MANITOWOC CO INC
Form 10-Q
August 07, 2015

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

FORM 10-Q

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

For the quarterly period ended June 30, 2015

or

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

For the transition period from to

Commission File Number
1-11978
The Manitowoc Company, Inc.
(Exact name of registrant as specified in its charter)

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

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

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

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

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

| | |
|---|---|
| Large accelerated filer x | Accelerated filer o |
| Non-accelerated filer o | Smaller reporting company o |

(Do not check if a smaller reporting company)

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

The number of shares outstanding of the Registrant's common stock, $.01 par value, as of June 30, 2015, the most recent practicable date, was 136,585,837.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

THE MANITOWOC COMPANY, INC.
Condensed Consolidated Statements of Operations
For the Three and Six Months Ended June 30, 2015 and 2014
(Unaudited)
(In millions, except per-share and average shares data)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| Net sales | $885.4 | $1,012.8 | $1,637.5 | $1,862.8 |
| Costs and expenses: | | | | |
| Cost of sales | 662.9 | 742.0 | 1,232.5 | 1,366.3 |
| Engineering, selling and administrative expenses | 144.7 | 165.5 | 303.3 | 326.8 |
| Amortization expense | 8.6 | 8.8 | 17.2 | 17.6 |
| Restructuring expense | 0.1 | 1.0 | 1.2 | 3.0 |
| Separation expense | 8.3 | — | 9.8 | — |
| Other | 0.4 | 0.1 | 0.4 | 0.1 |
| Total operating costs and expenses | 825.0 | 917.4 | 1,564.4 | 1,713.8 |
| Earnings from operations | 60.4 | 95.4 | 73.1 | 149.0 |
| Other income (expense): | | | | |
| Interest expense | (24.4) | (25.1) | (48.0) | (44.4) |
| Amortization of deferred financing fees | (1.0) | (1.1) | (2.1) | (2.3) |
| Loss on debt extinguishment | — | — | — | (25.3) |
| Other income (expense), net | 2.9 | (3.1) | 5.4 | (2.3) |
| Total other expense | (22.5) | (29.3) | (44.7) | (74.3) |
| Earnings from continuing operations before taxes on income | 37.9 | 66.1 | 28.4 | 74.7 |
| Provision for taxes on income | 14.7 | 19.2 | 13.5 | 21.8 |
| Earnings from continuing operations | 23.2 | 46.9 | 14.9 | 52.9 |
| Discontinued operations: | | | | |
| Earnings (loss) from discontinued operations, net of income taxes of $0.1, $(0.3), $(0.0) and $(0.3), respectively | 0.1 | (0.3) | — | (1.3) |
| Loss on sale of discontinued operations, net of income taxes of $0.0, $0.0, $0.0 and $0.0, respectively | — | — | — | (9.9) |
| Net earnings | 23.3 | 46.6 | 14.9 | 41.7 |
| Less: Net earnings attributable to noncontrolling interest, net of income taxes | — | — | — | 3.9 |
| Net earnings attributable to Manitowoc | $23.3 | $46.6 | $14.9 | $37.8 |

| | | | | |
|---|---|---|---|---|
| Amounts attributable to the Manitowoc common shareholders: | | | | |
| Earnings from continuing operations | $23.2 | $46.9 | $14.9 | $48.6 |
| Earnings (loss) from discontinued operations, net of income taxes | 0.1 | (0.3) | — | (0.9) |
| Loss on sale of discontinued operations, net of income taxes | — | — | — | (9.9) |
| Net earnings attributable to Manitowoc | $23.3 | $46.6 | $14.9 | $37.8 |
| | | | | |
| Basic earnings (loss) per common share: | | | | |
| Earnings from continuing operations attributable to Manitowoc common shareholders | $0.17 | $0.35 | $0.11 | $0.36 |
| Loss from discontinued operations attributable to Manitowoc common shareholders | — | — | — | (0.01) |
| Loss on sale of discontinued operations, net of income taxes | — | — | — | (0.07) |
| Earnings per share attributable to Manitowoc common shareholders | $0.17 | $0.35 | $0.11 | $0.28 |
| | | | | |
| Diluted earnings (loss) per common share: | | | | |
| Earnings from continuing operations attributable to Manitowoc common shareholders | $0.17 | $0.34 | $0.11 | $0.35 |
| Loss from discontinued operations attributable to Manitowoc common shareholders | — | — | — | (0.01) |
| Loss on sale of discontinued operations, net of income taxes | — | — | — | (0.07) |
| Earnings per share attributable to Manitowoc common shareholders | $0.17 | $0.34 | $0.11 | $0.28 |
| | | | | |
| Weighted average shares outstanding — basic | 136,130,861 | 134,990,382 | 135,887,738 | 134,590,994 |
| Weighted average shares outstanding — diluted | 137,985,899 | 137,426,642 | 137,431,565 | 137,420,479 |

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

THE MANITOWOC COMPANY, INC.
Condensed Consolidated Statements of Comprehensive Income (Loss)
For the Three and Six Months Ended June 30, 2015 and 2014
(Unaudited)
(In millions)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| Net earnings | $23.3 | $46.6 | $14.9 | $41.7 |
| Other comprehensive income (loss), net of tax | | | | |
| Unrealized earnings (loss) on derivatives, net of income tax provision (benefit) of $2.5, $(0.7), $(0.2) and $(1.1), respectively | 4.3 | (0.9) | 0.2 | (2.0) |
| Employee pension and postretirement benefits, net of income taxes of $0.5, $0.3, $1.0 and $0.5, respectively | 1.4 | 0.8 | 2.8 | 1.6 |
| Foreign currency translation adjustments | 8.6 | (2.0) | (54.2) | 1.4 |
| Total other comprehensive income (loss), net of tax | 14.3 | (2.1) | (51.2) | 1.0 |
| Comprehensive income (loss) | 37.6 | 44.5 | (36.3) | 42.7 |
| Comprehensive income attributable to noncontrolling interest | — | — | — | 3.9 |
| Comprehensive income (loss) attributable to Manitowoc | $37.6 | $44.5 | $(36.3) | $38.8 |

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

THE MANITOWOC COMPANY, INC.
Condensed Consolidated Balance Sheets
As of June 30, 2015 and December 31, 2014
(Unaudited)
(In millions, except share data)

| | June 30, 2015 | December 31, 2014 |
|---|---|---|
| Assets | | |
| Current Assets: | | |
| Cash and cash equivalents | $67.7 | $68.0 |
| Restricted cash | 20.2 | 23.7 |
| Accounts receivable, less allowances of $18.9 and $19.4, respectively | 251.0 | 227.4 |
| Inventories — net | 743.4 | 644.5 |
| Deferred income taxes | 68.8 | 71.3 |
| Other current assets | 129.5 | 151.2 |
| Total current assets | 1,280.6 | 1,186.1 |
| Property, plant and equipment — net | 569.5 | 591.0 |
| Goodwill | 1,184.9 | 1,198.1 |
| Other intangible assets — net | 687.7 | 714.7 |
| Other non-current assets | 122.8 | 126.7 |
| Total assets | $3,845.5 | $3,816.6 |
| Liabilities and Equity | | |
| Current Liabilities: | | |
| Accounts payable and accrued expenses | $764.7 | $807.4 |
| Current portion of long-term debt and short-term borrowings | 67.5 | 80.3 |
| Product warranties | 73.6 | 77.7 |
| Customer advances | 38.9 | 21.3 |
| Product liabilities | 25.4 | 24.6 |
| Total current liabilities | 970.1 | 1,011.3 |
| Non-Current Liabilities: | | |
| Long-term debt | 1,561.4 | 1,443.2 |
| Deferred income taxes | 182.1 | 186.2 |
| Pension obligations | 137.3 | 141.0 |
| Postretirement health and other benefit obligations | 51.9 | 53.1 |
| Long-term deferred revenue | 36.3 | 37.9 |
| Other non-current liabilities | 107.2 | 119.8 |
| Total non-current liabilities | 2,076.2 | 1,981.2 |
| Commitments and contingencies (Note 14) | | |
| Total Equity: | | |
| Common stock (300,000,000 shares authorized, 163,175,928 shares issued, 136,585,837 and 135,543,869 shares outstanding, respectively) | 1.4 | 1.4 |
| Additional paid-in capital | 549.3 | 539.7 |
| Accumulated other comprehensive loss | (181.7) | (130.5) |
| Retained earnings | 501.8 | 486.9 |
| Treasury stock, at cost (26,590,091 and 27,632,059 shares, respectively) | (71.6) | (73.4) |
| Total equity | 799.2 | 824.1 |
| Total liabilities and equity | $3,845.5 | $3,816.6 |

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

THE MANITOWOC COMPANY, INC.
Condensed Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 2015 and 2014
(Unaudited)
(In millions)

| | Six Months Ended June 30, | |
|---|---|---|
| | 2015 | 2014 |
| Cash Flows from Operations: | | |
| Net earnings | $14.9 | $41.7 |
| Adjustments to reconcile net earnings to cash used for operating activities of continuing operations: | | |
| Discontinued operations, net of income taxes | — | 1.3 |
| Depreciation | 34.0 | 32.9 |
| Amortization of intangible assets | 17.2 | 17.6 |
| Amortization of deferred financing fees | 2.1 | 2.3 |
| Deferred income taxes | 3.1 | (0.9) |
| Loss on early debt extinguishment | — | 6.2 |
| Gain on sale of property, plant and equipment | (0.3) | (1.3) |
| Loss on sale of discontinued operations | — | 9.9 |
| Other | 6.1 | (1.2) |
| Changes in operating assets and liabilities, excluding effects of business acquisitions and divestitures: | | |
| Accounts receivable | (30.4) | (60.9) |
| Inventories | (122.6) | (131.5) |
| Other assets | 1.4 | (12.3) |
| Accounts payable | (10.5) | 24.2 |
| Accrued expenses and other liabilities | 4.8 | (120.1) |
| Net cash used for operating activities of continuing operations | (80.2) | (192.1) |
| Net cash used for operating activities of discontinued operations | — | (7.1) |
| Net cash used for operating activities | (80.2) | (199.2) |
| | | |
| Cash Flows from Investing: | | |
| Capital expenditures | (29.2) | (35.0) |
| Proceeds from sale of property, plant and equipment | 5.1 | 2.1 |
| Restricted cash | 3.0 | (13.2) |
| Net cash used for investing activities | (21.1) | (46.1) |
| | | |
| Cash Flows from Financing: | | |
| Proceeds from revolving credit facility | 142.0 | 268.0 |
| Payments on long-term debt | (34.8) | (583.6) |
| Proceeds from long-term debt | 1.8 | 611.7 |
| Payments on notes financing | (9.3) | (12.6) |
| Debt issuance costs | — | (4.9) |
| Exercises of stock options | 3.9 | 22.8 |
| Net cash provided by financing activities of continuing operations | 103.6 | 301.4 |
| Net cash used for financing activities of discontinued operations | — | (7.2) |

| | | |
|---|---|---|
| Net cash provided by financing activities | 103.6 | 294.2 |
| Effect of exchange rate changes on cash | (2.6) | (0.3) |
| Net (decrease) increase in cash and cash equivalents | (0.3) | 48.6 |
| Balance at beginning of period | 68.0 | 54.9 |
| Balance at end of period | $67.7 | $103.5 |

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

THE MANITOWOC COMPANY, INC.
Notes to Unaudited Condensed Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2015 and 2014

1. Accounting Policies

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary for a fair statement of the results of operations and comprehensive income for the three and six months ended June 30, 2015 and 2014, the cash flows for the same six-month periods, and the financial position at June 30, 2015 and December 31, 2014, and except as otherwise discussed such adjustments consist of only those of a normal recurring nature. The interim results are not necessarily indicative of results for a full year and do not contain information included in the company's annual consolidated financial statements and notes for the year ended December 31, 2014. Certain information and footnote disclosures, normally included in financial statements prepared in accordance with generally accepted accounting principles, have been condensed or omitted pursuant to SEC's rules and regulations dealing with interim financial statements. However, the company believes that the disclosures made in the condensed consolidated financial statements included herein are adequate to make the information presented not misleading. It is suggested that these financial statements be read in conjunction with the financial statements and the notes thereto included in the company's latest annual report on Form 10-K.

Certain prior period amounts have been reclassified to conform to the current period presentation. All dollar amounts, except share and per share amounts, are in millions of dollars throughout the tables included in these notes unless otherwise indicated.

2. Discontinued Operations

During the fourth quarter of 2013, the company agreed to sell its 50% interest in Manitowoc Dong Yue Heavy Machinery Co., Ltd. ("Manitowoc Dong Yue" or the "joint venture"), a consolidated entity, which produced mobile and truck-mounted hydraulic cranes in China, to its joint venture partner, Tai'an Taishan Heavy Industry Investment Co., Ltd., for a nominal amount. Consequently, the joint venture has been classified as a discontinued operation in the company's financial statements. The transaction subsequently closed on January 21, 2014. The transaction resulted in a $9.9 million loss on sale, net of tax during the first quarter of 2014.

Upon closing of the transaction in the first quarter of 2014, the company also paid an additional $7.2 million to Manitowoc Dong Yue for a portion of debt the joint venture had outstanding with third parties. After this payment, Manitowoc Dong Yue had approximately $17.3 million of third party debt outstanding under a loan agreement entered into during the first quarter of 2014 that the company has fully guaranteed. The loan is fully secured by Manitowoc Dong Yue's fixed assets as well as finished goods inventory. Manitowoc Dong Yue is repaying the loan over a four-year period, with the last payment due on December 31, 2017. Prior to the closing of the transaction in 2014, the company provided an additional $8.6 million of loans to Manitowoc Dong Yue. The company agreed to forgive the additional loans and accrued interest owed by Manitowoc Dong Yue to the company and its affiliates, and the forgiveness resulted in income of $4.3 million to the joint venture partner shown as part of net earnings attributable to noncontrolling interest, net of income taxes, which effectively increased net loss attributable to Manitowoc shareholders for the quarter ended June 30, 2015.

The following selected financial data of the Manitowoc Dong Yue business for the three and six months ended June 30, 2015 and 2014 is presented for informational purposes only and does not necessarily reflect what the results of operations would have been had the business operated as a stand-alone entity. There was no general corporate expense allocated to discontinued operations for this business during the periods presented.

