

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549



FORM 10-K

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

For the fiscal year ended December 31, 2003

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

For the transition period from to

Commission File Number
1-11978

The Manitowoc Company, Inc.

(Exact name of registrant as specified in its charter)

Wisconsin
(State or other jurisdiction
of incorporation)

39-0448110
(I.R.S. Employer
Identification Number)

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

54221-0066
(Zip Code)

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

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

Common Stock, \$.01 Par Value
(Title of Each Class)
Common Stock Purchase Rights

New York Stock Exchange
(Name of Each Exchange on Which Registered)

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

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 preceeding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes No

The Aggregate Market Value on June 30, 2003, of the registrant's Common Stock held by non-affiliates of the registrant was \$581,443,342 based on the closing per share price of \$22.01 on that date.

The number of shares outstanding of the registrant's Common Stock as of February 25, 2004 the record date for determining shareholders entitled to vote at the Annual Meeting as well as the most recent practicable date, was 26,702,306.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement, to be prepared and filed for the Annual Meeting of Shareholders, dated April 1, 2004 (the "2004 Proxy Statement"), are incorporated by reference in Part III of this report.

See Index to Exhibits.



PART I

Item 1. Business

GENERAL

Founded in 1902, we are a diversified industrial manufacturer with leading positions in our three principal markets: Cranes and Related Products (Crane), Foodservice Equipment (Foodservice) and Marine. We have over a 100-year tradition of providing high-quality, customer-focused products and support services to our markets worldwide. For the year ended December 31, 2003 we had net sales of \$1.6 billion.

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

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

Our Marine segment provides new construction, shiprepair and maintenance services for freshwater and saltwater vessels from four shipyards on the U.S. Great Lakes. Marine is also a provider of Great Lakes and oceangoing mid-sized commercial, research and military vessels. Marine serves the Great Lakes maritime market consisting of both U.S. and Canadian fleets, inland waterway operations, and ocean going vessels that transit the Great Lakes and St. Lawrence Seaway.

Our principal executive offices are located at 2400 South 44th Street, Manitowoc, Wisconsin 54221-0066.

FINANCIAL INFORMATION ABOUT BUSINESS SEGMENTS

The following is financial information about the Crane, Foodservice and Marine segments for the years ended December 31, 2003, 2002 and 2001. The accounting policies of the segments are the same as those described in the summary of significant accounting policies of the Notes to the Consolidated Financial Statements included in Item 8 of this Form 10-K, except that certain expenses are not allocated to the segments. These unallocated expenses are corporate overhead, amortization expense of intangible assets with definite lives, interest expense, curtailment gain, and income taxes. The company evaluates segment performance based upon profit and loss before the aforementioned expenses. Restructuring costs separately identified in the Consolidated Statement of Earnings are included as reductions to the respective segment's operating earnings for each year below.

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Net sales from continuing operations:			
Crane	\$ 985,138	\$ 681,040	\$ 391,109
Foodservice	457,000	462,906	411,637
Marine	151,048	219,457	181,677
Total	<u>\$ 1,593,186</u>	<u>\$ 1,363,403</u>	<u>\$ 984,423</u>
Operating earnings from continuing operations:			
Crane	\$ 25,093	\$ 55,235	\$ 62,654
Foodservice	65,927	56,749	57,942
Marine	4,750	19,934	18,924
Corporate	(19,210)	(15,171)	(11,961)
Amortization expense	(2,919)	(2,001)	(11,074)
Curtailment gain	12,897	—	—
Operating earnings from continuing operations	<u>\$ 86,538</u>	<u>\$ 114,746</u>	<u>\$ 116,485</u>
Capital expenditures			
Crane	\$ 25,028	\$ 19,116	\$ 17,032
Foodservice	5,005	4,107	7,307
Marine	735	1,490	2,908
Corporate	1,209	8,283	1,857
Total	<u>\$ 31,977</u>	<u>\$ 32,996</u>	<u>\$ 29,104</u>
Total assets:			
Crane	\$ 1,094,183	\$ 1,022,771	\$ 577,920
Foodservice	290,586	320,840	368,363
Marine	91,519	93,983	77,291
Corporate	126,293	139,529	57,238
Total	<u>\$ 1,602,581</u>	<u>\$ 1,577,123</u>	<u>\$ 1,080,812</u>

