earned in excess of the target bonus or subtracting from the bank balance the amount negative bonus earned for the year, as the case may be) for the year.

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The EVA Plan was amended in July 2002 revising the method for determining the bonus pay-out and the bank balance pay-out if the participant began the year with a bank balance that was negative. If the participant began the year with a negative bank balance, but the EVA performance for the year resulted in a positive bonus calculation for the year, the participant's bonus and bank balance payable for that year would consist of one hundred percent of the bonus earned up to the target bonus, plus one half of any bonus earned above 100% of the target, plus one third of any positive bonus bank balance (after adding to the bank balance the amount of any positive bonus earned in excess of the target bonus for the year or subtracting from the bank balance the amount negative bonus earned for the year, as the case may be) for the year.

In addition, as amended in July 2002, once a participant has been in the EVA plan for three consecutive years, at the end of each year the participant will be paid the lesser of the ending bank balance or the bank balance at the end of the third prior year. In the event that a participant voluntarily terminates employment with the Company, the bonus bank balance is subject to forfeiture.

### **The Short-Term Incentive Plan**

The Short-Term Incentive Plan is an incentive compensation program, which effective for the fiscal year commencing January 1, 2005, replaces the EVA Plan. The Short-Term Incentive Plan provides for annual bonuses for all executive officers of the Company along with certain other officers and key employees of the Company and its subsidiaries, if their performance adds value for the Company's shareholders. The Compensation Committee's objective under the Short-Term Incentive Plan is to provide an incentive share portion of compensation which will result in higher total compensation opportunities than the median total compensation of peer companies in years in which the Company performs well. Similarly, the incentive share portion of compensation payable to participants is expected to result in lower total compensation opportunities than the median total compensation of comparable companies in years in which the Company performs poorly. However, the Short-Term Incentive Plan eliminates some of the volatility that existed under the prior EVA Plan.

Bonuses payable under the program are determined based on improvements in Economic Value Added (EVA), which is a technique developed by Stern Stewart & Co., a financial consulting firm based in New York, that measures the economic profit generated by a business. EVA is equal to the difference between (i) net operating profit after tax, defined as operating earnings adjusted to eliminate the impact of, among other things, certain accounting charges such as amortization of good-will, bad debt reserve expenses, and capitalized research and development, and (ii) a capital charge, defined as capital employed times the weighted average cost of capital.

Participants are divided into eleven classifications which have target bonus levels ranging from 2% to 75% of base salary. It is intended that the assignment of a particular classification correspond with a participant's relative effect on the Company's performance.

Under the Short-Term Incentive Plan, bonuses are awarded to each Plan participant based on the improvement in EVA for the participant's business unit. To measure the improvement (or deterioration) in EVA, an EVA target is set yearly for each business unit. The Target EVA for an upcoming year is based on the prior fiscal year's actual EVA plus the expected improvement in EVA for the current fiscal year. The expected improvement factors are evaluated and recalibrated no less than every three years. If the actual EVA for a given year is in excess of the target EVA for the year, the bonus calculation will produce an amount in excess of the participant's target bonus. If the annual improvement in EVA is less than the targeted improvement, the bonus calculation will produce an amount less than the individual's target bonus. Bonuses payable under the Short-Term Incentive Plan can range from 20% to 250% of the target award opportunity. If the annual improvement is less than 20% of the targeted improvement, no bonus will be paid for that year. If the annual improvement is more than 250% for a given year bonus payable for the year may not be based on more than 250% of the target award opportunity. Unlike the previous EVA Plan, the Short-Term Incentive Compensation Plan does not contain a bonus bank feature. Earned awards for a given year will be fully paid out after the end of the year, subject to a three-year transition period for positive and negative bank balances outstanding after the payment of the fiscal 2004 incentive awards under the EVA Plan.





### **The 1995 Stock Plan**

The Manitowoc Company, Inc. 1995 Stock Plan, provides that incentive stock options, non-qualified stock options, restricted stock, and limited stock appreciation rights may be granted to key employees of the Company. In fiscal 2004, stock options to purchase a total of 101,400 shares were granted to certain key employees selected by the Committee. The options vest in 25% increments annually beginning two years after the date of grant and are fully exercisable five years after such date. If any awards granted under the 1995 Stock Plan are surrendered prior to exercise, or lapsing of restrictions, the shares underlying those awards become available for grant under the 2003 Stock Plan (see below) and will not be available under the 1995 Stock Plan.