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| (in millions) | 2015 | 2014 | 2015 | 2014 |
| Net sales | $— | $— | $— | $0.3 |
| | | | | |
| Pretax loss from discontinued operation | $— | $— | $— | $(0.8) |
| Provision for taxes on earnings | — | — | — | — |
| Net loss from discontinued operation | $— | $— | $— | $(0.8) |

The following selected financial data of various other businesses disposed of prior to 2014, consisting primarily of administrative costs, for the three and six months ended June 30, 2015 and 2014, is presented for informational purposes only and does not necessarily reflect what the results of operations would have been had the businesses operated as stand-alone entities. There was no general corporate expense or interest expense allocated to discontinued operations for these businesses during the periods presented.

| (in millions) | Three Months Ended June 30, 2015 | Three Months Ended June 30, 2014 | Six Months Ended June 30, 2015 | Six Months Ended June 30, 2014 |
|---|---|---|---|---|
| Net sales | $— | $— | $— | $— |
| Pretax earnings (loss) from discontinued operations | $0.2 | $(0.6) | $— | $(0.8) |
| Provision (benefit) for taxes on earnings | 0.1 | (0.3) | — | (0.3) |
| Net earnings (loss) from discontinued operations | $0.1 | $(0.3) | $— | $(0.5) |

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3. Fair Value of Financial Instruments

The following tables set forth the company's financial assets and liabilities that were accounted for at fair value on a recurring basis as of June 30, 2015 and December 31, 2014 by level within the fair value hierarchy. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

| | Fair Value as of June 30, 2015 | | | |
|---|---|---|---|---|
| (in millions) | Level 1 | Level 2 | Level 3 | Total |
| Current Assets: | | | | |
| Foreign currency exchange contracts | $— | $1.1 | $— | $1.1 |
| Total current assets at fair value | $— | $1.1 | $— | $1.1 |
| Current Liabilities: | | | | |
| Foreign currency exchange contracts | $— | $4.3 | $— | $4.3 |
| Commodity contracts | — | 2.8 | — | 2.8 |
| Interest rate swap contracts: Float-to-fixed | — | 2.2 | — | 2.2 |
| Total current liabilities at fair value | $— | $9.3 | $— | $9.3 |
| Non-current Liabilities: | | | | |
| Commodity contracts | $— | $0.5 | $— | $0.5 |
| Interest rate swap contracts: Fixed-to-float | — | 2.0 | — | 2.0 |
| Interest rate swap contracts: Float-to-fixed | — | 0.3 | — | 0.3 |
| Total non-current liabilities at fair value | $— | $2.8 | $— | $2.8 |

| | Fair Value as of December 31, 2014 | | | |
|---|---|---|---|---|
| (in millions) | Level 1 | Level 2 | Level 3 | Total |
| Current Assets: | | | | |
| Foreign currency exchange contracts | $— | $2.1 | $— | $2.1 |
| Total current assets at fair value | $— | $2.1 | $— | $2.1 |
| Non-Current Assets: | | | | |
| Interest rate swap contracts: Float-to-fixed | $— | $0.8 | $— | $0.8 |
| Total non-current assets at fair value | $— | $0.8 | $— | $0.8 |
| Current Liabilities: | | | | |
| Foreign currency exchange contracts | $— | $7.9 | $— | $7.9 |
| Commodity contracts | — | 1.0 | — | 1.0 |
| Interest rate swap contracts: Float-to-fixed | — | 2.3 | — | 2.3 |
| Total current liabilities at fair value | $— | $11.2 | $— | $11.2 |
| Non-current Liabilities: | | | | |
| Commodity contracts: | $— | $0.4 | $— | $0.4 |
| Interest rate swap contracts: Fixed-to-float | — | 4.3 | — | 4.3 |
| Total non-current liabilities at fair value | $— | $4.7 | $— | $4.7 |

The fair value of the company's 8.50% Senior Notes due 2020 was approximately $634.7 million and $651.6 million as of June 30, 2015 and December 31, 2014, respectively. The fair value of the company's 5.875% Senior Notes due 2022 was approximately $323.8 million and $309.1 million as of June 30, 2015 and December 31, 2014, respectively. The fair values of the company's Term Loans under its Senior Credit Facility were as follows as of June 30, 2015 and December 31, 2014: Term Loan A — $321.5 million and $327.8 million, respectively; and Term Loan B — $167.2 million and $165.0 million, respectively. See Note 8, "Debt," for a description of the debt instruments and their related carrying values.

ASC Topic 820-10, "Fair Value Measurement," defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Topic 820-10 classifies the inputs used to measure fair value into the following hierarchy:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 Unadjusted quoted prices in active markets for similar assets or liabilities, or

Unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or

Inputs other than quoted prices that are observable for the asset or liability

Level 3 Unobservable inputs for the asset or liability

The company endeavors to utilize the best available information in measuring fair value. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The company estimates the fair value of its Term Loans and Senior Notes based on quoted market prices of the instruments; because these markets are typically thinly traded, the assets and liabilities are classified as Level 2 within the valuation hierarchy. The carrying values of cash and cash equivalents, accounts receivable, accounts payable, deferred purchase price notes on receivables sold (see Note 9, "Accounts Receivable Securitization") and short-term variable debt, including any amounts outstanding under the company's revolving credit facility, approximate fair value, without being discounted as of June 30, 2015 and December 31, 2014, due to the short-term nature of these instruments.

As a result of its global operating and financing activities, the company is exposed to market risks from changes in interest rates, foreign currency exchange rates, and commodity prices, which may adversely affect the company's operating results and financial position. When deemed appropriate, the company minimizes these risks through the use of derivative financial instruments. Derivative financial instruments are used to manage risk and are not used for trading or other speculative purposes, and the company does not use leveraged derivative financial instruments. The foreign currency exchange, commodity, and interest rate contracts are valued through an independent valuation source that uses an industry standard data provider, with resulting valuations periodically validated through third-party or counterparty quotes. As such, these derivative instruments are classified within Level 2.

4. Derivative Financial Instruments

The company's risk management objective is to ensure that business exposures to risks that have been identified and measured and are capable of being controlled are minimized or managed using what it believes to be the most effective and efficient methods to manage, eliminate, reduce, or transfer such exposures. Operating decisions consider associated risks and transactions are structured to minimize or manage risk whenever possible.

Use of derivative instruments is consistent with the overall business and risk management objectives of the company. Derivative instruments may be used to manage business risk within limits specified by the company's risk policy and to manage exposures that have been identified through the risk identification and measurement process, provided that they clearly qualify as "hedging" activities as defined in the risk policy. Use of derivative instruments is not automatic, nor is it necessarily the only response to managing pertinent business risk. Use is permitted only after the risks that have been identified are determined to exceed defined tolerance levels and are considered to be unavoidable.

The primary risks managed by the company by using derivative instruments are interest rate risk, commodity price risk and foreign currency exchange risk. Interest rate swaps are used to manage interest rate or fair value risk. Swap contracts on various commodities are used to manage the price risk associated with forecasted purchases of materials used in the company's manufacturing processes. The company also enters into various foreign currency derivative instruments to manage foreign currency risk associated with the company's projected foreign currency denominated purchases, sales, and receivable and payable balances.

ASC Topic 815-10, "Derivatives and Hedging," requires companies to recognize all derivative instruments as either assets or liabilities at fair value in the statement of financial position. In accordance with ASC Topic 815-10, the company designates commodity swaps, foreign currency exchange contracts, and float-to-fixed interest rate derivative contracts as cash flow hedges of forecasted purchases of commodities and purchases and sales currencies, and of variable rate interest payments. Also in accordance with ASC Topic 815-10, the company designates fixed-to-float interest rate swaps as fair market value hedges of fixed rate debt, which synthetically swap the company's fixed rate debt to floating rate debt.

For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive income (loss) and is reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Gains and losses on the derivative instruments representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings. In the next twelve months the company estimates that $5.5 million of unrealized losses net of tax related to commodity price and currency exchange rate hedging will be reclassified from other comprehensive income into earnings. Foreign currency and commodity hedging is generally completed prospectively on a rolling basis for between twelve and twenty-four months, respectively, depending on the type of risk being hedged.

The risk management objective for the company's fair market value interest rate hedges is to effectively change the amount of the underlying debt equal to the notional value of the hedges from a fixed to a floating interest rate based on the benchmark one-month LIBOR rate. These swaps include an embedded call feature to match the terms of the call schedule embedded in the Senior Notes. Changes in the fair value of the interest rate swaps are expected to offset changes in the fair value of the debt due to changes in the one-month LIBOR benchmark interest rate.

As of June 30, 2015 and December 31, 2014, the company had the following outstanding commodity and foreign currency exchange contracts that were intended to hedge forecasted transactions:

| | Units Hedged | | | |
|---|---|---|---|---|
| Commodity | June 30, 2015 | December 31, 2014 | Unit | Type |
| Aluminum | 1,857 | 1,657 | MT | Cash Flow |
| Copper | 727 | 820 | MT | Cash Flow |
| Natural Gas | 249,026 | 347,608 | MMBtu | Cash Flow |
| Steel | 21,739 | 14,665 | Tons | Cash Flow |

| | Units Hedged | | |
|---|---|---|---|
| Short Currency | June 30, 2015 | December 31, 2014 | Type |
| Canadian Dollar | 3,539,030 | 7,984,824 | Cash Flow |
| European Euro | 41,077,359 | 89,006,695 | Cash Flow |
| South Korean Won | 2,000,626,909 | 1,964,906,996 | Cash Flow |
| Singapore Dollar | 3,000,000 | 3,900,000 | Cash Flow |
| United States Dollar | 13,238,995 | 29,228,731 | Cash Flow |
| British Pound | 1,302,140 | — | Cash Flow |
| Japanese Yen | 797,929,390 | — | Cash Flow |
| Mexican Peso | 54,808,843 | 52,674,387 | Cash Flow |

As of both June 30, 2015 and December 31, 2014, the company had outstanding $175.0 million notional amount of float-to-fixed interest rate swaps outstanding related to Term Loan A under the Senior Credit Facility that were designated as cash flow hedges. As a result, $175.0 million of Term Loan A was hedged at an interest rate of 1.635%, plus the applicable spread based on the Consolidated Total Leverage Ratio of the company as defined under the Senior Credit Facility.

As of June 30, 2015, the company had $0.0 million and $80.0 million notional amount of fixed-to-float interest rate swaps outstanding related to the Senior Notes due 2020 and 2022, respectively, which were designated as fair value hedges. As of December 31, 2014 the company had $75.0 million and $125.0 million notional amount of fixed-to-float interest rate swaps outstanding related to the Senior Notes due 2020 and 2022, respectively, which were designated as fair value hedges.

See Note 8, "Debt," for a description of the debt instruments.

For derivative instruments that are not designated as hedging instruments under ASC Topic 815-10, the gains or losses on the derivatives are recognized in current earnings within Other (expense) income, net in the Condensed Consolidated Statements of Operations. As of June 30, 2015 and December 31, 2014, the company had the following outstanding foreign currency exchange contracts that were not designated as hedging instruments:

| Short Currency | Units Hedged June 30, 2015 | December 31, 2014 | Recognized Location | Purpose |
|---|---|---|---|---|
| Euro | 14,572,213 | 73,302,332 | Other income, net | Accounts Payable and Receivable Settlement |
| United States Dollar | 57,890,110 | 18,244,912 | Other income, net | Accounts Payable and Receivable Settlement |
| Australian Dollar | — | 2,482,430 | Other income, net | Accounts Payable and Receivable Settlement |
| Swiss Franc | 550,000 | — | Other income, net | Accounts Payable and Receivable Settlement |
| Canadian Dollar | — | 2,516 | Other income, net | Accounts Payable and Receivable Settlement |
| Mexican Peso | 1,240,000 | 3,151,000 | Other income, net | Accounts Payable and Receivable Settlement |

The fair value of outstanding derivative contracts recorded as assets in the accompanying Condensed Consolidated Balance Sheets as of June 30, 2015 and December 31, 2014 was as follows:

| | | ASSET DERIVATIVES | |
|---|---|---|---|
| | | June 30, 2015 | December 31, 2014 |
| (in millions) | Balance Sheet Location | Fair Value | |
| Derivatives designated as hedging instruments | | | |
| Foreign exchange contracts | Other current assets | $0.3 | $— |
| Interest rate swap contracts: Float-to-fixed | Other non-current assets | — | 0.8 |
| Total derivatives designated as hedging instruments | | $0.3 | $0.8 |

| | | ASSET DERIVATIVES | |
|---|---|---|---|
| | | June 30, 2015 | December 31, 2014 |
| (in millions) | Balance Sheet Location | Fair Value | |
| Derivatives NOT designated as hedging instruments | | | |
| Foreign exchange contracts | Other current assets | $0.8 | $2.1 |
| Total derivatives NOT designated as hedging instruments | | $0.8 | $2.1 |
| Total asset derivatives | | $1.1 | $2.9 |

The fair value of outstanding derivative contracts recorded as liabilities in the accompanying Condensed Consolidated Balance Sheets as of June 30, 2015 and December 31, 2014 was as follows:

| | | LIABILITY DERIVATIVES | |
|---|---|---|---|
| | | June 30, 2015 | December 31, 2014 |
| (in millions) | Balance Sheet Location | Fair Value | |
| Derivatives designated as hedging instruments | | | |
| Foreign exchange contracts | Accounts payable and accrued expenses | $4.0 | $6.6 |
| Commodity contracts | Accounts payable and accrued expenses | 2.8 | 1.0 |
| Interest rate swap contracts: Float-to-fixed | Accounts payable and accrued expenses | 2.2 | 2.3 |
| Commodity contracts | Other non-current liabilities | 0.5 | 0.4 |
| Interest rate swap contracts: Float-to-fixed | Other non-current liabilities | 0.3 | — |
| Interest rate swap contracts: Fixed-to-float | Other non-current liabilities | 2.0 | 4.3 |
| Total derivatives designated as hedging instruments | | $11.8 | $14.6 |

| | | LIABILITY DERIVATIVES | |
|---|---|---|---|
| | | June 30, 2015 | December 31, 2014 |
| (in millions) | Balance Sheet Location | Fair Value | |
| Derivatives NOT designated as hedging instruments | | | |
| Foreign exchange contracts | Accounts payable and accrued expenses | $0.3 | $1.3 |
| Total derivatives NOT designated as hedging instruments | | $0.3 | $1.3 |
| | | | |
| Total liability derivatives | | $12.1 | $15.9 |

The effect of derivative instruments on the Condensed Consolidated Statements of Operations for the three months ended June 30, 2015 and June 30, 2014 for gains or losses initially recognized in Other Comprehensive Income (OCI) in the Condensed Consolidated Balance Sheets was as follows:

| Derivatives in Cash Flow Hedging Relationships (in millions) | Amount of Gain or (Loss) on Derivative Recognized in OCI (Effective Portion, net of tax) June 30, 2015 | June 30, 2014 | Location of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion) | Amount of Gain or (Loss) Reclassi from Accumulated OCI into Incom (Effective Portion) June 30, 2015 | June 30, 2014 |
|---|---|---|---|---|---|
| Foreign exchange contracts | $ 4.0 | $ (0.2) | Cost of sales | $ (4.0) | $ 0.3 |
| Commodity contracts | (0.3) | 0.4 | Cost of sales | (0.7) | (0.1) |
| Interest rate swap contracts: Float-to-fixed | 0.4 | (1.1) | Interest expense | (0.6) | (0.4) |
| Total | $ 4.1 | $ (0.9) | | $ (5.3) | $ (0.2) |

| Derivatives Relationships (in millions) | Location of Gain or (Loss) on Derivative Recognized in Income (Ineffective Portion and Amount Excluded from Effectiveness Testing) | Amount of Gain or (Loss) on Derivative Recognized in Income (Ineffective Portion and Amount Excluded from Effectiveness Testing) June 30, 2015 | June 30, 2014 |
|---|---|---|---|
| Commodity contracts | Cost of sales | $ (0.1) | $ — |

| | | |
|---|---|---|
| Total | $ (0.1 ) | $ — |

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| Derivatives Not Designated as Hedging Instruments (in millions) | Location of Gain or (Loss) Recognized on Derivative in Income | Amount of Gain or (Loss) on Derivative Recognized in Income | |
|---|---|---|---|
| | | June 30, 2015 | June 30, 2014 |
| Foreign exchange contracts | Other income | $ (0.1) | $ (0.4) |
| Total | | $ (0.1) | $ (0.4) |

The effect of derivative instruments on the Condensed Consolidated Statements of Operations for the six months ended June 30, 2015 and June 30, 2014 for gains or losses initially recognized in Other Comprehensive Income (OCI) in the Condensed Consolidated Balance Sheets was as follows:

| Derivatives in Cash Flow Hedging Relationships (in millions) | Amount of Gain or (Loss) on Derivative Recognized in OCI (Effective Portion, net of tax) | | Location of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion) | Amount of Gain or (Loss) Reclass from Accumulated OCI into Incom (Effective Portion) | |
|---|---|---|---|---|---|
| | June 30, 2015 | June 30, 2014 | | June 30, 2015 | June 30, 2014 |
| Foreign exchange contracts | $ 1.8 | $ (1.1) | Cost of sales | $ (7.2) | $ 0.6 |
| Commodity contracts | (1.2) | 0.2 | Cost of sales | (1.4) | (0.2) |
| Interest rate swaps contracts: Float-to-fixed | (0.6) | (1.1) | Interest expense | (1.2) | (0.4) |
| Total | $ — | $ (2.0) | | $ (9.8) | $ — |

| Derivatives Relationships (in millions) | Location of Gain or (Loss) on Derivative Recognized in Income (Ineffective Portion and Amount Excluded from Effectiveness Testing) | Amount of Gain or (Loss) on Derivative Recognized in Income (Ineffective Portion and Amount Excluded from Effectiveness Testing) | |
|---|---|---|---|
| | | June 30, 2015 | June 30, 2014 |
| Commodity contracts | Cost of sales | $ (0.1) | $ — |
| Total | | $ (0.1) | $ — |

| Derivatives Not Designated as Hedging Instruments (in millions) | Location of Gain or (Loss) Recognized on Derivative in Income | Amount of Gain or (Loss) on Derivative Recognized in Income | |
|---|---|---|---|
| | | June 30, 2015 | June 30, 2014 |
| Foreign exchange contracts | Other income | $ (0.3) | $ 0.4 |
| Total | | $ (0.3) | $ 0.4 |