PRODUCTS AND SERVICES

We sell our products categorized in the following business segments:

Business Segment	Percentage of 2003 Net Sales	Key Products	Key Brands
Cranes and Related Products	61.8%	Lattice Boom Cranes: which include crawler and truck mounted lattice-boom cranes; Tower Cranes: which include luffing, topless, hammer head, and self erecting tower cranes; Mobile Telescopic Cranes: including rough terrain cranes, all-terrain cranes, truck mounted cranes and industrial cranes; Mountable Telescopic Cranes: which include telescopic boom trucks and articulated boom cranes; Parts and Service: which include replacement parts, crane rebuilding and remanufacturing services.	Manitowoc Potain Grove National
Foodservice Equipment	28.7%	Commercial ice-cube machines, ice flakers, and storage bins; ice/beverage dispensers; long-draw soft-drink and beer dispensing systems; walk-in refrigerators and freezers; reach-in refrigerators and freezers; refrigerated under-counters and food prep tables; private label residential refrigerator/freezers; post-mix beverage dispensing valves; cast aluminum cold plates; compressor racks and modular refrigeration systems; backroom beverage equipment distribution services.	Manitowoc SerVend Multiplex Kolpak Harford-Duracool McCall Koolaire Flomatic Icetric
Marine	9.5%	New construction services for commercial, government, military, and research vessels of all varieties, including United States Coast Guard cutters, ice breakers, ferries, patrol boats, self-unloading bulk carriers, double-hull tank barges, integrated tug/barges and dredges; inspection, maintenance and repair of freshwater and saltwater vessels; also provides industrial repair and maintenance services for refineries, power plants and heavy industrials.	

Cranes and Related Products

Our Crane segment designs and manufactures a diversified line of crawler and truck mounted lattice-boom cranes, which we sell under the “Manitowoc” name for use by the energy, petrochemical, construction, mining, pulp and paper and other industries. Our Crane segment also designs and manufactures a diversified line of top slewing and self erecting tower cranes, which we sell under the “Potain” name, for use in construction and other industries primarily in the Americas, Europe, Middle East, Africa, and Asia. We also design and manufacture mobile telescopic cranes used in commercial and industrial applications, which we sell and market under the “Grove” name in the Americas, Europe, Middle East, Africa, and Asia. We design and manufacture a comprehensive line of hydraulically powered telescopic and articulated boom trucks, which we sell under the “National” brand name utilized by contractors engaged in the industrial, commercial, public works and residential construction, railroad and oil field service industries. We specialize in crane rebuilding and remanufacturing services. Many of our customers purchase one crane together with several attachments to permit use of the crane in a broader range of lifting applications and other operations. Various crane models combined with available options have lifting capacities up to 1,433 U.S. tons and excavating capacities ranging from 3 to 15 cubic yards. During 2003, we formed an alliance with Kobelco Construction Machinery Company, a large Japanese construction equipment manufacturer.

Lattice-boom Cranes. Under the Manitowoc brand name we design and manufacture lattice-boom crawler cranes. Lattice-boom cranes consist of a lattice-boom, which is a fabricated, high-strength steel structure that has four chords and tubular lacings, mounted on a base which is either crawler or truck mounted. Lattice-boom cranes weigh less and provide higher lifting capacities than a telescopic boom of similar length. The lattice-boom sections, together with the crane base, are transported to and erected at a project site.

We currently offer twelve models of lattice-boom cranes with lifting capacities ranging from approximately 80 to 1,433 tons, which are used to lift material and equipment in a wide variety of applications and end markets, including heavy construction, bridge and highway, duty cycle and infrastructure and energy related projects. These cranes are also used by the crane rental industry, which serves all of the above industries.

Lattice-boom crawler cranes may be classified according to their lift capacity—low capacity and high capacity. Low capacity crawler cranes with 150-ton capacity or less are often utilized for general construction and duty cycle applications. We offer four models in this crane category: the Model 111, an 80-ton capacity, self erecting crawler crane; the Model 222, a 100-ton capacity, self erecting crawler crane; the Model 1015, a 120-ton capacity, self erecting foundation crane; and the Model 555, a 150-ton capacity, lift crane.