### **The 2003 Incentive Stock and Awards Plan**

The Manitowoc Company, Inc. 2003 Incentive Stock and Awards Plan (the 2003 Stock Plan ) is designed to attract and retain executives, key employees, consultants and advisors of outstanding training, experience and ability; increase shareholder value; provide motivation by means of performance-related incentives to achieve performance goals; and enable participants to share in the growth and financial success of the Company. The 2003 Stock Plan provides for both short-term and long-term incentive awards and provides that incentive stock options, non-qualified stock options, limited stock appreciation rights, restricted stock, or performance share awards (collectively referred to as Stock Plan Awards ) may be granted to such officers, key employees, consultants or advisors of the Company or any of its affiliates as the Compensation Committee selects. The maximum number of shares available for Stock Plan Awards is 3,064,364, subject to adjustment for stock splits, stock dividends, and certain other transactions or events affecting the Company Common Stock. As to awards that are restricted stock, performance units or performance shares that are paid in shares or the value of which is based on the fair market value of shares, the Company may not issue or make payment as to more than 1,000,000 shares in the aggregate.

In fiscal 2004, stock options to purchase a total of 67,600 shares were granted to certain key employees selected by the committee.

The 2003 Stock Plan authorizes the Committee to establish rules and regulations as it may deem appropriate for the proper administration of the 2003 Stock Plan, to make determinations under and interpretations of the 2003 Stock Plan, and to take other steps in connection with the 2003 Stock Plan and awards under the 2003 Stock Plan as it may deem necessary or advisable. Subject to the terms of the 2003 Stock Plan, the Committee may waive any restrictions or conditions applicable to any Stock Plan Award or the exercise of an award, and the Committee may modify, amend, or cancel any of the other terms and conditions applicable to an award by mutual agreement between the Committee and the participant or any other person with an interest in the award, so long as any amendment or modification does not increase the number of shares issuable under the 2003 Stock Plan. The Board may also exercise any authority granted to the Committee except to the extent that the grant or exercise of authority by the Board would cause any qualified performance-based award to cease to qualify for exemption under Internal Revenue Code section 162(m). The Committee has sole discretion to alter selected performance goals under the 2003 Stock Plan, subject to shareholder approval, to the extent required to qualify an award for the performance-based exemption provided by Code section 162(m) and, if the Committee determines advisable, to grant an award which does not qualify for that exemption. The Board may, from time to time, amend, modify or terminate the 2003 Stock Plan or any outstanding award under the 2003 Stock Plan as necessary or desirable, subject to certain limitations.

### **Deferred Compensation Plan**

The Deferred Compensation Plan is intended to attract and retain well-qualified persons for service as non-employee directors of the Company or as key employees and to promote identity of interest between the Company's non-employee directors and key employees and its shareholders by encouraging investment in the common stock of the Company ( Company Stock ). Eligibility is limited to non-employee directors and key employees of the Company. Compensation deferral is permitted until death, disability, termination of service as a director or employee, a date

specified by the participant, or the earlier of any such date to occur.

Deferred amounts are accounted for in one or more bookkeeping accounts maintained pursuant to the Deferred Compensation Plan. The value of each such account is based on the performance of a specific investment. The investments associated with bookkeeping accounts under the Deferred Compensation Plan include Company Stock in the Company Stock Fund and selected mutual funds, which are also used in the Company 401(k) Retirement

Plan for the Money Market Fund, Bond Fund, Balanced Fund, S & P 500 Index Fund, Equity Fund, Small Cap Fund, Mid Cap Growth Stock Fund, and International Stock Fund. Participants have no rights as shareholders pertaining to Company Stock units credited to their accounts under the Company Stock Fund. Effective March 31, 2002, transfers between the Company Stock Fund and any other Fund are not permitted. Transfers between the other Funds may only be made in accordance with plan rules. Distributions from the Company Stock Fund are required to be made in Company Stock, except fractional shares may be paid in cash.

Although not a requirement of the Deferred Compensation Plan, a director may elect to defer in whole percentages all or any part of their cash compensation. Cash compensation, for purposes of a non-employee director, means retainer fees paid for service as a member of the Board of Directors and for service on any Board committee and meeting attendance fees.