The effect of fair market value designated derivative instruments on the Condensed Consolidated Statements of Operations for the three months ended June 30, 2015 and June 30, 2014 for gains or losses recognized through income was as follows:

| Derivatives Designated as Fair Market Value Instruments under ASC 815 (in millions) | Location of Gain or (Loss) on Derivative Recognized in Income | Amount of Gain or (Loss) on Derivative Recognized Income | |
|---|---|---|---|
| | | June 30, 2015 | June 30, 2014 |
| Interest rate swap contracts: Fixed-to-float | Interest expense | $ (0.9) | $ 3.8 |
| Total | | $ (0.9) | $ 3.8 |

The effect of fair market value designated derivative instruments on the Condensed Consolidated Statements of Operations for the six months ended June 30, 2015 and June 30, 2014 for gains or losses recognized through income was as follows:

| Derivatives Designated as Fair Market Value Instruments under ASC 815 (in millions) | Location of Gain or (Loss) on Derivative Recognized in Income | Amount of Gain or (Loss) on Derivative Recognized Income | |
|---|---|---|---|
| | | June 30, 2015 | June 30, 2014 |
| Interest rate swap contracts: Fixed-to-float | Interest expense | $ 2.3 | $ 7.4 |
| Total | | $ 2.3 | $ 7.4 |

5. Inventories

The components of inventories as of June 30, 2015 and December 31, 2014 are summarized as follows:

| (in millions) | June 30, 2015 | December 31, 2014 |
|---|---|---|
| Inventories — gross: | | |
| Raw materials | $252.3 | $226.2 |
| Work-in-process | 153.9 | 103.7 |
| Finished goods | 444.3 | 414.8 |
| Total inventories — gross | 850.5 | 744.7 |
| Excess and obsolete inventory reserve | (66.0) | (64.0) |
| Net inventories at FIFO cost | 784.5 | 680.7 |
| Excess of FIFO costs over LIFO value | (41.1) | (36.2) |
| Inventories — net | $743.4 | $644.5 |

6. Goodwill and Other Intangible Assets

The changes in the carrying amount of goodwill by reportable segment for the year ended December 31, 2014 and the six months ended June 30, 2015 are as follows:

| (in millions) | Crane | Foodservice | Total |
|---|---|---|---|
| Gross balance as of January 1, 2014 | $345.1 | $1,389.2 | $1,734.3 |
| Accumulated asset impairments | — | (515.7) | (515.7) |
| Net balance as of January 1, 2014 | 345.1 | 873.5 | 1,218.6 |
| Foreign currency impact | (19.8) | (0.7) | (20.5) |
| Gross balance as of December 31, 2014 | $325.3 | $1,388.5 | $1,713.8 |
| Accumulated asset impairments | — | (515.7) | (515.7) |
| Net balance as of December 31, 2014 | $325.3 | $872.8 | $1,198.1 |
| Foreign currency impact | (13.3) | 0.1 | (13.2) |
| Gross balance as of June 30, 2015 | $312.0 | $1,388.6 | $1,700.6 |
| Accumulated asset impairments | — | (515.7) | (515.7) |
| Net balance as of June 30, 2015 | $312.0 | $872.9 | $1,184.9 |

The company accounts for goodwill and other intangible assets under the guidance of ASC Topic 350, "Intangibles — Goodwill and Other." The company performs an annual impairment review at June 30 of every year or more frequently if events or changes in circumstances indicate that the asset might be impaired. The company performs impairment reviews for its reporting units, which are Cranes; Foodservice Americas; Foodservice Europe, Middle East, and Africa; and Foodservice Asia, using a fair-value method based on the present value of future cash flows, which involves management's judgments and assumptions about the amounts of those cash flows and the discount rates used. The estimated fair value is then compared with the carrying amount of the reporting unit, including recorded goodwill. Goodwill is then subject to risk of write-down to the extent that the carrying amount exceeds the estimated fair value. As of June 30, 2015, the company performed its annual impairment analysis relative to goodwill and indefinite-lived intangible assets, and based on those results, no impairment was indicated. The company continually monitors market conditions and determines if any additional interim reviews of goodwill, other intangibles or long-lived assets are warranted. In the event the company determines that assets are impaired in the future, the company would recognize a non-cash impairment charge, which could have a material adverse effect on the company's Condensed Consolidated Balance Sheet and Results of Operations.

The gross carrying amount, accumulated amortization and net book value of the company's intangible assets other than goodwill at June 30, 2015 and December 31, 2014 are as follows:

| (in millions) | June 30, 2015 Gross Carrying Amount | Accumulated Amortization | Net Book Value | December 31, 2014 Gross Carrying Amount | Accumulated Amortization | Net Book Value |
|---|---|---|---|---|---|---|
| Trademarks and tradenames | $292.5 | $— | $292.5 | $300.0 | $— | $300.0 |
| Customer relationships | 425.8 | (146.9) | 278.9 | 425.7 | (136.0) | 289.7 |
| Patents | 31.1 | (27.7) | 3.4 | 32.7 | (28.3) | 4.4 |
| Engineering drawings | 10.4 | (9.2) | 1.2 | 11.0 | (9.3) | 1.7 |
| Distribution network | 18.6 | — | 18.6 | 19.7 | — | 19.7 |
| Other intangibles | 159.1 | (66.0) | 93.1 | 170.9 | (71.7) | 99.2 |
| Total | $937.5 | $(249.8) | $687.7 | $960.0 | $(245.3) | $714.7 |

Amortization expense for the three months ended June 30, 2015 and 2014 was $8.6 million and $8.8 million, respectively.

Amortization expense for the six months ended June 30, 2015 and 2014 was $17.2 million and $17.6 million, respectively.

7. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at June 30, 2015 and December 31, 2014 are summarized as follows:

| (in millions) | June 30, 2015 | December 31, 2014 |
|---|---|---|
| Trade accounts payable | $435.2 | $457.5 |
| Interest payable | 12.8 | 12.5 |
| Employee related expenses | 96.5 | 90.3 |
| Restructuring expenses | 17.4 | 20.3 |
| Profit sharing and incentives | 6.4 | 6.8 |
| Accrued rebates | 40.9 | 52.8 |
| Deferred revenue - current | 20.1 | 21.6 |
| Income taxes payable | 9.2 | 16.2 |
| Miscellaneous accrued expenses | 126.2 | 129.4 |
| | $764.7 | $807.4 |

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8. Debt

Outstanding debt at June 30, 2015 and December 31, 2014 is summarized as follows:

| (in millions) | June 30, 2015 | December 31, 2014 |
|---|---|---|
| Revolving credit facility | $142.0 | $— |
| Term loan A | 325.9 | 336.9 |
| Term loan B | 168.5 | 168.5 |
| Senior notes due 2020 | 614.4 | 614.8 |
| Senior notes due 2022 | 297.7 | 296.9 |
| Other | 80.4 | 106.4 |
| Total debt | 1,628.9 | 1,523.5 |
| Less current portion and short-term borrowings | (67.5) | (80.3) |
| Long-term debt | $1,561.4 | $1,443.2 |

On January 3, 2014, the company entered into a $1,050.0 million Third Amended and Restated Credit Agreement (as amended, the "Senior Credit Facility") with JPMorgan Chase Bank, N.A., as Administrative Agent, Deutsche Bank Securities Inc., Bank of America, N.A., Wells Fargo Bank, National Association, and SunTrust Bank as Syndication Agents, and The Bank of Tokyo-Mitsubishi UFJ, Ltd., BMO Harris Bank N.A. and Rabobank Nederland, New York Branch as Documentation Agents. The Senior Credit Facility, which replaced the Prior Senior Credit Facility (as defined below), includes three different loan facilities. The first is a revolving facility in the amount of $500.0 million, with a term of five years. The second facility is a Term Loan A in the aggregate amount of $350.0 million, with a term of five years. The third facility is a Term Loan B in the amount of $200.0 million, with a term of seven years.

Entry into the Senior Credit Facility resulted in a loss on debt extinguishment of $2.0 million related to the write-off of deferred financing fees in the first quarter of 2014.

On February 20, 2015, the company entered into Amendment No. 2 to the Third Amended and Restated Credit Agreement which reflects changes to the definition of Adjusted EBITDA under the agreement, retroactive to December 31, 2014. The company defines Adjusted EBITDA as earnings before interest, taxes, depreciation, and amortization, plus certain items such as pro-forma acquisition results and the addback of extraordinary or non-recurring non-cash charges or benefits, certain restructuring and recapitalization charges (limited to $50.0 million during any period of twelve consecutive months), stock-based compensation and pension and post-retirement expenses that are adjustments per the credit agreement definition.

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

| Fiscal Quarter Ending | Consolidated Senior Secured Leverage Ratio (less than) | Consolidated Interest Coverage Ratio (greater than) |
|---|---|---|
| June 30, 2015 | 3.25:1.00 | 2.75:1.00 |
| September 30, 2015 | 3.25:1.00 | 2.75:1.00 |
| December 31, 2015 | 3.25:1.00 | 2.75:1.00 |
| March 31, 2016 and thereafter | 3.00:1.00 | 3.00:1.00 |

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

The Senior Credit Facility replaced the company's prior $1,250.0 million Second Amended and Restated Credit Agreement (the "Prior Senior Credit Facility"), which was entered into on May 13, 2011. The Prior Senior Credit Facility included three different loan facilities. The first was a revolving facility in the amount of $500.0 million, with a term of five years. The

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second facility was an amortizing Term Loan A facility in the aggregate amount of $350.0 million with a term of five years. The third facility was an amortizing Term Loan B facility in the amount of $400.0 million with a term of 6.5 years.
As of June 30, 2015, the company had the following two series of Senior Notes outstanding (collectively the "Senior Notes"):
•5.875% Senior Notes due 2022 (the "2022 Notes"); original principal amount: $300.0 million
•8.50% Senior Notes due 2020 (the "2020 Notes"); original principal amount: $600.0 million
Interest on the 2022 Notes is payable semiannually in April and October of each year; interest on the 2020 Notes is payable semiannually in May and November of each year.
Each series of Senior Notes is an unsecured senior obligation ranking subordinate to all existing senior secured indebtedness and equal to all existing senior unsecured obligations. Each series of Senior Notes is guaranteed by certain of the company's 100% owned domestic subsidiaries; these subsidiaries also guaranty the company's obligations under the Senior Credit Facility. Each series of Senior Notes contains affirmative and negative covenants that limit, among other things, the company's ability to redeem or repurchase its debt, incur additional debt, make acquisitions, merge with other entities, pay dividends or distributions, repurchase capital stock, and create or become subject to liens. Each series of Senior Notes also includes customary events of default. If an event of default occurs and is continuing with respect to the Senior Notes, then the trustee or the holders of at least 25% of the principal amount of the outstanding Senior Notes may declare the principal and accrued interest on all of the Senior Notes to be due and payable immediately. In addition, in the case of an event of default arising from certain events of bankruptcy, all unpaid principal of, and premium, if any, and accrued and unpaid interest on all outstanding Senior Notes will become due and payable immediately.
The company may redeem the 2022 Notes in whole or in part for a premium at any time on or after October 15, 2017. The following would be the principal and premium paid by the company, expressed as percentages of the principal amount thereof, if it redeems the 2022 Notes during the 12-month period commencing on October 15 of the year set forth below:

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

In addition, at any time prior to October 15, 2015, the company is permitted to, at its option, use the net cash proceeds of one or more public equity offerings to redeem up to 35% of the 2022 Notes at a redemption price of 105.875%, plus accrued but unpaid interest, if any, to the date of redemption; provided that (1) at least 65% of the principal amount of the 2022 Notes outstanding remains outstanding immediately after any such redemption; and (2) the company makes such redemptions not more than 90 days after the consummation of any such public offering. Further, the company is required to offer to repurchase the 2022 Notes for cash at a price of 101% of the aggregate principal amount of the 2022 Notes, plus accrued and unpaid interest, if any, upon the occurrence of a change of control triggering event.
The company may redeem the 2020 Notes in whole or in part for a premium at any time on or after November 1, 2015. The following would be the principal and the premium paid by the company, expressed as a percentage of the principal amount, if it redeems the 2020 Notes during the twelve-month period commencing on November 1 of the year set forth below:

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

On February 18, 2014 the Company redeemed its 9.50% Senior Notes due 2018 (the "2018 Notes") for $419.0 million, or 104.750% expressed as a percentage of the principal amount. The redemption resulted in a loss on debt extinguishment of $23.3 million during the first quarter of 2014 and consisted of $19.0 million related to the redemption premium and $4.3 million related to the write-off of deferred financing fees. Previously monetized derivative assets related to fixed-to-float interest rate swaps were treated as an increase to the debt balance of the 2018 Notes and were being amortized to interest expense over the life of the original swap. As a result of the redemption, the remaining monetization balance of $8.3 million was amortized as a reduction to interest expense during the first quarter of 2014.

As of June 30, 2015, the company had outstanding $80.4 million of other indebtedness that has a weighted-average interest rate of approximately 5.7%. This debt includes outstanding line of credit balances and capital lease obligations in its Americas, Asia-Pacific and European regions.

As of June 30, 2015, the company had outstanding $175.0 million notional amount of float-to-fixed interest rate swaps related to Term Loan A of the Senior Credit Facility. The interest rate swaps fix the interest related to $175.0 million notional amount of Term Loan A at a rate of 1.635%, plus the applicable spread based on the Consolidated Total Leverage Ratio of the company as defined under the Senior Credit Facility. The unhedged portions of Term Loans A and B continue to bear interest according to the terms of the Senior Credit Facility. Including interest rate swaps as of June 30, 2015, the weighted average interest rates for the Term Loan A and the Term Loan B loans were 3.12% and 3.00%, respectively. Excluding interest rate swaps, the interest rates on Term Loan A and Term Loan B were 2.44% and 3.00% respectively, at June 30, 2015.

As of June 30, 2015, the company had $142.0 million of borrowings outstanding under the revolving facility. During the quarter ended June 30, 2015, the highest daily borrowing was $378.0 million and the average borrowing was $336.9 million, while the average interest rate was 2.51% per annum. The interest rate fluctuates based upon LIBOR or a Prime rate plus a spread, which is based upon the Consolidated Total Leverage Ratio of the company. As of June 30, 2015, the spreads for LIBOR and Prime borrowings were 2.25% and 1.25%, respectively, given the company’s effective Consolidated Total Leverage Ratio for this period.

In April 2015, the company monetized the derivative liability related to $75.0 million notional amount of its fixed-to-float interest rate swaps related to the 2020 Notes and $45.0 million notional amount of its fixed-to-float interest rate swaps related to the 2022 Notes. The loss on the monetization of these swaps of $0.7 million was treated as a decrease to the debt balances for the 2020 Notes and 2022 Notes, and is being amortized against interest expense over the life of the original swaps.

As of June 30, 2015, $0.0 million and $80.0 million of the 2020 and 2022 Notes, respectively, were swapped to floating interest rates. Including the impact of these floating rate swaps, the 2022 Notes have an all-in interest rate of 5.46%.

The balance sheet values of the Senior Notes as of June 30, 2015 and December 31, 2014 are not equal to the face value of the Senior Notes due to the fact that the monetized value and the fair market value of the fixed-to-float interest rate hedges on these Senior Notes are included in the applicable balance sheet values (see Note 4, “Derivative Financial Instruments” for more information).

As of June 30, 2015, the company was in compliance with all affirmative and negative covenants in its debt instruments inclusive of the financial covenants pertaining to the Senior Credit Facility, the 2020 Notes, and the 2022 Notes. Based upon the company's current plans and outlook, management believes the company will be able to comply with these covenants during the subsequent twelve months. As of June 30, 2015, the company's Consolidated Senior Secured Leverage Ratio was 2.35:1, while the maximum ratio is 3.25:1, and the Consolidated Interest Coverage Ratio was 3.94:1, above the minimum ratio of 2.75:1.

## 9. Accounts Receivable Securitization

The company maintains an accounts receivable securitization program with a commitment size of $185.0 million, whereby transactions under the program are accounted for as sales in accordance with ASC Topic 860, “Transfers and Servicing.” Sales of trade receivables under the program are reflected as a reduction of accounts receivable in the accompanying Condensed Consolidated Balance Sheets and the proceeds received, including collections on the deferred purchase price notes, are included in cash flows from operating activities in the accompanying Condensed Consolidated Statements of Cash Flows. The company deems the interest rate risk related to the deferred purchase price notes to be de minimis, primarily due to the short average collection cycle of the related receivables (i.e., less than 60 days) as noted below. Trade accounts receivables sold to a third-party financial institution (“Purchaser”) and being serviced by the company totaled $161.2 million as of June 30, 2015 and $172.8 million at December 31, 2014. Due to an average collection cycle of less than 60 days for such accounts receivable as well as the company’s collection history, the fair value of the company’s deferred purchase price notes approximates book value. The fair value of the deferred purchase price notes recorded as of June 30, 2015 and December 31, 2014 was $99.9 million and $50.9 million, respectively, and is included in accounts receivable in the accompanying Condensed Consolidated Balance Sheets.