A key employee participant may elect to defer, in whole percentages, up to 40% of regular pay and up to 100% of incentive bonuses. Credits to deferred compensation accounts for key employees (but not non-employee directors) will also include a contribution equal to the amount of deferred compensation of the key employee for the plan year (subject to a maximum of 25% of eligible compensation) multiplied by the rate of fixed and variable profit sharing contributions that the participant has received from the Company for the year under the 401(k) Retirement Plan plus one percent. Key employee participants are not required to direct any minimum amount of deferred compensation into the Company Stock Fund.

The Board of Directors may at any time terminate or amend the Deferred Compensation Plan, except that no termination or amendment may reduce any account balance accrued on behalf of a participant based on deferrals already made or divest any participant of rights to which such person would have been entitled if the Deferred Compensation Plan had been terminated immediately prior to the effective date of such amendment. No amendment may become effective until shareholder approval is obtained if the amendment materially increases the benefits accruing to participants under the Deferred Compensation Plan, materially increases the aggregate number of shares of Common Stock that may be issued under the Deferred Compensation Plan, or materially modifies the eligibility requirements for Deferred Compensation Plan participation. There is no time limit on the duration of the Deferred Compensation Plan. Upon a change in control (as defined in the Deferred Compensation Plan), all restrictions on the distribution of deferred compensation will be automatically terminated and the participant would promptly receive the full balance of his/her account.

### **Supplemental Executive Retirement Plan**

Under Manitowoc's Supplemental Retirement Plan, eligible executives are entitled to receive retirement benefits equal to 55% of their five year final average pay at normal retirement (age 65). Benefits under the plan are computed by averaging a participant's final five years of base salary (including elective deferrals) and bonus awards payable for each year (bonus plus LTIP pay outs for the year). Benefits are computed using a straight-life annuity and are not reduced for social security or other offsets.

### **RSVP Profit Sharing Plan**

The purpose of the RSVP Profit Sharing Plan is to provide employees and the Company with the opportunity to build retirement savings. The plan has three basic components:

1. The 401(k) Savings Feature allows employees to set aside a portion of their eligible compensation on a pretax basis for retirement. Employee contributions are limited to the IRS maximum contribution allowed. Beginning in 2004 employees under the age of 50 were allowed a maximum contribution of \$13,000 and employees over the age of 50 were allowed a maximum contribution of

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\$16,000. Eligible compensation includes wages, bonus, overtime, etc. The IRS limit on eligible compensation used for plan contributions for 2004 was \$205,000.

2. The Company Matching Feature provides for a tiered match of up to 6% of pay. The plan matches 100% of the first 3% of pay that is contributed and then 50% on the next 3% of pay that is contributed. The matching contribution formula qualifies the plan for safe harbor treatment. Safe harbor treatment means that the plan automatically meets regulations designed to prevent it from favoring highly compensated

employees. The match is no longer restricted to the Manitowoc Company Stock Fund effective January 1, 2001.

3. The Retirement Plan Feature provides an annual company contribution of at least 3% of eligible compensation, contributed as a money purchase pension account. The plan also provides a variable profit sharing contribution dependent on EVA performance as a whole company. The employee does not need to participate in the 401(k) portion of the plan to be eligible to receive a contribution under the Retirement Plan Feature.

There are thirteen different investment vehicles in which employees may choose to invest their retirement plan account. They include the Capital Preservation Fund, the Fixed Income Fund, the Conservative Growth Balanced Fund, the Moderate Growth Balanced Fund, the Aggressive Growth Balanced Fund, the Large-Cap Value Fund, the Large-Cap Core Fund, the Mid-Cap Value Fund, the Mid-Cap Core Fund, the Mid-Cap Growth Fund, the Small Cap Value Fund, the International Fund, and The Manitowoc Company Stock Fund.

The plan is designed for long-term retirement savings. Therefore, distribution from the plan is allowed only upon the participant's retirement, disability, death or termination of employment. At that time, the participant may take a cash distribution, roll the account to another qualified plan or an IRA, or purchase an annuity. In the case of the participant's death, payment is made to the beneficiary. The plan does have a hardship withdrawal feature and a loan feature.