The accounts receivable securitization program also contains customary affirmative and negative covenants. Among other restrictions, these covenants require the company to meet specified financial tests, which include a consolidated interest coverage ratio and a consolidated senior secured leverage ratio that are the same as the covenant ratios required under the Senior Credit Facility. As of June 30, 2015, the company was in compliance with all affirmative and negative covenants inclusive of the financial covenants pertaining to the accounts receivable securitization program. Based on the company's current plans and outlook, management believes the company will be able to comply with these covenants during the subsequent twelve months.

10. Income Taxes

For the six months ended June 30, 2015, the company recorded income tax expense of $13.5 million, compared to income tax expense of $21.8 million for the six months ended June 30, 2014. The decrease in the company’s tax expense for the six months ended June 30, 2015 relative to the prior year resulted primarily from a lower level of income. The company’s effective tax rate varies from the U.S. federal statutory rate of 35% due to results of foreign operations that are subject to income taxes at different statutory rates.

The company will continue to periodically evaluate its valuation allowance requirements in light of changing facts and circumstances, and may adjust its deferred tax asset valuation allowances accordingly. It is reasonably possible that the company will either add to, or reverse a portion of its existing deferred tax asset valuation allowances in the future. Such changes in the deferred tax asset valuation allowances will be reflected in the current operations through the company’s income tax provision, and could have a material effect on operating results.

As of June 30, 2015, the company considered the historic losses and the change in forecasted income and determined that it was more likely than not that the deferred tax assets of the company’s Brazilian crane manufacturing operations would not be realized. Therefore, the company recorded a $4.2 million valuation allowance as tax expense.

The company’s unrecognized tax benefits, excluding interest and penalties, were $34.0 million as of June 30, 2015, and $33.3 million as of December 31, 2014. During the next twelve months, it is reasonably possible that $3.7 million of the unrecognized tax benefits, if recognized, would affect the annual effective tax rate.

The company regularly assesses the likelihood of an adverse outcome resulting from examinations to determine the adequacy of its tax reserves. As of June 30, 2015, the company believes that it is more likely than not that the tax positions it has taken will be sustained upon the resolution of its audits resulting in no material impact on its consolidated financial position and the results of operations and cash flows. However, the final determination with respect to any tax audits, and any related litigation, could be materially different from the company’s estimates and/or from its historical income tax provisions and accruals and could have a material effect on operating results and/or cash flows in the periods for which that determination is made. In addition, future period earnings may be adversely impacted by litigation costs, settlements, penalties, and/or interest assessments.

11. Earnings Per Share

The following is a reconciliation of the average shares outstanding used to compute basic and diluted earnings per share.

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| Basic weighted average common shares outstanding | 136,130,861 | 134,990,382 | 135,887,738 | 134,590,994 |
| Effect of dilutive securities | 1,855,038 | 2,436,260 | 1,543,827 | 2,829,485 |
| Diluted weighted average common shares outstanding | 137,985,899 | 137,426,642 | 137,431,565 | 137,420,479 |

For the three months ended June 30, 2015 and June 30, 2014, 2.2 million and 0.8 million, respectively, of common shares issuable upon the exercise of stock options were anti-dilutive and were excluded from the calculation of diluted shares. For the six months ended June 30, 2015 and June 30, 2014, 2.2 million and 1.2 million, respectively, of common shares issuable upon the exercise of stock options were anti-dilutive and were excluded from the calculation of diluted shares.

No dividends were paid during each of the six months ended June 30, 2015 and June 30, 2014.

12. Stockholders' Equity

The following is a roll forward of retained earnings and noncontrolling interest for the six months ended June 30, 2015 and 2014:

| (in millions) | Retained Earnings | Noncontrolling Interest |
|---|---|---|
| Balance at December 31, 2014 | $486.9 | $— |
| Net earnings | 14.9 | — |
| Balance at June 30, 2015 | $501.8 | $— |

| (in millions) | Retained Earnings | Noncontrolling Interest |
|---|---|---|
| Balance at December 31, 2013 | $353.2 | $6.8 |
| Net earnings | 37.8 | 3.9 |
| Noncontrolling interest deconsolidation as a result of sale | — | (10.7) |
| Balance at June 30, 2014 | $391.0 | $— |

Authorized capitalization consists of 300 million shares of $0.01 par value common stock and 3.5 million shares of $0.01 par value preferred stock. None of the preferred shares have been issued.

Currently, the company has authorization to purchase up to 10 million shares of common stock at management's discretion. The company previously purchased approximately 7.6 million shares at a cost of $49.8 million pursuant to this authorization; however, the company has not purchased any shares of its common stock under this authorization since 2006.

Reconciliations for the changes in accumulated other comprehensive income (loss), net of tax, by component for the three and six months ended June 30, 2015 and 2014 are as follows:

| (in millions) | Gains and Losses on Cash Flow Hedges | Pension & Postretirement | Foreign Currency Translation | Total |
|---|---|---|---|---|
| Balance at December 31, 2014 | $(6.3) | $(95.0) | $(29.2) | $(130.5) |
| Other comprehensive loss before reclassifications | (6.9) | — | (62.8) | (69.7) |
| Amounts reclassified from accumulated other comprehensive income (loss) | 2.8 | 1.4 | — | 4.2 |
| Net current period other comprehensive (loss) income | (4.1) | 1.4 | (62.8) | (65.5) |
| Balance at March 31, 2015 | $(10.4) | $(93.6) | $(92.0) | $(196.0) |
| Other comprehensive income before reclassifications | 1.0 | — | 8.6 | 9.6 |
| Amounts reclassified from accumulated other comprehensive income (loss) | 3.3 | 1.4 | — | 4.7 |
| Net current period other comprehensive income | 4.3 | 1.4 | 8.6 | 14.3 |
| Balance at June 30, 2015 | $(6.1) | $(92.2) | $(83.4) | $(181.7) |

| (in millions) | Gains and Losses on Cash Flow Hedges | Pension & Postretirement | Foreign Currency items | Total |
|---|---|---|---|---|
| Balance at December 31, 2013 | $1.0 | $(62.7) | $54.8 | $(6.9) |
| Other comprehensive (loss) income before reclassifications | (0.9) | — | 3.4 | 2.5 |
| Amounts reclassified from accumulated other comprehensive income (loss) | (0.2) | 0.8 | — | 0.6 |
| Net current period other comprehensive (loss) income | (1.1) | 0.8 | 3.4 | 3.1 |
| Balance at March 31, 2014 | $(0.1) | $(61.9) | $58.2 | $(3.8) |
| Other comprehensive loss before reclassifications | (1.0) | — | (2.0) | (3.0) |
| Amounts reclassified from accumulated other comprehensive income (loss) | 0.1 | 0.8 | — | 0.9 |
| Net current period other comprehensive (loss) income | (0.9) | 0.8 | (2.0) | (2.1) |
| Balance at June 30, 2014 | $(1.0) | $(61.1) | $56.2 | $(5.9) |

The following is a reconciliation of the reclassifications out of accumulated other comprehensive income (loss), net of tax, for the three and six months ended June 30, 2015:

| (in millions) | Three Months Ended June 30, 2015 Amount Reclassified from Accumulated Other Comprehensive Income (Loss) | Six Months Ended June 30, 2015 Amount Reclassified from Accumulated Other Comprehensive Income (Loss) | Recognized Location |
|---|---|---|---|
| Gains and losses on cash flow hedges | | | |
| Foreign exchange contracts | $(4.0) | $(4.5) | Cost of sales |
| Commodity contracts | (0.7) | (0.9) | Cost of sales |
| Interest rate swap contracts: Float-to-fixed | (0.6) | (0.8) | Interest Expense |
| | (5.3) | (6.2) | Total before tax |
| | 2.0 | 2.3 | Tax expense |
| | $(3.3) | $(3.9) | Net of tax |
| Amortization of pension and postretirement items | | | |
| Actuarial losses | (1.9) | (3.8) (a) | |
| | (1.9) | (3.8) | Total before tax |
| | 0.5 | 1.0 | Tax benefit |
| | $(1.4) | $(2.8) | Net of Tax |
| Total reclassifications for the period | $(4.7) | $(6.7) | Net of Tax |

(a) These accumulated other comprehensive income (loss) components are included in the computation of net periodic pension cost (see Note 16, "Employee Benefit Plans," for further details).

The following is a reconciliation of the reclassifications out of accumulated other comprehensive income (loss), net of tax, for the three and six months ended June 30, 2014:

| (in millions) | Three Months Ended June 30, 2014 Amount Reclassified from Accumulated Other Comprehensive Income (Loss) | Six Months Ended June 30, 2014 Amount Reclassified from Accumulated Other Comprehensive Income (Loss) | Recognized Location |
|---|---|---|---|
| Gains and losses on cash flow hedges | | | |
| Foreign exchange contracts | $0.3 | $0.6 | Cost of sales |
| Commodity contracts | (0.1) | (0.2) | Cost of sales |
| Interest rate swap contracts: Float-to-fixed | (0.4) | (0.4) | Interest expense |
| | (0.2) | — | Total before tax |
| | 0.1 | — | Tax expense |
| | $(0.1) | $— | Net of tax |
| Amortization of pension and postretirement items | | | |
| Actuarial losses | (1.1) | (2.1) (a) | |
| | (1.1) | (2.1) | Total before tax |
| | 0.3 | 0.5 | Tax benefit |
| | $(0.8) | $(1.6) | Net of Tax |
| Total reclassifications for the period | $(0.9) | $(1.6) | Net of Tax |

(a) These accumulated other comprehensive income (loss) components are included in the computation of net periodic pension cost (see Note 16, “Employee Benefit Plans,” for further details).

13. Stock-Based Compensation

The company’s 2013 Omnibus Incentive Plan (the “2013 Omnibus Plan”) was approved by shareholders on May 7, 2013 and replaced the 2003 Incentive Stock and Awards Plan (the “2003 Stock Plan”), and the 2004 Non-Employee Director Stock and Awards Plan (the “2004 Stock Plan”). The 2013 Omnibus Plan also replaced the company's Short-Term Incentive Plan (the “STIP”) as of December 31, 2013. The 2003 Stock Plan, the 2004 Stock Plan and the STIP are referred to as the “Prior Plans.” No new awards may be granted under the Prior Plans after the respective termination dates; however, outstanding awards under the Prior Plans will continue in force and effect until vested, exercised, forfeited, or expired pursuant to their terms. The 2013 Omnibus Plan provides for both short-term and long-term incentive awards for employees and non-employee directors. Stock-based awards may take the form of stock options, stock appreciation rights, restricted stock, restricted stock units, and performance shares or performance unit awards. The total number of shares of the company’s common stock originally available for awards under the 2013 Omnibus Plan is 8.0 million shares and is subject to adjustment for stock splits, stock dividends and certain other transactions or events in the future.

Stock-based compensation expense was $2.3 million and $3.8 million for the three months ended June 30, 2015 and 2014, respectively. Stock-based compensation expense was $7.5 million and $8.3 million for the six months ended June 30, 2015 and 2014, respectively. The company granted options to acquire 0.6 million and 0.3 million shares of common stock to employees during the six months ended June 30, 2015 and 2014, respectively. The company issued a total of 0.5 million restricted stock units to employees and directors during the six months ended June 30, 2015, and 0.1 million restricted stock units to employees and directors during the six months ended June 30, 2014. The restricted stock units granted to employees vest on the third anniversary of the grant date. The restricted stock units granted to directors vest on the second anniversary of the grant date. The company issued a total of 0.4 million retention-related restricted stock awards to employees during the six months ended June 30, 2015. The restricted stock awards will vest on the second anniversary of the separation (as defined in note 18, “Separation Costs and Activities”) if the employee has been continuously employed with the company or an affiliate through that second anniversary; if the separation has not occurred by April 8, 2017, the awards will be forfeited. See note 18, “Separation Costs and Activities,” for a more detailed description of the retention award grants.

The company recognizes stock-based compensation expense over the stock-based awards’ vesting period.

14. Contingencies and Significant Estimates

As of June 30, 2015, the company held reserves for environmental matters related to Enodis locations of approximately $0.6 million. At certain of the company’s other facilities, the company has identified potential contaminants in soil and groundwater. The ultimate cost of any remediation required will depend upon the results of future investigation. Based upon available information, the company does not expect the ultimate costs at any of these locations will have a material adverse effect on its financial condition, results of operations, or cash flows individually or in the aggregate.

The company believes that it has obtained and is in substantial compliance with those material environmental permits and approvals necessary to conduct its various businesses. Based on the facts presently known, the company does not expect environmental compliance costs to have a material adverse effect on its financial condition, results of operations, or cash flows.

As of June 30, 2015, various product-related lawsuits were pending. To the extent permitted under applicable law, all of these are insured with self-insurance retention levels. The company’s self-insurance retention levels vary by business, and have fluctuated over the last ten years. The range of the company’s self-insured retention levels is $0.1 million to $3.0 million per occurrence. The high-end of the company’s self-insurance retention level is a legacy product liability insurance program inherited in the Grove acquisition for cranes manufactured in the United States for occurrences from January 2000 through October 2002. As of June 30, 2015, the largest self-insured retention level for new occurrences currently maintained by the company is $2.0 million per occurrence and applies to product liability claims for cranes manufactured in the United States.

Product liability reserves in the Condensed Consolidated Balance Sheets as of June 30, 2015 and December 31, 2014 were $25.4 million and $24.6 million, respectively; $3.5 million and $4.0 million, respectively, was reserved specifically for actual cases and $21.9 million and $20.6 million, respectively, for claims incurred but not reported, which were estimated using actuarial methods. Based on the company's experience in defending product liability claims, management believes the current reserves are adequate for estimated case resolutions on aggregate self-insured claims and insured claims. Any recoveries from insurance carriers are dependent upon the legal sufficiency of claims and solvency of insurance carriers.

As of June 30, 2015 and December 31, 2014, the company had reserved $86.9 million and $92.2 million, respectively, for warranty claims included in product warranties and other non-current liabilities in the Condensed Consolidated Balance Sheets.

Certain of these warranty and other related claims involve matters in dispute that ultimately are resolved by negotiation, arbitration, or litigation.

It is reasonably possible that the estimates for environmental remediation, product liability and warranty costs may change in the near future based upon new information that may arise or matters that are beyond the scope of the company's historical experience. Presently, there are no reliable methods to estimate the amount of any such potential changes.

The company is involved in numerous lawsuits involving asbestos-related claims in which the company is one of numerous defendants. After taking into consideration legal counsel's evaluation of such actions, the current political environment with respect to asbestos-related claims, and the liabilities accrued with respect to such matters, in the opinion of management, ultimate resolution is not expected to have a material adverse effect on the financial condition, results of operations, or cash flows of the company.

The company is also involved in various legal actions arising out of the normal course of business, which, taking into account the liabilities accrued and legal counsel's evaluation of such actions, in the opinion of management, the ultimate resolution, individually and in the aggregate, is not expected to have a material adverse effect on the company's financial condition, results of operations, or cash flows.

15. Guarantees

The company periodically enters into transactions with customers that provide for residual value guarantees and buyback commitments. These initial transactions are recorded as deferred revenue and are amortized to income on a straight-line basis over a period equal to that of the customer's third party financing agreement. The deferred revenue included in other current and non-current liabilities as of June 30, 2015 and December 31, 2014 was $56.5 million and $59.5 million, respectively. The total amount of residual value guarantees and buyback commitments given by the company and outstanding as of June 30, 2015 and December 31, 2014 was $62.7 million and $58.9 million, respectively. These amounts are not reduced for amounts the company would recover from the repossession and subsequent resale of the units. The residual value guarantees and buyback commitments expire at various times through 2018.