#### **Chief Executive Officer Compensation**

The factors used to determine the annual base salary and incentive compensation for Mr. Terry D. Growcock, the Company's Chairman and Chief Executive Officer (CEO), are the same as those described above for all executive officers. Mr. Growcock's base salary during fiscal year 2004 was \$735,000, which the Compensation Committee determined to be appropriate based upon the midpoint salary compensation of other CEOs of similarly sized durable goods manufacturing companies (as determined by the above-mentioned salary survey data) as well as a subjective evaluation of Mr. Growcock's individual performance and the Company's overall performance.

Mr. Growcock's EVA target bonus level for fiscal 2004 was 75% of base salary. As a result of the Company achieving positive EVA plan results in 2004, Mr. Growcock was paid incentive compensation of \$749,149 and \$395,798 was added to his bonus bank. During fiscal 2004 Mr. Growcock was not granted awards under the 1995 Stock Plan or the 2003 Incentive Stock and Awards Plan.

#### **Tax Deductibility Of Executive Compensation**

Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code), limits the Company's federal income tax deduction to \$1,000,000 per year for compensation to its chief executive officer and any of its four other highest paid executive officers. Qualified performance-based compensation is not, however, subject to the deduction limit, provided certain requirements of Section 162(m) are satisfied. Certain awards under the 1995 Stock Plan and the 2003 Incentive Stock and Awards Plan are intended to qualify for the performance-based compensation exception under Section 162(m). It is the Committee's intent to preserve the deductibility of executive compensation to the extent reasonably practicable and consistent with the best interests of the Company and its shareholders.

#### **Compensation Committee**

Robert S. Throop, Chairman

Virgis W. Colbert

James L. Packard

Keith Nosbusch

**10. PERFORMANCE GRAPH**

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, 1999 in Common Stock, the S&P 500 Composite Stock Index and the S&P 600 Industrial Machinery Index.

**TOTAL SHAREHOLDER RETURNS****(Dividends Reinvestment)**

Company / Index	Base	Years Ending				
	Period	Dec. 00	Dec. 01	Dec. 02	Dec. 03	Dec. 04
<b>The Manitowoc Company Inc.</b>	<b>100</b>	<b>86.27</b>	<b>93.49</b>	<b>77.46</b>	<b>95.76</b>	<b>116.42</b>
<b>S&amp;P 500 Index</b>	<b>100</b>	<b>90.90</b>	<b>80.09</b>	<b>62.39</b>	<b>80.29</b>	<b>89.03</b>
<b>S&amp;P 600 Industrial Machinery</b>	<b>100</b>	<b>96.75</b>	<b>103.59</b>	<b>99.19</b>	<b>135.07</b>	<b>173.42</b>

**11. CONTINGENT EMPLOYMENT AGREEMENTS**

The Company has entered into Contingent Employment Agreements (the Contingent Employment Agreements ) with Messers. Growcock, Tellock, Musial, Kraus, Jones, and Laurino, and certain other key executives and employees of the Company and certain subsidiaries. The Contingent Employment Agreements provide generally that in the event of a change-in-control of the Company, as defined therein, each executive will continue to be employed by the Company for a period ranging from one to three years thereafter. Under the Contingent Employment Agreements, each executive will remain employed at the same position held as of the change-in-control date, and will receive a salary at least equal to the salary in effect as of such date, plus all bonuses, incentive compensation, and other benefits extended by the Company to its executive officers and key employees. After a

change-in-control, the executive's compensation would be subject to upward adjustment at least annually based upon his contributions to the Company's operating efficiency, growth, production, and profits. Each Contingent Employment Agreement terminates prior to the end of the applicable employment period, if the executive first attains the age of 65, voluntarily retires from the Company, or is terminated by the Company for cause, as defined in the Contingent Employment Agreement. In the event the executive is terminated by the Company without cause, the executive would be entitled to receive a monthly amount equal to the base salary and benefits the executive would have otherwise been paid but for the termination, and the annual incentive compensation the executive would have otherwise been paid but for the termination, through the end of the applicable employment period. In the event the executive is terminated by the Company for cause, the executive is only entitled to the salary and benefits accrued and vested as of the effective date of the termination. A Contingent Employment Agreement is terminable by either party at any time prior to a change-in-control. There are two categories of Contingent Employment Agreements. These categories are:

Level A. This category provides, in addition to the other general rights that are common among all the Contingent Employment Agreements, (i) the executive has the right to terminate his or her employment at any time within ninety days following a change-in-control and receive an immediate payout essentially equal to three times the executive's base salary and three times the executive's average incentive compensation over the previous three years, (ii) if any of the payments to the executive constitute an excess parachute payment under Section 4999 of the Internal Revenue Code, the Company will pay the executive an amount necessary to offset any excise tax or additional taxes resulting from the payment of any excess parachute payment, and (iii) if the executive exercises his/her rights outlined in clause (i) above, the executive will be prohibited from competing with the Company for the balance of the three year period.

Level B. The Level B form is the basic Contingent Employment Agreement without the special rights and non-competition obligations described above for the Level A form. The employment period for executives under the Level B form may be for any agreed upon period up to three years.

Mr. Growcock, Mr. Musial, Mr. Jones and Mr. Laurino have Contingent Employment Agreements with the rights described in Level A. Mr. Kraus and Mr. Tellock have Contingent Employment Agreements with the rights described in Level B, with a 3-year employment period.

## 12. MISCELLANEOUS

### Other Matters

Management knows of no business which will be presented for action at the Annual Meeting other than as set forth in the Notice of Annual Meeting accompanying this Proxy Statement. If other matters do properly come before the Annual Meeting, proxies will be voted in accordance with the best judgment of the person or persons exercising authority conferred by such proxies.

### Shareholder Proposals

Shareholder proposals for the Annual Meeting of Shareholders in 2006 must be received no later than December 9, 2005 at the Company's principal executive offices, P.O. Box 66, Manitowoc, Wisconsin 54221-0066, directed to the attention of the Secretary, in order to be considered for inclusion in next year's Annual Meeting proxy material under the Securities and Exchange Commission's proxy rules.

Under the Company's Bylaws, written notice of shareholder proposals for the 2005 Annual Meeting of Shareholders of the Company which are not intended to be considered for inclusion in next year's Annual Meeting proxy material (shareholder proposals submitted outside the processes of Rule 14a-8) must be received not less than 50 nor more than 75 days prior to such Annual Meeting, directed to the attention of the Secretary,



and such notice must contain the information specified in the Company's Bylaws.

### Annual Report

A copy (without exhibits) of the Company's Annual Report to the Securities and Exchange Commission on Form 10-K for the fiscal year ended December 31, 2004 has been provided with this Proxy Statement. It is also available through the Company's website: [www.manitowoc.com](http://www.manitowoc.com). In addition, the Company will provide to any shareholder, without charge, upon written request of such shareholder, an additional copy of such Annual Report and a copy of any other document referenced in this proxy as being available to a shareholder upon request. Such requests should be addressed to Maurice D. Jones, Senior Vice President, General Counsel and Secretary, The Manitowoc Company, Inc., P.O. Box 66, Manitowoc, Wisconsin 54221-0066.

### Householding Information

We have adopted a procedure approved by the SEC called "householding." Under this procedure, shareholders of record who have the same address and last name and do not participate in electronic delivery of proxy materials will receive only one copy of our Annual Report and Proxy Statement unless one or more of these shareholders notifies us that they wish to continue receiving individual copies. This procedure will reduce our printing costs and postage fees. Shareholders who participate in householding will continue to receive separate proxy cards. Also, householding will not in any way affect dividend check mailings. If you and other shareholders of record with whom you share an address currently receive multiple copies of Annual Reports and/or Proxy Statements, or if you hold stock in more than one account and in either case, you wish to receive only a single copy of the Annual Report or Proxy Statement for your household, please contact Maurice D. Jones, Senior Vice President, General Counsel and Secretary (in writing: The Manitowoc Company, Inc., 2400 South 44<sup>th</sup> Street, P. O. Box 66, Manitowoc, Wisconsin 54221-0066 by telephone: 920-652-1741) with the names in which all accounts are registered. If you participate in householding and wish to receive a separate copy of the 2005 Annual Report or this Proxy Statement, please contact Maurice D. Jones at the above address or phone number. We will deliver the requested documents to you promptly upon your request. Beneficial shareholders can request information about householding from their banks, brokers or other holders of record.

**It is important that proxies be returned promptly. Whether or not you expect to attend the Annual Meeting in person, you are requested to complete, date, sign, and return the proxy card as soon as possible.**

By Order of the Board of Directors

MAURICE D. JONES  
Senior Vice President, General Counsel and Secretary

Manitowoc, Wisconsin

April 12, 2005

**CORPORATE GOVERNANCE GUIDELINES**  
**OF**  
**THE MANITOWOC COMPANY, INC.**

The following Corporate Governance Guidelines have been adopted by the Board of Directors of The Manitowoc Company, Inc. (the Company) in order to set forth internal Board policies and procedures. As such, these Corporate Governance Guidelines reflect the Board's current guidelines with respect to Board composition and practice and are subject to change from time to time. These Corporate Governance Guidelines do not establish legal duties of the Board or any Committee.