During the six months ended June 30, 2015 and 2014, the company sold $0.9 million and $20.7 million, respectively, of additional long-term notes receivable to third party financing companies. The company guarantees some percentage of notes sold, up to 100%, of collection of the notes to the financing companies. The company has accounted for the sales of the notes as a financing of receivables. The receivables remain on the company's Condensed Consolidated Balance Sheets, net of payments made, in other current and non-current assets, and the company has recognized an obligation equal to the net outstanding balance of the notes in other current and non-current liabilities in the Condensed Consolidated Balance Sheets. The cash flow benefit of these transactions is reflected in financing activities in the Condensed Consolidated Statements of Cash Flows. During the six months ended June 30, 2015 and 2014, the customers paid $10.2 million and $33.3 million, respectively, on the notes to the third party financing companies. As of June 30, 2015 and December 31, 2014, the outstanding balance of the notes receivable guaranteed by the company was $24.5 million and $34.0 million, respectively.

See Note 2, "Discontinued Operations," for discussion of debt guaranteed by the company related to Manitowoc Dong Yue.

In the normal course of business, the company provides its customers a warranty covering workmanship, and in some cases materials, on products manufactured by the company. The warranty generally provides that products will be free from defects for periods ranging from 12 to 60 months with certain equipment having longer-term warranties. If a product fails to comply with the company's warranty, the company may be obligated, at its expense, to correct any defect by repairing or replacing such defective products. The company provides for an estimate of costs that may be incurred under its warranty at the time product revenue is recognized. These costs primarily include labor and materials, as necessary, associated with repair or replacement. The primary factors that affect the company's warranty liability include the number of units shipped and historical and anticipated warranty claims. As these factors are impacted by actual experience and future expectations, the company assesses the adequacy of its recorded warranty liability and adjusts the amounts as necessary. Below is a table summarizing the warranty activity for the six months ended June 30, 2015 and the year ended December 31, 2014:

| (in millions) | Six Months Ended June 30, 2015 | Year Ended December 31, 2014 |
|---|---|---|
| Balance at beginning of period | $92.2 | $99.0 |
| Accruals for warranties issued during the period | 22.8 | 59.8 |
| Settlements made (in cash or in kind) during the period | (26.0) | (63.4) |
| Currency translation | (2.1) | (3.2) |
| Balance at end of period | $86.9 | $92.2 |

16. Employee Benefit Plans

The company provides certain pension, health care and death benefits for eligible retirees and their dependents. The pension benefits are funded, while the health care and death benefits are not funded but are paid as incurred. Eligibility for coverage is based on meeting certain years of service and retirement qualifications. These benefits may be subject to deductibles, co-payment provisions, and other limitations. The company has reserved the right to modify these benefits.

The components of periodic benefit costs for three and six months ended June 30, 2015 and June 30, 2014 are as follows:

| | Three Months Ended June 30, 2015 | | | Six Months Ended June 30, 2015 | | |
|---|---|---|---|---|---|---|
| (in millions) | U.S. Pension Plans | Non-U.S. Pension Plans | Postretirement Health and Other Plans | U.S. Pension Plans | Non-U.S. Pension Plans | Postretirement Health and Other Plans |
| Service cost - benefits earned during the period | $— | $0.7 | $ 0.1 | $— | $1.4 | $ 0.2 |
| Interest cost of projected benefit obligations | 2.4 | 2.2 | 0.5 | 4.7 | 4.4 | 1.0 |
| Expected return on plan assets | (2.3) | (1.9) | — | (4.5) | (3.8) | — |
| Amortization of actuarial net loss | 1.3 | 0.6 | — | 2.6 | 1.2 | — |
| Net periodic benefit costs | $1.4 | $1.6 | $ 0.6 | $2.8 | $3.2 | $ 1.2 |

| | Three Months Ended June 30, 2014 | | | Six Months Ended June 30, 2014 | | |
|---|---|---|---|---|---|---|
| (in millions) | U.S. Pension Plans | Non-U.S. Pension Plans | Postretirement Health and Other Plans | U.S. Pension Plans | Non-U.S. Pension Plans | Postretirement Health and Other Plans |
| Service cost - benefits earned during the period | $— | $0.6 | $ 0.1 | $— | $1.2 | $ 0.2 |
| Interest cost of projected benefit obligations | 2.5 | 2.8 | 0.5 | 5.1 | 5.5 | 1.0 |
| Expected return on plan assets | (2.3) | (2.4) | — | (4.7) | (4.7) | (0.1) |
| Amortization of actuarial net loss | 0.7 | 0.4 | — | 1.4 | 0.8 | (0.1) |
| Net periodic benefit costs | $0.9 | $1.4 | $ 0.6 | $1.8 | $2.8 | $ 1.0 |

17. Restructuring

The following is a roll-forward of all restructuring activities relating to the Crane segment for the six months ended June 30, 2015 (in millions):

| Restructuring Reserve Balance as of December 31, 2014 | Restructuring Charges | Use of Reserve | Restructuring Reserve Balance as of June 30, 2015 |
|---|---|---|---|
| $4.7 | $0.8 | $(3.0) | $2.5 |

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The following is a roll-forward of all restructuring activities relating to the Foodservice segment for the six months ended June 30, 2015 (in millions):

| Restructuring Reserve Balance as of December 31, 2014 | Restructuring Charges | Use of Reserve | Restructuring Reserve Balance as of June 30, 2015 |
|---|---|---|---|
| $15.6 | $0.4 | $(1.1) | $14.9 |

18. Separation Costs and Activities
On January 29, 2015, the company announced that its Board of Directors approved a plan to pursue a separation of the company's Crane and Foodservice businesses into two independent, publicly-traded companies (the "separation"). The company currently anticipates effecting the separation through a tax-free spin-off of the Foodservice business and expects the separation to be completed in the first quarter of 2016.
In April 2015, the company issued a total of 0.4 million restricted stock awards to employees as retention awards to provide additional incentive for the employees to continue in employment and contribute toward the successful completion of the separation. Under the retention agreements, each employee was granted restricted shares of common stock of the company that will vest on the second anniversary of the separation if the employee has been continuously employed with the company or an affiliate through that second anniversary; if the separation has not occurred by April 8, 2017, the awards will be forfeited.
During the three and six months ended June 30, 2015, the company recorded $8.3 million and $9.8 million, respectively, of separation costs consisting of professional and consulting fees.

19. Recent Accounting Changes and Pronouncements
In April 2015, the FASB issued Accounting Standards Update ("ASU") No. 2015-05, "Customer's Accounting for Fees Paid in a Cloud Computing Arrangement." This update provides guidance on accounting for a software license in a cloud computing arrangement. If a cloud computing arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. Further, all software licenses are within the scope of Accounting Standards Codification Subtopic 350-40 and will be accounted for consistent with other licenses of intangible assets. The amendments in this ASU are effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2015. The company believes the adoption of this ASU will not have a material impact on its consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-03, "Simplifying the Presentation of Debt Issuance Costs." To simplify the presentation of debt issuance costs, this update requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts, rather than as a deferred asset. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this update. The amendments in this ASU are effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2015, with early application permitted. The guidance will be applied on a retrospective basis. The company is evaluating the impact that the adoption of this ASU will have on the company's consolidated financial statements.

In February 2015, the FASB issued ASU No. 2015-02, "Consolidation (Topic 820)—Amendments to the Consolidation Analysis." This update amends the current consolidation guidance for both the variable interest entity (VIE) and voting interest entity (VOE) consolidation models. The amendments in this ASU are effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2015. The company believes the adoption of this ASU will not have a material impact on its consolidated financial statements.

In January 2015, the FASB issued ASU No. 2015-01, "Income Statement—Extraordinary and Unusual Items." This update eliminates from GAAP the concept of extraordinary items. ASU 2015-01 is effective for the first interim period within fiscal years beginning after December 15, 2015, with early adoption permitted provided that the guidance is applied from the beginning of the fiscal year of adoption. A reporting entity may apply the amendments prospectively or retrospectively to all prior periods presented in the financial statements. The company believes the adoption of this ASU will not have a material impact on its consolidated financial statements.

In August 2014, the FASB issued ASU No. 2014-15, “Presentation of Financial Statements—Going Concern.” This update provided guidance on management’s responsibility in evaluating whether there is substantial doubt about a company’s ability to continue as a going concern and to provide related footnote disclosures. ASU 2014-15 is effective in the first annual period ending after December 15, 2016, with early adoption permitted. The company believes the adoption of this ASU will not have a material impact on the its consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, “Revenue from Contracts with Customers.” This update provided a principles-based approach to revenue recognition to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU provides a five-step model to be applied to all contracts with customers. The five steps are to identify the contract(s) with the customer, identify the performance obligations in the contact, determine the transaction price, allocate the transaction price to the performance obligations in the contract and recognize revenue when each performance obligation is satisfied. The revenue standard is expected to be effective for the first interim period within fiscal years beginning after December 15, 2017 (as proposed by the FASB in July 2015), and can be applied either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying the update recognized at the date of initial application along with additional disclosures. Early adoption is permitted as of the original effective date—the first interim period within fiscal years beginning after December 15, 2016. The company is evaluating the impact, if any, the adoption of this ASU will have on the company’s consolidated financial statements.

In April 2014, the FASB issued ASU No. 2014-08, “Presentation of Financial Statements and Property, Plant, and Equipment: Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity.” This ASU changes the requirements for reporting discontinued operations in Accounting Standards Codification Subtopic 205-20, and now requires a disposal of a component of an entity or a group of components of an entity to be reported in discontinued operations only if the disposal represents a strategic shift that has (or will have) a major effect on an entity’s operations and financial results. There will also be additional disclosures required. The amendments in this ASU are effective prospectively for fiscal years (and interim reporting periods within those years) beginning after December 15, 2014. The significance of this guidance for the company is dependent on any future disposals.

20. Business Segments

The company identifies its segments using the “management approach,” which designates the internal organization that is used by management for making operating decisions and assessing performance as the source of the company’s reportable segments. The company has two reportable segments: Crane and Foodservice. Net sales and earnings from operations by segment are summarized as follows:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| (in millions) | 2015 | 2014 | 2015 | 2014 |
| Net sales: | | | | |
| Crane | $477.7 | $606.1 | $884.4 | $1,072.8 |
| Foodservice | 407.7 | 406.7 | 753.1 | 790.0 |
| Total net sales | $885.4 | $1,012.8 | $1,637.5 | $1,862.8 |
| Earnings (loss) from continuing operations: | | | | |
| Crane | $26.2 | $54.4 | $35.9 | $77.0 |
| Foodservice | 63.6 | 65.9 | 96.6 | 123.8 |
| Corporate expense | (12.0) | (15.0) | (30.8) | (31.1) |
| Amortization expense | (8.6) | (8.8) | (17.2) | (17.6) |
| Separation expense | (8.3) | — | (9.8) | — |
| Restructuring expense | (0.1) | (1.0) | (1.2) | (3.0) |
| Other | (0.4) | (0.1) | (0.4) | (0.1) |
| Earnings from continuing operations | $60.4 | $95.4 | $73.1 | $149.0 |
| Other income (expenses): | | | | |
| Interest expense | $(24.4) | $(25.1) | $(48.0) | $(44.4) |
| Amortization of deferred financing fees | (1.0) | (1.1) | (2.1) | (2.3) |
| Loss on debt extinguishment | — | — | — | (25.3) |
| Other income (expense) - net | 2.9 | (3.1) | 5.4 | (2.3) |
| Earnings from continuing operations before taxes on earnings | $37.9 | $66.1 | $28.4 | $74.7 |

As of June 30, 2015 and December 31, 2014, the total assets by segment were as follows:

| (in millions) | June 30, 2015 | December 31, 2014 |
|---|---|---|
| Crane | $1,775.1 | $1,742.3 |
| Foodservice | 1,933.6 | 1,902.0 |
| Corporate | 136.8 | 172.3 |
| Total | $3,845.5 | $3,816.6 |

21. Subsidiary Guarantors of 2020 Notes and 2022 Notes

The following tables present condensed consolidating financial information for (a) The Manitowoc Company, Inc. (Parent); (b) the guarantors of the 2020 Notes and 2022 Notes, which include substantially all of the domestic, 100% owned subsidiaries of the company (Subsidiary Guarantors); and (c) the wholly- and partially-owned foreign subsidiaries of the Parent, which do not guarantee the 2020 Notes and 2022 Notes (Non-Guarantor Subsidiaries). Separate financial statements of the Subsidiary Guarantors are not presented because the guarantors are fully and unconditionally, jointly and severally liable under the guarantees, except for normal and customary release provisions.

The Manitowoc Company, Inc.
Condensed Consolidating Statement of Operations
For the Three Months Ended June 30, 2015
(In millions)

| | Parent | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Consolidated |
|---|---|---|---|---|---|
| Net sales | $— | $590.2 | $455.6 | $(160.4) | $885.4 |
| Costs and expenses: | | | | | |
| Cost of sales | — | 468.0 | 355.3 | (160.4) | 662.9 |
| Engineering, selling and administrative expenses | 10.9 | 66.2 | 67.6 | — | 144.7 |
| Amortization expense | — | 7.4 | 1.2 | — | 8.6 |
| Restructuring expense | — | 0.3 | (0.2) | — | 0.1 |
| Separation expense | 8.2 | 0.1 | — | — | 8.3 |
| Other | — | 0.4 | — | — | 0.4 |
| Equity in (earnings) loss of subsidiaries | (40.0) | (6.9) | — | 46.9 | — |
| Total (earnings) and expenses | (20.9) | 535.5 | 423.9 | (113.5) | 825.0 |
| Operating earnings (loss) from continuing operations | 20.9 | 54.7 | 31.7 | (46.9) | 60.4 |
| Other income (expenses): | | | | | |
| Interest expense | (22.4) | (0.6) | (1.4) | — | (24.4) |
| Amortization of deferred financing fees | (1.0) | — | — | — | (1.0) |
| Management fee income (expense) | 16.2 | (16.1) | (0.1) | — | — |
| Other income (expense), net | 3.3 | (8.0) | 11.7 | (4.1) | 2.9 |
| Total other (expenses) income | (3.9) | (24.7) | 10.2 | (4.1) | (22.5) |
| Earnings (loss) from continuing operations before taxes on earnings | 17.0 | 30.0 | 41.9 | (51.0) | 37.9 |
| (Benefit) provision for taxes on income | (6.3) | 6.5 | 14.5 | — | 14.7 |
| Earnings (loss) from continuing operations | 23.3 | 23.5 | 27.4 | (51.0) | 23.2 |
| Discontinued operations: | | | | | |
| Gain from discontinued operations, net of income taxes | — | 0.1 | — | — | 0.1 |
| Loss on sale of discontinued operations, net of income taxes | — | — | — | — | — |
| Net earnings (loss) | 23.3 | 23.6 | 27.4 | (51.0) | 23.3 |
| Less: Net earnings attributable to noncontrolling interest | — | — | — | — | — |
| Net earnings (loss) attributable to Manitowoc | $23.3 | $23.6 | $27.4 | $(51.0) | $23.3 |
| Comprehensive income (loss) attributable to Manitowoc | $37.6 | $29.2 | $23.7 | $(52.9) | $37.6 |

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The Manitowoc Company, Inc.
Condensed Consolidating Statement of Operations
For the Three Months Ended June 30, 2014
(In millions)

| | Parent | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Consolidated |
|---|---|---|---|---|---|
| Net sales | $— | $631.2 | $531.3 | $(149.7) | $1,012.8 |
| Costs and expenses: | | | | | |
| Cost of sales | — | 482.6 | 409.1 | (149.7) | 742.0 |
| Engineering, selling and administrative expenses | 14.2 | 70.9 | 80.4 | — | 165.5 |
| Amortization expense | — | 7.4 | 1.4 | — | 8.8 |
| Restructuring expense | — | — | 1.0 | — | 1.0 |
| Other | — | 0.1 | — | — | 0.1 |
| Equity in (earnings) loss of subsidiaries | (58.6) | (1.6) | — | 60.2 | — |
| Total (earnings) and expenses | (44.4) | 559.4 | 491.9 | (89.5) | 917.4 |
| Operating earnings (loss) from continuing operations | 44.4 | 71.8 | 39.4 | (60.2) | 95.4 |
| Other income (expenses): | | | | | |
| Interest expense | (22.5) | (0.4) | (2.2) | — | (25.1) |
| Amortization of deferred financing fees | (1.1) | — | — | — | (1.1) |
| Management fee income (expense) | 15.6 | (18.6) | 3.0 | — | — |
| Other income (expense), net | 4.8 | (7.8) | (0.1) | — | (3.1) |
| Total other (expenses) income | (3.2) | (26.8) | 0.7 | — | (29.3) |
| Earnings (loss) from continuing operations before taxes on earnings | 41.2 | 45.0 | 40.1 | (60.2) | 66.1 |
| (Benefit) provision for taxes on earnings | (5.4) | 16.8 | 7.8 | — | 19.2 |
| Earnings (loss) from continuing operations | 46.6 | 28.2 | 32.3 | (60.2) | 46.9 |
| Discontinued operations: | | | | | |
| Loss from discontinued operations, net of income taxes | — | (0.3) | — | — | (0.3) |
| Loss on sale of discontinued operations, net of income taxes | — | — | — | — | — |
| Net earnings (loss) | 46.6 | 27.9 | 32.3 | (60.2) | 46.6 |
| Less: Net loss attributable to noncontrolling interest | — | — | — | — | — |
| Net earnings (loss) attributable to Manitowoc | $46.6 | $27.9 | $32.3 | $(60.2) | $46.6 |
| Comprehensive income (loss) attributable to Manitowoc | $44.5 | $27.9 | $42.6 | $(70.5) | $44.5 |

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The Manitowoc Company, Inc.
Condensed Consolidating Statement of Operations
For the Six Months Ended June 30, 2015
(In millions)

| | Parent | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Consolidated |
|---|---|---|---|---|---|
| Net sales | $— | $1,066.2 | $875.5 | $(304.2) | $1,637.5 |
| Costs and expenses: | | | | | |
| Cost of sales | — | 849.9 | 686.8 | (304.2) | 1,232.5 |
| Engineering, selling and administrative expenses | 28.9 | 142.4 | 132.0 | — | 303.3 |
| Amortization expense | — | 14.8 | 2.4 | — | 17.2 |
| Restructuring expense | — | 1.2 | — | — | 1.2 |
| Separation expense | 9.7 | 0.1 | — | — | 9.8 |
| Other | — | 0.4 | — | — | 0.4 |
| Equity in loss (earnings) of subsidiaries | 26.2 | (15.9) | — | (10.3) | — |
| Total costs and expenses | 64.8 | 992.9 | 821.2 | (314.5) | 1,564.4 |
| Operating (loss) earnings from continuing operations | (64.8) | 73.3 | 54.3 | 10.3 | 73.1 |
| Other income (expenses): | | | | | |
| Interest expense | (43.9) | (1.2) | (2.9) | — | (48.0) |
| Amortization of deferred financing fees | (2.1) | — | — | — | (2.1) |
| Management fee income (expense) | 32.2 | (31.4) | (0.8) | — | — |
| Other income (expense), net | 77.4 | (13.2) | 17.1 | (75.9) | 5.4 |
| Total other income (expenses) | 63.6 | (45.8) | 13.4 | (75.9) | (44.7) |
| (Loss) earnings from continuing operations before taxes on earnings | (1.2) | 27.5 | 67.7 | (65.6) | 28.4 |
| (Benefit) provision for taxes on income | (16.1) | 5.4 | 24.2 | — | 13.5 |
| Earnings (loss) from continuing operations | 14.9 | 22.1 | 43.5 | (65.6) | 14.9 |
| Discontinued operations: | | | | | |
| Loss from discontinued operations, net of income taxes | — | — | — | — | — |
| Loss on sale of discontinued operations, net of income taxes | — | — | — | — | — |
| Net earnings (loss) | 14.9 | 22.1 | 43.5 | (65.6) | 14.9 |
| Less: Net earnings attributable to noncontrolling interest | — | — | — | — | — |
| Net earnings (loss) attributable to Manitowoc | $14.9 | $22.1 | $43.5 | $(65.6) | $14.9 |
| Comprehensive (loss) income attributable to Manitowoc | $(36.3) | $21.8 | $58.9 | $(80.7) | $(36.3) |

The Manitowoc Company, Inc.
Condensed Consolidating Statement of Operations
For the Six Months Ended June 30, 2014
(In millions)

| | Parent | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Consolidated |
|---|---|---|---|---|---|
| Net sales | $— | $1,178.6 | $962.0 | $(277.8) | $1,862.8 |
| Costs and expenses: | | | | | |
| Cost of sales | — | 900.5 | 743.6 | (277.8) | 1,366.3 |
| Engineering, selling and administrative expenses | 29.4 | 144.0 | 153.4 | — | 326.8 |
| Amortization expense | — | 14.8 | 2.8 | — | 17.6 |
| Restructuring expense | — | 1.4 | 1.6 | — | 3.0 |
| Other | — | 0.1 | — | — | 0.1 |
| Equity in (earnings) loss of subsidiaries | (71.6) | (11.0) | — | 82.6 | — |
| Total (earnings) and expenses | (42.2) | 1,049.8 | 901.4 | (195.2) | 1,713.8 |
| Operating earnings (loss) from continuing operations | 42.2 | 128.8 | 60.6 | (82.6) | 149.0 |
| Other income (expenses): | | | | | |
| Interest expense | (39.2) | (0.8) | (4.4) | — | (44.4) |
| Amortization of deferred financing fees | (2.3) | — | — | — | (2.3) |
| Loss on debt extinguishment | (25.3) | — | — | — | (25.3) |
| Management fee income (expense) | 31.0 | (35.6) | 4.6 | — | — |
| Other income (expense), net | 10.2 | (15.7) | 3.2 | — | (2.3) |
| Total other (expenses) income | (25.6) | (52.1) | 3.4 | — | (74.3) |
| Earnings (loss) from continuing operations before taxes on earnings | 16.6 | 76.7 | 64.0 | (82.6) | 74.7 |
| (Benefit) provision for taxes on earnings | (21.2) | 29.0 | 14.0 | — | 21.8 |
| Earnings (loss) from continuing operations | 37.8 | 47.7 | 50.0 | (82.6) | 52.9 |
| Discontinued operations: | | | | | |
| Loss from discontinued operations, net of income taxes | — | (0.4) | (0.9) | — | (1.3) |
| Loss on sale of discontinued operations, net of income taxes | — | — | (9.9) | — | (9.9) |
| Net earnings (loss) | 37.8 | 47.3 | 39.2 | (82.6) | 41.7 |
| Less: Net earnings attributable to noncontrolling interest | — | — | 3.9 | — | 3.9 |
| Net earnings (loss) attributable to Manitowoc | $37.8 | $47.3 | $35.3 | $(82.6) | $37.8 |
| Comprehensive income (loss) attributable to Manitowoc | $38.8 | $46.1 | $41.0 | $(87.1) | $38.8 |

The Manitowoc Company, Inc.
Condensed Consolidating Balance Sheet
as of June 30, 2015
(In millions)

| | Parent | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Consolidated |
|---|---|---|---|---|---|
| Assets | | | | | |
| Current Assets: | | | | | |
| Cash and cash equivalents | $3.9 | $6.8 | $57.0 | $— | $67.7 |
| Restricted cash | — | — | 20.2 | — | 20.2 |
| Accounts receivable — net | 0.2 | — | 260.4 | (9.6) | 251.0 |
| Intercompany short term note receivable | — | — | 160.2 | (160.2) | — |
| Intercompany interest receivable | 50.0 | 3.3 | — | (53.3) | — |
| Inventories — net | — | 371.6 | 371.8 | — | 743.4 |
| Deferred income taxes | 67.0 | — | 1.8 | — | 68.8 |
| Other current assets | 4.4 | 2.1 | 123.0 | — | 129.5 |
| Total current assets | 125.5 | 383.8 | 994.4 | (223.1) | 1,280.6 |
| Property, plant and equipment — net | 7.6 | 327.1 | 234.8 | — | 569.5 |
| Goodwill | — | 960.5 | 224.4 | — | 1,184.9 |
| Other intangible assets — net | — | 547.0 | 140.7 | — | 687.7 |
| Intercompany long-term receivable | 818.6 | 195.3 | 850.4 | (1,864.3) | — |
| Intercompany accounts receivable | — | 1,542.6 | 1,358.7 | (2,901.3) | — |
| Other non-current assets | 63.5 | 3.4 | 55.9 | — | 122.8 |
| Investment in affiliates | 5,061.7 | 3,649.3 | — | (8,711.0) | — |
| Total assets | $6,076.9 | $7,609.0 | $3,859.3 | $(13,699.7) | $3,845.5 |
| Liabilities and Equity | | | | | |
| Current Liabilities: | | | | | |
| Accounts payable and accrued expenses | $50.8 | $394.6 | $328.9 | $(9.6) | $764.7 |
| Short-term borrowings and current portion of long-term debt | 29.3 | 4.0 | 34.2 | — | 67.5 |
| Intercompany short term note payable | 160.2 | — | — | (160.2) | — |
| Intercompany interest payable | 3.3 | — | 50.0 | (53.3) | — |
| Product warranties | — | 43.0 | 30.6 | — | 73.6 |
| Customer advances | — | 20.0 | 18.9 | — | 38.9 |
| Product liabilities | — | 23.2 | 2.2 | — | 25.4 |
| Total current liabilities | 243.6 | 484.8 | 464.8 | (223.1) | 970.1 |
| Non-Current Liabilities: | | | | | |
| Long-term debt, less current portion | 1,519.1 | 23.0 | 19.3 | — | 1,561.4 |
| Deferred income taxes | 165.9 | — | 16.2 | — | 182.1 |
| Pension obligations | 128.3 | 7.1 | 1.9 | — | 137.3 |
| Postretirement health and other benefit obligations | 48.4 | 2.2 | 1.3 | — | 51.9 |
| Long-term deferred revenue | — | 10.0 | 26.3 | — | 36.3 |
| Intercompany long-term note payable | 191.0 | 815.9 | 857.4 | (1,864.3) | — |
| Intercompany accounts payable | 2,901.3 | — | — | (2,901.3) | — |

| | | | | | |
|---|---|---|---|---|---|
| Other non-current liabilities | 80.0 | 9.2 | 18.0 | — | 107.2 |
| Total non-current liabilities | 5,034.0 | 867.4 | 940.4 | (4,765.6 ) | 2,076.2 |
| Equity | | | | | |
| Total equity | 799.3 | 6,256.8 | 2,454.1 | (8,711.0 ) | 799.2 |
| Total liabilities and equity | $6,076.9 | $7,609.0 | $3,859.3 | $(13,699.7 ) | $3,845.5 |

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The Manitowoc Company, Inc.
Condensed Consolidating Balance Sheet
as of December 31, 2014
(In millions)

| | Parent | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Consolidated |
|---|---|---|---|---|---|
| Assets | | | | | |
| Current Assets: | | | | | |
| Cash and cash equivalents | $1.6 | $3.3 | $63.1 | $— | $68.0 |
| Restricted cash | 2.8 | — | 20.9 | — | 23.7 |
| Accounts receivable — net | 0.1 | — | 233.6 | (6.3) | 227.4 |
| Intercompany short term note receivable | — | — | 201.7 | (201.7) | — |
| Intercompany interest receivable | 41.5 | 3.2 | — | (44.7) | — |
| Inventories — net | — | 306.3 | 338.2 | — | 644.5 |
| Deferred income taxes | 67.1 | — | 4.2 | — | 71.3 |
| Other current assets | 3.6 | 6.7 | 140.9 | — | 151.2 |
| Current assets of discontinued operations | — | — | — | — | — |
| Total current assets | 116.7 | 319.5 | 1,002.6 | (252.7) | 1,186.1 |
| Property, plant and equipment — net | 7.7 | 325.8 | 257.5 | — | 591.0 |
| Goodwill | — | 960.5 | 237.6 | — | 1,198.1 |
| Other intangible assets — net | — | 561.6 | 153.1 | — | 714.7 |
| Intercompany long-term notes receivable | 892.5 | 195.3 | 851.3 | (1,939.1) | — |
| Intercompany accounts receivable | — | 1,619.7 | 796.8 | (2,416.5) | — |
| Other non-current assets | 66.7 | 3.1 | 56.9 | — | 126.7 |
| Long-term assets of discontinued operations | — | — | — | — | — |
| Investment in affiliates | 4,423.6 | 3,629.4 | — | (8,053.0) | — |
| Total assets | $5,507.2 | $7,614.9 | $3,355.8 | $(12,661.3) | $3,816.6 |
| Liabilities and Equity | | | | | |
| Current Liabilities: | | | | | |
| Accounts payable and accrued expenses | $27.1 | $420.8 | $365.8 | $(6.3) | $807.4 |
| Short-term borrowings and current portion of long-term debt | 24.1 | 2.8 | 53.4 | — | 80.3 |
| Intercompany short term note payable | 201.7 | — | — | (201.7) | — |
| Intercompany interest payable | 3.2 | — | 41.5 | (44.7) | — |
| Product warranties | — | 45.2 | 32.5 | — | 77.7 |
| Customer advances | — | 7.3 | 14.0 | — | 21.3 |
| Product liabilities | — | 22.1 | 2.5 | — | 24.6 |
| Current liabilities of discontinued operation | — | — | — | — | — |
| Total current liabilities | 256.1 | 498.2 | 509.7 | (252.7) | 1,011.3 |
| Non-Current Liabilities: | | | | | |
| Long-term debt, less current portion | 1,393.0 | 25.3 | 24.9 | — | 1,443.2 |
| Deferred income taxes | 165.2 | — | 21.0 | — | 186.2 |
| Pension obligations | 129.1 | 7.9 | 4.0 | — | 141.0 |
| Postretirement health and other benefit obligations | 49.5 | 2.1 | 1.5 | — | 53.1 |

| | | | | | |
|---|---|---|---|---|---|
| Long-term deferred revenue | — | 10.7 | 27.2 | — | 37.9 |
| Intercompany long-term note payable | 191.0 | 813.5 | 934.6 | (1,939.1 ) | — |
| Intercompany accounts payable | 2,416.5 | — | — | (2,416.5 ) | — |
| Other non-current liabilities | 82.7 | 11.5 | 25.6 | — | 119.8 |
| Long-term liabilities of discontinued operations | — | — | — | — | — |
| Total non-current liabilities | 4,427.0 | 871.0 | 1,038.8 | (4,355.6 ) | 1,981.2 |
| Equity | | | | | |
| Manitowoc stockholders' equity | 824.1 | 6,245.7 | 1,807.3 | (8,053.0 ) | 824.1 |
| Noncontrolling interest | — | — | — | — | — |
| Total equity | 824.1 | 6,245.7 | 1,807.3 | (8,053.0 ) | 824.1 |
| Total liabilities and equity | $5,507.2 | $7,614.9 | $3,355.8 | $(12,661.3 ) | $3,816.6 |

The Manitowoc Company, Inc.
Condensed Consolidating Statement of Cash Flows
For the Six Months Ended June 30, 2015
(In millions)

| | Parent | Subsidiary Guarantors | Non-Guarantor Subsidiaries | Eliminations | Consolidated |
|---|---|---|---|---|---|
| Net cash provided by (used for) operating activities of continuing operations | $34.8 | $(38.9) | $(0.2) | $(75.9) | $(80.2) |
| Cash used for operating activities of discontinued operations | — | — | — | — | — |
| Net cash provided (used for) by operating activities | 34.8 | (38.9) | (0.2) | (75.9) | (80.2) |
| Cash Flows from Investing: | | | | | |
| Capital expenditures | (0.4) | (16.1) | (12.7) | — | (29.2) |
| Proceeds from sale of property, plant and equipment | — | — | 5.1 | — | 5.1 |
| Restricted cash | 2.8 | — | 0.2 | — | 3.0 |
| Intercompany investments | (127.4) | 60.8 | 186.6 | (120.0) | — |
| Net cash (used for) provided by investing activities | (125.0) | 44.7 | 179.2 | (120) | (21.1) |
| Cash Flows from Financing: | | | | | |
| Proceeds on revolving credit facility—net | 142.0 | — | — | — | 142.0 |
| Payments on long-term debt | (11.6) | (1.0) | (22.2) | — | (34.8) |
| Proceeds from long-term debt | — | — | 1.8 | — | 1.8 |
| Payments on notes financing—net | — | — | (9.3) | — | (9.3) |
| Dividends paid | | — | (75.9) | 75.9 | — |
| Exercises of stock options | 3.9 | — | — | — | 3.9 |
| Intercompany financing | (41.8) | (1.3) | (76.9) | 120.0 | — |
| Net cash provided by (used for) financing activities of continuing operations | 92.5 | (2.3) | (182.5) | 195.9 | 103.6 |
| Net cash used for financing activities of discontinued operations | — | — | — | — | — |
| Net cash provided by (used for) financing activities | 92.5 | (2.3) | (182.5) | 195.9 | 103.6 |
| Effect of exchange rate changes on cash | — | — | (2.6) | — | (2.6) |
| Net increase (decrease) in cash and cash equivalents | 2.3 | 3.5 | (6.1) | — | (0.3) |
| Balance at beginning of period | 1.6 | 3.3 | 63.1 | — | 68.0 |
| Balance at end of period | $3.9 | $6.8 | $57.0 | $— | $67.7 |