**Mission of the Board**

The Board is a representative of the Company's shareholders, as a whole, for the long-term well being of the enterprise. Stated broadly, the principal responsibility of a director is to promote the best interests of the Company and its shareholders in general in directing the Company's business and affairs.

**Board Job Description**

In managing the business and affairs of the Company, the Board should consider the following responsibilities:

1. Select, regularly evaluate and, if necessary, replace the Chief Executive Officer.
2. Review the Chief Executive Officer's recommendation as to who should serve as the other officers of the Company and periodically evaluate with the Chief Executive Officer, the performance of those officers.
3. Elect, and, if necessary, remove and replace the officers of the Company.
4. Determine the compensation of the officers of the Company.
5. Actively review succession planning and organization development.
6. Actively review and, where appropriate, endorse the financial objectives, major strategies, and plans of the Company.
7. Review the financial performance of the Company.

8. Provide advice and counsel to the Chief Executive Officer and other officers of the Company.
9. Select and recommend to shareholders for election an appropriate slate of candidates for the Board and evaluate Board processes and performance.
10. Ensure that the Company maintains and complies with a code of business conduct and ethics.
11. Review with management the expectation that policies, systems, processes, and controls comply with applicable laws, regulations, and standards of appropriate behavior.
12. Abide by the Corporate Governance Guidelines and Policies.

**Guidelines and Policies**

In performing its duties and responsibilities, the Board and its committees will abide by the following guidelines and policies:

1. Independent directors must comprise a majority of the Board.

2. The Board shall designate an Audit Committee, a Compensation Committee, a Corporate Governance Committee and such other committees or subcommittees as the Board may deem necessary or appropriate from time to time.
3. Each of the Audit, Compensation and Corporate Governance Committees shall be comprised entirely of independent directors, and will maintain a committee charter setting forth, at a minimum, the requirements for such charter set forth in the New York Stock Exchange rules. Each committee will make such reports to the Board as the Board may request.
  - (a) Audit Committee. The Audit Committee shall consist of not less than three independent directors and shall assist the Board in fulfilling its oversight responsibilities. The current charter of the Audit Committee is attached as Exhibit A to these Corporate Governance Guidelines. Exhibit A will be replaced from time to time with the then existing charter of the Audit Committee.
  - (b) Compensation Committee. The Compensation Committee shall consist of not less than three independent directors and shall assist the Board in fulfilling its responsibility to achieve the Company's purpose of maximizing the long-term total return to shareholders, in part by ensuring that officers, directors and employees are compensated in accordance with the Company's philosophy, objectives, and policies. The charter of the Compensation Committee is attached as Exhibit B to these Corporate Governance Guidelines. Exhibit B will be replaced from time to time with the then existing charter of the Compensation Committee.
  - (c) Corporate Governance Committee. The Corporate Governance Committee of the Board of Directors shall be composed of not less than three independent directors and shall assist the Board in fulfilling its corporate governance responsibilities. The charter for the Corporate Governance Committee is attached as Exhibit C to these Corporate Governance Guidelines. Exhibit C will be replaced from time to time with the then existing charter of the Corporate Governance Committee.
4. A director will be deemed independent only if the Board affirmatively determines that the director has no material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company) and the director otherwise meets the requirements of independence under the corporate governance rules applicable to listed companies under New York Stock Exchange.
5. Non-management directors shall meet in executive session (without management) at each regular Board meeting. The chairperson of the Corporate Governance Committee will serve as the presiding director for the executive session. If for any reason the chairperson of the Corporate Governance Committee is unable to attend or perform the presiding role at a particular executive session, he/she shall designate the chairperson of either the Compensation Committee or the Audit Committee to assume the role of the presiding director for the particular executive session.
6. Except as otherwise permitted by law, rule or regulation, director's fees are the only fees that a non-management director may receive from the Company. Such fees may be in cash and/or company stock or options or other in-kind consideration available to all non-management directors, as well as other regular benefits made available to non-management directors from time to time. The amount of director compensation shall be consistent with that which is customary for directors of public corporations similar in size and scope to the Company. In addition, the directors will participate in a Company stock option program.
7. All non-management directors should have a substantial investment in the common stock of the Company, but without a specific individual target.
8. The Corporate Governance Committee shall have sole authority to retain and terminate any search firm to be used to identify director candidates and any independent third party professional consultant used in the evaluation process for directors wishing to stand for re-election. Such

authority shall include the sole authority to approve the search firm's and third party professional's fees and other retention terms.