The Manitowoc Company, Inc.
Condensed Consolidating Statement of Cash Flows
For the Six Months Ended June 30, 2014
(In millions)

| | Parent | Subsidiary Guarantors | Non-Guarantor Subsidiaries | Eliminations | Consolidated |
|---|---|---|---|---|---|
| Net cash (used for) provided by operating activities of continuing operations | $(110.9) | $28.3 | $(109.5) | $— | $(192.1) |
| Cash used for operating activities of discontinued operations | — | (0.4) | (6.7) | — | (7.1) |
| Net cash (used for) provided by operating activities | (110.9) | 27.9 | (116.2) | — | (199.2) |
| Cash Flows from Investing: | | | | | |
| Capital expenditures | (0.1) | (21.7) | (13.2) | — | (35.0) |
| Proceeds from sale of property, plant and equipment | — | — | 2.1 | — | 2.1 |
| Restricted cash | — | — | (13.2) | — | (13.2) |
| Intercompany investments | (100.3) | (14.0) | 179.8 | (65.5) | — |
| Net cash (used for) provided by investing activities of continuing operations | (100.4) | (35.7) | 155.5 | (65.5) | (46.1) |
| Net cash used for investing activities of discontinued operations | — | — | — | — | — |
| Net cash (used for) provided by investing activities | (100.4) | (35.7) | 155.5 | (65.5) | (46.1) |
| Cash Flows from Financing: | | | | | |
| Proceeds from revolving credit facility—net | 268.0 | — | — | — | 268.0 |
| Payments on long-term debt | (567.8) | (0.3) | (15.5) | — | (583.6) |
| Proceeds from long-term debt | 550.0 | 21.2 | 40.5 | — | 611.7 |
| Payments on notes financing—net | — | — | (12.6) | — | (12.6) |
| Debt issue costs | (4.9) | — | — | — | (4.9) |
| Exercises of stock options | 22.8 | — | — | — | 22.8 |
| Intercompany financing | (52.4) | (9.4) | (3.7) | 65.5 | — |
| Net cash provided by financing activities of continuing operations | 215.7 | 11.5 | 8.7 | 65.5 | 301.4 |
| Net cash used for financing activities of discontinued operations | — | — | (7.2) | — | (7.2) |
| Net cash provided by financing activities | 215.7 | 11.5 | 1.5 | 65.5 | 294.2 |
| Effect of exchange rate changes on cash | — | — | (0.3) | — | (0.3) |
| Net increase in cash and cash equivalents | 4.4 | 3.7 | 40.5 | — | 48.6 |
| Balance at beginning of period | 1.2 | 3.3 | 50.4 | — | 54.9 |
| Balance at end of period | $5.6 | $7.0 | $90.9 | $— | $103.5 |

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation
Results of Operations for the Three and Six Months Ended June 30, 2015 and 2014
Analysis of Net Sales
The following table presents net sales by business segment:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| (in millions) | 2015 | 2014 | 2015 | 2014 |
| Net sales: | | | | |
| Crane | $477.7 | $606.1 | $884.4 | $1,072.8 |
| Foodservice | 407.7 | 406.7 | 753.1 | 790.0 |
| Total net sales | $885.4 | $1,012.8 | $1,637.5 | $1,862.8 |

Consolidated net sales for the three months ended June 30, 2015 decreased 12.6% to $885.4 million from $1,012.8 million for the same period in 2014. Consolidated net sales for the six months ended June 30, 2015 decreased 12.1% to $1,637.5 million from $1,862.8 million for the same period in 2014.

Crane segment net sales decreased 21.2% for the three months ended June 30, 2015 to $477.7 million versus $606.1 million for the same period in 2014. Crane segment net sales decreased 17.6% for the six months ended June 30, 2015 to $884.4 million versus $1,072.8 million for the same period in 2014. The decrease in net sales for the three and six months ended June 30, 2015 was primarily due to volume decreases across all product lines, driven by weakness in the rough terrain and boom truck product lines in North America and Latin America, which were negatively impacted by depressed oil and gas markets. Crane segment net sales for the three and six months ended June 30, 2015 were unfavorably impacted by $44.3 million and $82.5 million, respectively, from the relative strength of the U.S. Dollar versus foreign currencies.

As of June 30, 2015, total Crane segment backlog was $731.0 million, a 5.1% decrease from the March 31, 2015 backlog of $770.0 million, and a 0.5% increase from the June 30, 2014 backlog of $727.6 million.

Net sales from the Foodservice segment for the three months ended June 30, 2015 increased 0.2% to $407.7 million versus $406.7 million for the comparable period in 2014. Net sales from the Foodservice segment for the six months ended June 30, 2015 decreased 4.7% to $753.1 million versus $790.0 million for the comparable period in 2014. Net sales in the comparative three-month period were essentially flat, with strong sales in the Americas offset by unfavorable foreign currency exchange rates and continued weakness in the Asia Pacific region due to reduced spending by large chains. The decrease in net sales for the six months ended June 30, 2015 was primarily due to reduced capital expenditures from large restaurant chains in the first quarter and the impact of two strong product rollouts that benefited the first quarter in the prior year. Foodservice segment sales for the three and six months ended June 30, 2015 were unfavorably impacted by $13.4 million and $29.5 million, respectively, from the relative strength of the U.S. Dollar versus foreign currencies.

Analysis of Operating Earnings

The following table presents operating earnings by business segment.

| (in millions) | Three Months Ended June 30, 2015 | 2014 | Six Months Ended June 30, 2015 | 2014 |
|---|---|---|---|---|
| Earnings from operations: | | | | |
| Crane | $26.2 | $54.4 | $35.9 | $77.0 |
| Foodservice | 63.6 | 65.9 | 96.6 | 123.8 |
| Corporate expense | (12.0) | (15.0) | (30.8) | (31.1) |
| Amortization expense | (8.6) | (8.8) | (17.2) | (17.6) |
| Restructuring expense | (0.1) | (1.0) | (1.2) | (3.0) |
| Separation expense | (8.3) | — | (9.8) | — |
| Other | (0.4) | (0.1) | (0.4) | (0.1) |
| Total | $60.4 | $95.4 | $73.1 | $149.0 |

Consolidated gross profit for the three months ended June 30, 2015 was $222.5 million, a decrease of $48.3 million compared to $270.8 million of consolidated gross profit for the same period in 2014. Consolidated gross profit for the six months ended June 30, 2015 was $405.0 million, a decrease of $91.5 million compared to $496.5 million of consolidated gross profit for the same period in 2014. The decrease in consolidated gross profit for the three months ended June 30, 2015 compared to the prior year period was driven by a 30.6% decrease in Crane segment gross profit and a 4.8% decrease in Foodservice segment gross profit. The decrease in consolidated gross profit for the six months ended June 30, 2015 compared to the prior year period was driven by a 26.6% decrease in Crane segment gross profit and an 11.3% decrease in Foodservice segment gross profit.

For the three months ended June 30, 2015 compared to the same period in 2014, the Crane segment gross profit decreased $41.8 million. For the six months ended June 30, 2015 compared to the same period in 2014, the Crane segment gross profit decreased $61.7 million. These decreases were primarily the result of the sales decreases noted previously, which also resulted in lower absorption. The decreases were partially offset by savings from purchasing and manufacturing cost savings intiatives.

For the three months ended June 30, 2015, the Foodservice segment gross profit decreased $6.5 million compared to the same period last year. For the six months ended June 30, 2015, the Foodservice segment gross profit decreased $29.8 million compared to the same period last year. The decrease in gross profit for the three months ended June 30, 2015 compared to the prior year period was primarily due to higher Kitchen Care costs. The decrease in gross profit for the six months ended June 30, 2015 was primarily due to the sales decrease noted previously, as well as Kitchen Care costs. The decreases were partially offset by savings from purchasing and manufacturing cost reduction initiatives.

For the three months ended June 30, 2015, engineering, selling and administrative ("ES&A") expenses decreased $20.8 million to $144.7 million versus $165.5 million for the three months ended June 30, 2014. For the six months ended June 30, 2015, ES&A expenses decreased $23.5 million to $303.3 million versus $326.8 million in the prior year period. Crane segment ES&A decreased $13.6 million and $20.6 million for the three and six months ended June 30, 2015, respectively, compared to prior year periods. The decrease in Crane segment ES&A for the three months ended June 30, 2015 compared to the prior year period was due primarily to lower wages and benefits. The decrease in Crane segment ES&A for the six months ended June 30, 2015 versus the prior year period was due to a decrease in trade show expenses as well as lower wages and benefits. Foodservice segment ES&A expenses decreased $4.2 million and $2.6 million for the three and six months ended June 30, 2015, respectively, compared to prior year periods primarily due to lower incentive-based compensation expense. Corporate ES&A expenses decreased $3.0 million and $0.3 million for the three and six months ended June 30, 2015, respectively, compared to prior year periods due to lower incentive-based compensation and stock-based compensation expense.

For the three months ended June 30, 2015, Crane segment operating earnings were $26.2 million compared to $54.4 million for the three months ended June 30, 2014. For the six months ended June 30, 2015, Crane segment operating earnings were $35.9 million compared to $77.0 million for the six months ended June 30, 2014. The decreases in operating earnings were primarily the result of the decreases in gross profit, partially offset by the decreases in ES&A described above. Crane segment operating earnings for the three and six months ended June 30, 2015 were unfavorably impacted by $2.6 million and $4.6 million, respectively, from the relative strength of the U.S. Dollar versus foreign currencies.

For the three months ended June 30, 2015, Foodservice segment operating earnings were $63.6 million compared to $65.9 million for the three months ended June 30, 2014. For the six months ended June 30, 2015, Foodservice operating earnings were $96.6 million compared to $123.8 million in the prior year period. The decreases in operating earnings were a result of the decreases in gross profit, partially offset by the decreases in ES&A described above. Foodserivce segment operating earnings for the three and six months ended June 30, 2015 were unfavorably impacted by $1.6 million and $2.5 million, respectively, from the relative strength of the U.S. Dollar versus foreign currencies.

Analysis of Non-Operating Income Statement Items

There was no loss on debt extinguishment in the six months ended June 30, 2015 or in three months ended June 30, 2014. The loss on debt extinguishment for the six months ended June 30, 2014 was $25.5 million, of which $23.3 million related to the February 2014 redemption of the 2018 Notes, which consisted of $19.0 million related to the redemption premium and $4.3 million related to the write-off of deferred financing fees. The remaining $2.0 million loss related to the write-off of deferred financing fees as a result of the January 2014 Prior Senior Credit Facility refinancing.

Interest expense for the three months ended June 30, 2015 was $24.4 million versus $25.1 million for the three months ended June 30, 2014 due to a lower average debt balance, offset by a higher average interest rate. Interest expense for the six months ended June 30, 2015 was $48.0 million versus $44.4 million for the six months ended June 30, 2014. The increase in interest expense for the six months ended June 30, 2015 compared to the prior year was a result of the monetization balance of $8.3 million being amortized as a reduction to interest expense during the first quarter of 2014 as a result of the redemption of the 2018 Notes during that period.  Amortization expense for deferred financing fees was $1.0 million for the three months ended June 30, 2015 compared to $1.1 million for the three months ended June 30, 2014. Amortization expense for deferred financing fees was $2.1 million for the six months ended June 30, 2015 compared to $2.3 million for the six months ended June 30, 2014. The decrease in amortization expense for the three and six months ended June 30, 2015 was related to the lower balance of deferred financing fees as a result of the redemption of the 2018 Notes and the company’s debt reduction efforts.

Other income (expense) for the three months ended June 30, 2015 was $2.9 million of income compared to $3.1 million of expense for the same period in 2014. Other income (expense) for the six months ended June 30, 2015 was $5.4 million of income compared to $2.3 million of expense for the same period in 2014. The increase in other income for the three and six months ended June 30, 2015 compared to the same periods in 2014 was primarily due to foreign currency translation.

For the three months ended June 30, 2015, the company recorded income tax expense of $14.7 million, compared to income tax expense of $19.2 million for the three months ended June 30, 2014. For the six months ended June 30, 2015, the company recorded income tax expense of $13.5 million, compared to income tax expense of $21.8 million for the six months ended June 30, 2014.  The decrease in the company’s tax expense for the three and six months ended June 30, 2015 relative to the prior year resulted primarily from a lower level of income, offset by income tax expense of $4.2 million due to recording a valuation allowance on the deferred tax assets of the company’s Brazilian crane manufacturing operations. The company’s effective tax rate varies from the U.S. federal statutory rate of 35% due to results of foreign operations that are subject to income taxes at different statutory rates.

Earnings (loss) from discontinued operations for the three months ended June 30, 2015 was $0.1 million compared to $(0.3) million for the same period in 2014. Activity in earnings (loss) from discontinued operations for the comparative three month periods relates to administrative costs for previously disposed of businesses. Loss from discontinued operations for the six months ended June 30, 2015 was $0.0 million compared to $1.3 million for the same period in 2014. The decrease in loss from discontinued operations for the six months ended June 30, 2015 compared to the same period in 2014 was primarily due to the disposal of Manitowoc Dong Yue in January 2014.

There was no loss on the sale of discontinued operations in six months ended June 30, 2015 or in the three months ended June 30, 2014. Loss on sale of discontinued operations was $9.9 million for the six months ended June 30, 2014 related to the sale of Manitowoc Dong Yue. For more information regarding the sale of Manitowoc Dong Yue business, see Note 2, “Discontinued Operations,” of the condensed consolidated financial statements.

Financial Condition

First Six Months of 2015

Cash and cash equivalents balance as of June 30, 2015 totaled $67.7 million, a decrease of $0.3 million from the December 31, 2014 balance of $68.0 million.

Cash flows used for operating activities of continuing operations for the first six months of 2015 were $80.2 million compared to cash flows used for continuing operations of $192.1 million for the first six months of 2014.  During the first six months of

2015 compared to the first six months of 2014, the decrease in cash flows used for continuing operations was primarily due to the timing of payments on accrued expenses and a decrease in income taxes paid.

Cash flows used for investing activities of $21.1 million for the first six months of 2015 consisted of capital expenditures of $29.2 million, with the majority of the capital expenditures related to equipment purchases for the Crane and Foodservice segments and the continued enterprise resource planning (“ERP”) system implementation in the Crane segment, offset by proceeds from sales of property, plant, and equipment and changes in restricted cash.

Cash flows provided by financing activities of $103.6 million for the first six months of 2015 consisted primarily of proceeds from the revolving credit facility.

First Six Months of 2014

Cash and cash equivalents balance as of June 30, 2014 totaled $103.5 million, an increase of $48.6 million from the December 31, 2013 balance of $54.9 million.

Cash flows used for operating activities of continuing operations for the first six months of 2014 were $192.1 million. During the first six months of 2014, cash flows used for continuing operations related to seasonal working capital requirements including unfavorable changes in the timing of accounts payable payments, as well as income taxes paid.

Cash flows used for investing activities of $46.1 million for the first six months of 2014 primarily consisted of capital expenditures of $35.0 million, with the majority of the capital expenditures related to equipment purchases for the Crane and Foodservice segments and the continued ERP system implementation in the Crane segment.

Cash flows provided by financing activities of $294.2 million for the first six months of 2014 consisted primarily of proceeds from the revolving credit facility.