9. The Audit Committee shall have sole authority to hire and fire independent auditors, and to approve any significant non-audit relationship with the independent auditors.
10. The Compensation Committee shall have sole authority to retain and terminate any consulting firm to assist in the evaluation of director, CEO or senior executive compensation. Such authority shall include the sole authority to approve the consulting firm's fees and the other terms of the engagement.
11. The Company shall maintain an internal audit function.
12. Shareholders will be given the opportunity to vote on all equity-compensation plans other than inducement options, plans relating to mergers or acquisitions and tax qualified and excess benefit plans.
13. The Company shall maintain a code of business conduct and ethics.
14. No director will stand for reelection if he/she will have reached the age of 72 by the date of the next Annual Meeting. Furthermore, directors will resign from the board at the first annual meeting held after reaching the age of 72.
15. A director shall notify the Corporate Governance Committee chairperson of any substantive change in employment status such as promotion, separation, retirement or change of control. Such advice will be considered when the director is evaluated for re-nomination.
16. Any incumbent director recommended by the Corporate Governance Committee for re-nomination must be approved by the Board by the affirmative vote of at least two-thirds of the directors present (excluding the incumbent) at a meeting in which a quorum is present.
17. Qualified directors should generally meet the following expectations:
  - (a) A director should have the education, business experience and current insight necessary to understand the Company's business and be able to evaluate and give long-term direction and guidance for the success of the enterprise.
  - (b) A director should be cognizant that his/her primary responsibility is to represent the interests of the Company and its shareholders, while also being attuned to the needs of the Company's employees and the communities in which it operates.
  - (c) A director should have the interest and the time available to be involved with the Company over a sustained period.
  - (d) A director should commit to attend at least 75% of all scheduled Board and committee meetings and should come to those meetings adequately prepared and ready to fully participate.
  - (e) An outside director should have the strongest measure of independence and strength of conviction while at the same time leaving behind personal prejudice so as to be open to other points of view from fellow directors.
  - (f)

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A director should have the necessary business or professional stature to represent the Company before the public, its shareholders and other individuals and groups that affect the Company's business.

- (g) A director should have the willingness and ability to objectively and constructively appraise the performance of management and, when necessary, recommend appropriate changes.

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- (h) A director should not be involved in any activity or interest that might conflict with his/her fiduciary responsibility to the Company and its shareholders.
  
- 18. All new directors will participate in a new director orientation program, which will be established and administered under the direction of the Corporate Governance Committee. Continuing directors who are not currently serving as officers of other public companies should endeavor to participate in a minimum of 8 hours of seminars and educational opportunities per year in an area pertinent to the Company or such director's committee assignment(s).
  
- 19. Committee assignments and committee chairpersons will be reviewed annually by the Chief Executive Officer and Corporate Governance Committee and rotated periodically (approximately every 3 to 6 years) consistent with the directors' interests, areas of expertise and regulatory requirements. However, it is desirable that a committee chairperson who is stepping down from the chair position remain as a committee member for at least one additional year in order to facilitate a smooth transition and that a new chairperson has at least one year of experience on the committee.
  
- 20. Individual directors shall be permitted to contact management as often as such director deems necessary to fulfill his duties and obligations as a Board and committee member.
  
- 21. The Company shall facilitate access by the Board and/or its committees to such independent advisers as the Board and/or its committees may deem necessary or appropriate from time to time.
  
- 22. The Company shall not make any material charitable contributions to organizations in which a director is affiliated or enter into consulting contracts with (or provide other indirect compensation to) a director.
  
- 23. The Board shall conduct a self-evaluation annually to evaluate whether it and its committees are functioning effectively. The Corporate Governance Committee shall establish the form and process for the self-evaluation.
  
- 24. The Board will review the annual succession planning process, establish policies and principles for CEO selection and have defined emergency plan of succession in the event of a sudden or unexpected departure or absence of the CEO.
  