Liquidity and Capital Resources

Outstanding debt as of June 30, 2015 and December 31, 2014 is summarized as follows:

| (in millions) | June 30, 2015 | December 31, 2014 |
|---|---|---|
| Revolving credit facility | $142.0 | $— |
| Term loan A | 325.9 | 336.9 |
| Term loan B | 168.5 | 168.5 |
| Senior notes due 2020 | 614.4 | 614.8 |
| Senior notes due 2022 | 297.7 | 296.9 |
| Other | 80.4 | 106.4 |
| Total debt | 1,628.9 | 1,523.5 |
| Less current portion and short-term borrowings | (67.5) | (80.3) |
| Long-term debt | $1,561.4 | $1,443.2 |

On January 3, 2014, the company entered into a $1,050.0 million Third Amended and Restated Credit Agreement (as amended, the “Senior Credit Facility”) with JPMorgan Chase Bank, N.A., as Administrative Agent, Deutsche Bank Securities Inc., Bank of America, N.A., Wells Fargo Bank, National Association, and SunTrust Bank as Syndication Agents, and The Bank of Tokyo-Mitsubishi UFJ, Ltd., BMO Harris Bank N.A., and Rabobank Nederland, New York Branch as Documentation Agents. The Senior Credit Facility, which replaced the Prior Senior Credit Facility (as defined below), includes three different loan facilities. The first is a revolving facility in the amount of $500.0 million, with a term of five years. The second facility is a Term Loan A in the aggregate amount of $350.0 million, with a term of five years. The third facility is a Term Loan B in the amount of $200.0 million, with a term of seven years.

Entry into the Senior Credit Facility resulted in a loss on debt extinguishment of $2.0 million related to the write-off of deferred financing fees.

The Senior Credit Facility replaced the company’s prior $1,250.0 million Second Amended and Restated Credit Agreement (the “Prior Senior Credit Facility”), which was entered on May 13, 2011. The Prior Senior Credit Facility included three different loan facilities. The first was a revolving facility in the amount of $500.0 million, with a term of five years. The second facility

was an amortizing Term Loan A facility in the aggregate amount of $350.0 million with a term of five years. The third facility was an amortizing Term Loan B facility in the amount of $400.0 million with a term of 6.5 years.
The company has the following two series of Senior Notes outstanding (collectively, the "Senior Notes"):
•5.875% Senior Notes due 2022 (the "2022 Notes"); original principal amount: $300.0 million
•8.50% Senior Notes due 2020 (the "2020 Notes"); original principal amount: $600.0 million
Interest on the 2022 Notes is payable semiannually in April and October of each year; interest on the 2020 Notes is payable semiannually in May and November of each year.
On February 18, 2014 the Company redeemed its 9.50% Senior Notes due 2018 (the "2018 Notes") for $419.0 million or 104.750%, expressed as a percentage of the principal amount. The redemption resulted in a loss on debt extinguishment of $23.3 million during the first quarter of 2014 and consisted of $19.0 million related to the redemption premium and $4.3 million related to the write-off of deferred financing fees. Previously monetized derivative assets related to fixed-to-float interest rate swaps were treated as an increase to the debt balance of the 2018 Notes and were being amortized to interest expense over the life of the original swap. As a result of the redemption, the remaining monetization balance of $8.3 million as of February 18, 2014 was amortized as a reduction to interest expense during the first quarter of 2014.
See additional discussion of the Senior Credit Facility and the Senior Notes in Note 8, "Debt," of the condensed consolidated financial statements.
As of June 30, 2015, the company had outstanding $80.4 million of other indebtedness that has a weighted-average interest rate of approximately 5.7%. This debt includes outstanding line of credit balances and capital lease obligations in the company's Americas, Asia-Pacific and European regions.
As of June 30, 2015, the company had outstanding $175.0 million notional amount of float-to-fixed interest rate swaps related to Term Loan A of the Senior Credit Facility. The interest rate swaps fix the interest related to $175.0 million notional amount of Term Loan A at a rate of 1.635%, plus the applicable spread based on the Consolidated Total Leverage Ratio of the company as defined under the Senior Credit Facility. The unhedged portions of Term Loans A and B continue to bear interest according to the terms of the Senior Credit Facility. Including interest rate swaps at June 30, 2015, the weighted average interest rates for the Term Loan A and the Term Loan B loans were 3.12% and 3.00%, respectively. Excluding interest rate swaps, the interest rates on Term Loan A and Term Loan B were 2.44% and 3.00% respectively, at June 30, 2015.
In April 2015, the company monetized the derivative liability related to $75.0 million notional amount of its fixed-to-float interest rate swaps related to the 2020 Notes and $45.0 million notional amount of its fixed-to-float interest rate swaps related to the 2022 Notes. The loss on the monetization of these swaps of $0.7 million was treated as a decrease to the debt balances for the 2020 Notes and 2022 Notes, and is being amortized against interest expense over the life of the original swaps.
As of June 30, 2015, $0.0 million and $80.0 million of the 2020 and 2022 Notes, respectively, were swapped to floating interest rates. Including the impact of these floating rate swaps, the 2022 Notes have an all-in interest rate of 5.46%.
As of June 30, 2015, the company was in compliance with all affirmative and negative covenants in its debt instruments inclusive of the financial covenants pertaining to the Senior Credit Facility, the 2020 Notes, and the 2022 Notes. Based upon current plans and outlook, the company believes it will be able to comply with these covenants during the subsequent 12 months. As of June 30, 2015 the company's Consolidated Senior Secured Leverage Ratio was 2.35:1, while the maximum ratio is 3.25:1, and the Consolidated Interest Coverage Ratio was 3.94:1, above the minimum ratio of 2.75:1.
On February 20, 2015, the company entered into Amendment No. 2 to the Third Amended and Restated Credit Agreement which reflects changes to the definition of Adjusted EBITDA under the agreement, retroactive to December 31, 2014. The company defines Adjusted EBITDA as earnings before interest, taxes, depreciation, and amortization, plus certain items such as pro-forma acquisition results and the addback of extraordinary or non-recurring non-cash charges or benefits, certain restructuring and recapitalization charges (limited to $50.0 million during any period of twelve consecutive months), stock-based compensation and pension and post-retirement expenses that are adjustments under the credit agreement definition. The company's trailing twelve-month Adjusted

EBITDA for covenant compliance purposes as of June 30, 2015 was $369.9 million. The company believes this non-GAAP measure is useful to the reader in order to understand the basis for the company’s debt covenant calculations. The reconciliation of net earnings attributable to the company to Adjusted EBITDA for the trailing twelve months ended June 30, 2015 was as follows:

| (in millions) | Trailing Twelve Months, June 30, 2015 |
|---|---|
| Net earnings attributable to Manitowoc | $121.6 |
| Loss from discontinued operations | 0.1 |
| Loss on sale of discontinued operations | 1.1 |
| Depreciation and amortization | 104.2 |
| Interest expense and amortization of deferred financing fees | 101.8 |
| Costs due to early extinguishment of debt | 0.2 |
| Restructuring expense | 7.2 |
| Separation expense | 9.8 |
| Income taxes | 0.3 |
| Pension and post-retirement | 13.1 |
| Stock-based compensation | 11.7 |
| Other | (1.2) |
| Adjusted EBITDA | $369.9 |

The company maintains an accounts receivable securitization program with a commitment size of $185.0 million, whereby transactions under the program are accounted for as sales in accordance with ASC Topic 860, "Transfers and Servicing." Sales of trade receivables under the program are reflected as a reduction of accounts receivable in the accompanying Condensed Consolidated Balance Sheets and the proceeds received, including collections on the deferred purchase price notes, are included in cash flows from operating activities in the accompanying Condensed Consolidated Statements of Cash Flows. See Note 9, "Accounts Receivable Securitization," of the condensed consolidated financial statements for further details regarding the program.

The company's liquidity position at June 30, 2015 and December 31, 2014 is summarized as follows:

| (in millions) | June 30, 2015 | December 31, 2014 |
|---|---|---|
| Cash and cash equivalents | $67.7 | $68.0 |
| Revolver borrowing capacity | 500.0 | 500.0 |
| Less: Borrowings on revolver | (142.0) | — |
| Less: Outstanding letters of credit | (6.4) | (5.4) |
| Total liquidity | $419.3 | $562.6 |

The company believes its liquidity and expected cash flows from operations should be sufficient to meet expected working capital, capital expenditure and other general ongoing operational needs.

The revolving facility under the Senior Credit Facility has a maximum borrowing capacity of $500.0 million and expires in January 2019. As of June 30, 2015, the company had $142.0 million of borrowings outstanding under the revolving facility. During the quarter ended June 30, 2015, the highest daily borrowing was $378.0 million and the average borrowing was $336.9 million, while the average interest rate was 2.51% per annum. The interest rate fluctuates based upon LIBOR or a Prime rate plus a spread, which is based upon the Consolidated Total Leverage Ratio of the company. As of June 30, 2015, the spreads for LIBOR and Prime borrowings were 2.25% and 1.25%, respectively, given the company's effective Consolidated Total Leverage Ratio for this period.

The company has not provided for additional U.S. income taxes on approximately $689.0 million of undistributed earnings of consolidated non-U.S. subsidiaries included in stockholders' equity. Such earnings could become taxable upon sale or liquidation of these non-U.S. subsidiaries or upon dividend repatriation of cash balances. It is not practicable to estimate the amount of the unrecognized tax liability on such earnings. At June 30, 2015, approximately $44.3 million of the company's total cash and cash equivalents were held by its foreign subsidiaries. This cash is associated with earnings that the company has asserted are permanently reinvested. The company has no current plans to repatriate cash or cash equivalents held by its foreign subsidiaries because it plans to reinvest such cash and cash equivalents to support its operations and continued growth plans outside the U.S. through the funding of capital expenditures, acquisitions, research, operating expenses or other similar cash needs of these operations. Further, the company does not currently forecast a need for these funds in the U.S. because its U.S. operations and debt service are supported by the cash generated by its U.S. operations.

Critical Accounting Policies
Our critical accounting policies have not materially changed since the 2014 Form 10-K was filed.
Cautionary Statements about Forward-Looking Information
Statements in this report and in other company communications that are not historical facts are forward-looking statements, which are based upon our current expectations, within the meaning of the Private Securities Litigation Reform Act of 1995.
These statements involve risks and uncertainties that could cause actual results to differ materially from what appears within this quarterly report.
Forward-looking statements include descriptions of plans and objectives for future operations, and the assumptions behind those plans. The words “anticipates,” “believes,” “intends,” “estimates,” “targets” and “expects,” or similar expressions usually identify forward-looking statements. Any and all projections of future performance are forward-looking statements.
In addition to the assumptions, uncertainties, and other information referred to specifically in the forward-looking statements, a number of factors relating to each business segment could cause actual results to be significantly different from what is presented in this quarterly report. Those factors include, without limitation, the following:
Crane - cyclicality of the construction industry; the effects of government spending on construction-related projects throughout the world; unanticipated changes in global demand for high-capacity lifting equipment; changes in demand for lifting equipment in emerging economies; the replacement cycle of technologically obsolete cranes; crude oil prices; and demand for used equipment.
Foodservice - weather; global expansion of customers; commercial ice-cube machine and other foodservice equipment replacement cycles in the United States and other mature markets; changes in capital expenditures, refresh/renovation, and growth plans by large national restaurant accounts and global chains; growth in demand for foodservice equipment by customers in emerging markets; demand for quick service restaurants (QSR) chains and kiosks; unexpected issues and costs related to the launch and ongoing operations of KitchenCare; and unexpected issues associated with the Company’s ability to identify and implement greater efficiencies throughout the foodservice segment during the year.
Corporate (including factors that may affect both of our segments) - possible negative effects on the company’s business operations, assets, or financial results as a result of the planned separation of the company into two independent publicly-traded companies or any related transaction; changes in laws and regulations, as well as their enforcement, throughout the world; the ability to complete and appropriately integrate, and/or transition, restructure and consolidate acquisitions, divestitures, strategic alliances, joint ventures and other strategic alternatives; in connection with acquisitions, divestitures, strategic alliances and joint ventures, the finalization of the price and other terms, the realization of contingencies consistent with any established reserves, and unanticipated issues associated with transitional services; realization of anticipated earnings enhancements, cost savings, strategic options and other synergies, and the anticipated timing to realize those savings, synergies, and options; the successful development of innovative products and market acceptance of new and innovative products; the ability to focus and capitalize on product quality and reliability; issues relating to the ability to timely and efficiently execute on manufacturing strategies, including issues relating to new plant start-ups, plant closings, and/or consolidations of existing facilities and operations; efficiencies and capacity utilization of facilities; actions of competitors, including competitive pricing; availability of certain raw materials; changes in raw materials and commodity prices; unexpected issues associated with the quality of materials and components sourced from third parties and resolution of those issues; matters impacting the successful and timely implementation of ERP systems; changes in domestic and international economic and industry conditions, including steel industry conditions and the price of oil; changes in the markets we serve; unexpected issues associated with the availability of local suppliers and skilled labor; changes in the interest rate environment; unanticipated changes in capital and financial markets; risks associated with growth; foreign currency fluctuations and their impact on reported results and hedges in place; world-wide political risk; geographic factors and economic risks; pressure of financing leverage; unanticipated changes in revenue, margins, costs and capital expenditures; work stoppages, labor negotiations, rates and temporary labor; issues associated with workforce

reductions and subsequent ramp-up; growth of general and administrative expenses, including health care and postretirement costs (resulting from, among other matters, U.S. health care legislation and reforms); unanticipated changes in consumer spending; the ability of our customers to obtain financing; the state of financial and credit markets; the ability to generate cash and manage working capital consistent with our stated goals; non-compliance with debt covenants; unexpected issues affecting the effective tax rate for the year; unanticipated issues associated with the resolution or settlement of uncertain tax positions; unfavorable resolution of tax audits; unanticipated changes in customer demand; the ability to increase operational efficiencies across each of the company's business segments and capitalize on those efficiencies; the ability to capitalize on key strategic opportunities; actions of activist shareholders; risks associated with data security and technological systems and protections; natural disasters disrupting commerce in one or more regions of the world; acts of terrorism; government approval and funding of projects; and other events outside our control.

Item 3. Quantitative and Qualitative Disclosure about Market Risk

The company's market risk disclosures have not materially changed since the 2014 Form 10-K was filed. The company's quantitative and qualitative disclosures about market risk are incorporated by reference from Part II, Item 7A of the company's Annual Report on Form 10-K, for the year ended December 31, 2014.

Item 4. Controls and Procedures

Disclosure Controls and Procedures: The company's management, with the participation of the company's Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act")) as of the end of the period covered by this report. Based on such evaluation, the company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the company's disclosure controls and procedures are effective in recording, processing, summarizing, and reporting, on a timely basis, information required to be disclosed by the company in the reports that it files or submits under the Exchange Act, and that such information is accumulated and communicated to the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely discussions regarding required disclosure.

Changes in Internal Control Over Financial Reporting: Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). During the period covered by this report, we made no changes that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1A. Risk Factors

The company's risk factors disclosures have not materially changed since the 2014 Form 10-K was filed. The company's risk factors are incorporated by reference from Part I, Item 1A of the company's Annual Report on Form 10-K for the year ended December 31, 2014.

Item 6. Exhibits

(a) Exhibits: See exhibit index following the signature page of this Report, which is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

| | |
|---|---|
| Date: August 7, 2015 | The Manitowoc Company, Inc.<br>(Registrant) |
| | /s/ Glen E. Tellock<br>Glen E. Tellock<br>Chairman and Chief Executive Officer |
| | /s/ Carl J. Laurino<br>Carl J. Laurino<br>Senior Vice President and Chief Financial Officer |

THE MANITOWOC COMPANY, INC.
EXHIBIT INDEX
TO FORM 10-Q
FOR QUARTERLY PERIOD ENDED
June 30, 2015

| Exhibit No. | Description | Filed/Furnished Herewith | |
|---|---|---|---|
| 10.1 | Employment Agreement, dated as of July 28, 2015, by and between Hubertus M. Muehlhaeuser and The Manitowoc Company, Inc. (filed as Exhibit 10.1 to the Company’s Current Report on Form 8-K dated July 28, 2015, and incorporated herein by reference) | | |
| 31 | Rule 13a - 14(a)/15d - 14(a) Certifications | X | (1) |
| 32.1 | Certification of CEO pursuant to 18 U.S.C. Section 1350 | X | (2) |
| 32.2 | Certification of CFO pursuant to 18 U.S.C. Section 1350 | X | (2) |
| 101 | The following materials from the Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 formatted in Extensible Business Reporting Language (XBRL): (i) the Condensed Consolidated Statements of Operations, (ii) the Condensed Consolidated Statements of Comprehensive Income, (iii) the Condensed Consolidated Balance Sheets, (iv) the Condensed Consolidated Statements of Cash Flows and (v) related notes. | X | (1) |

(1) Filed Herewith
(2) Furnished Herewith