- 25. All directors are strongly encouraged to attend all annual shareholder meetings of the Company.

#### **Shareholder Communications to the Board of Directors**

If any shareholder desires to communicate with the Board of Directors or any member of the Board of Directors, the shareholder may send such communication in writing to the Company to the attention of the Director of Investor Relations and/or the General Counsel. Such communication must include the following information in order to be considered for forwarding on to the Board of Directors or the applicable director:

- 1. The name, address, and phone number of the shareholder.
  
- 2. The number of shares owned by the shareholder and the length of time that such shares have been beneficially owned.
  
- 3. The identity of the director or directors for whom such communication is intended.



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4. The address where any reply or questions may be sent by the Company, the Board or any Board member.
5. Whether such shareholder requests that the Company let the shareholder know whether or not such communication has been forwarded to the Board or the particular Board member.
6. Such other information that the Company may subsequently request in order to verify the foregoing information or to clarify the communication.

Any communication which the Company's Director of Investor Relations or General Counsel determines, in his or her discretion, to be or to contain any language which is offensive or to be dangerous, harmful, illegal, illegible, not understandable or nonsensical, may, at the option of such person, not be forwarded to the Board or any particular director. Any communication from a shareholder shall not be entitled to confidential treatment and may be disclosed by the Company or by any Board member as the Company or the Board member sees fit. Neither the Company nor the Board nor any Board member shall be obligated to send any reply or response to the shareholder, except to indicate to the shareholder (but only if the shareholder specifically requested such an indication) whether or not the shareholder's communication was forwarded to the Board or the applicable Board member.

**DIRECTOR INDEPENDENCE**

(No Material Relationship Criteria)

A director who meets all of the following criteria will be presumed by the Board to have no material relationship with the Company.

1. The director is not, nor has been within the last three years, an employee of the Company or any subsidiary or other entity controlled by or under common control with the Company (an Affiliate).
2. No immediate family member of the director is, or has been within the last three years, an executive officer of the Company.
3. During any twelve-month period within the last three years, the director has not received any compensation, and no immediate family member of the director has received more than \$100,000 in direct compensation, from the Company (or an Affiliate) other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service).
4. (A) Neither the director nor an immediate family member of the director is a current partner of a firm that is the Company's internal or external auditor; (B) the director is not a current employee of such a firm; (C) the director does not have an immediate family member who is a current employee of such a firm and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; and/or (D) neither the director nor an immediate family member of the director was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on the Company's audit within that time.
5. Neither director nor an immediate family member of the director is, or has been within the last three years, employed as an executive officer of another company where any of the Company's (The Manitowoc Company, Inc.) present executive officers at the same time serves or served on that other company's compensation committee.
6. No affiliated company (as defined below) of the director has made payments to, or received payments from, the Company or any of its Affiliates for property or services in an amount which, in any of the Company's last three fiscal years, exceeds the greater of \$500,000 or 1% of such affiliated company's consolidated gross revenues. For this purpose, an affiliated company of the director shall mean and include any business or professional entity (including non-profit organizations): (a) by which the director presently is employed; (b) with which an immediate family member of the director is a current executive officer; or (c) in which the director or a member of the director's immediate family presently owns of record or beneficially in excess of a 5% equity interest.
7. During the previous fiscal year and from the end of that year up to the time in question, neither the Company nor any affiliate has made any charitable contributions in excess of \$25,000 to any organization in which a director is affiliated.
8. During the previous fiscal year and from the end of that year up to the time in question, neither the director nor any member of his/her immediate family or any associate of the director has been indebted to the Company or any Affiliate in an aggregate amount in excess of \$60,000. (For this purpose, indebtedness does not include amounts due for purchases subject to usual trade terms, for ordinary travel and expense payments and for other transactions in the ordinary course of business. It does include any indebtedness for short-swing profits arising under Section 16(b) of the Securities Exchange Act of 1934.)

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9. Neither the Director nor any associate of the director, is a party adverse to the Company or any of its Affiliates in any legal proceedings, or has an interest adverse to the Company or any of its subsidiaries in any pending or threatened legal proceedings.

In the event of any concern regarding the definition of any of the terms set forth in the foregoing criteria, the Board will look to the definition and guidance given for such terms in the Directors and Officers Questionnaire then most recently issued by the Company.