High capacity crawler cranes with greater than 150-ton capacity are utilized to lift materials in a wide variety of applications and are often utilized in heavy construction, energy-related, stadium construction, petrochemical work, and dockside applications. We offer six high-capacity models: the Model 777, a 200-ton capacity, self erecting crawler crane; the Model 888, a 230-ton capacity, self erecting crawler crane; the Model 999, a 275-ton capacity, self erecting crawler crane; the Model 2250, a 300-ton capacity, self erecting crawler crane; the Model 18000, a 660-ton capacity liftcrane; and the Model 21000, a 1,000-ton capacity liftcrane.

We also manufacture two lattice-boom, self erecting truck cranes: the M-2250T, a 300-ton capacity crane and the Model 777T, a 220-ton capacity crane. These cranes serve the same markets as our high capacity crawler cranes. They differ from their crawler counterparts only in that they are mounted on a truck rather than a crawler and can travel at highway speeds.

Crawler Crane Attachments. Manitowoc Cranes offers customers various attachments that provide our cranes with greater capacity in terms of height, movement and lifting. Our principal attachments are: MAX-ER™ attachment, luffing jibs, tower attachments and RINGER™ attachments. The MAX-ER™ is a trailing, counterweight, heavy-lift attachment that dramatically improves the reach, capacity and lift dynamics of the basic crane to which it is mounted. It can be transferred between cranes of the same model for maximum economy and occupies less space than competitive heavy-lift systems. A luffing jib is a fabricated structure similar to, but smaller than, a lattice-boom. Mounted at the tip of a lattice-boom, a luffing jib easily adjusts its angle of operation permitting one crane with a luffing jib to make lifts at additional locations on the project site. It can be transferred between cranes of the same model to maximize utilization. A RINGER™ attachment is a high-capacity lift attachment that distributes load reactions over a large area to minimize ground-bearing pressure. It can also be more economical than transporting and setting up a larger crane.

Tower Cranes. Under the Potain brand name we designs and manufactures tower cranes utilized primarily in the building and construction industry. Tower cranes offer the ability to lift and place material more quickly and accurately than other types of lifting machinery without utilizing substantial square footage on the ground. Tower cranes include a stationary vertical tower and a horizontal jib with a counterweight, which is placed near the top of the vertical tower. A load carrying cable runs through a trolley which is on the jib, enabling the load to move along the jib. The jib rotates 360 degrees, which compensates for the crane's inability to move, thus increasing the crane's work area. Operators are primarily located where the jib and tower meet, which provides superior visibility above the worksite. We offer a complete line of tower crane products, including top slewing, luffing jib, topless, self erecting, and special cranes for dams, harbors and other large building projects. Top slewing cranes are the most traditional form of tower cranes.

Top slewing tower cranes have a tower and multi-sectioned horizontal jib. Suspension cables supporting the jib extend from the tower. These cranes rotate from the top of their mast and can increase in height with the project. Top slewing cranes are transported in separate pieces and assembled at the construction site in one to three days depending on the height. We offers over 50 models of top slewing tower cranes with lifting capabilities ranging between 40 and 2,000 meter-tons. These cranes are generally sold to large building and construction groups, as well as rental companies.

Luffing jib tower cranes, which are a type of top slewing crane, have an angled rather than horizontal jib. Unlike other tower cranes which have a trolley that controls the lateral movement of the load, luffing jib cranes move their load by changing the angle of the jib. These cranes are transported in separate pieces and assembled at the construction site in one to three days depending on the height. The cranes are utilized primarily in urban areas where space is constrained or in situations where several cranes are installed close together. We currently offers 11 models of luffing jib tower cranes with maximum jib lengths of 23 meters.

Self erecting tower cranes are generally trailer-mounted and unfold from four sections, two for the tower and two for the jib. The smallest of Potain's models unfolds in less than 8 minutes; larger models erect in a few hours. Self erecting cranes rotate from the bottom of their mast. We offers 26 models of self erecting cranes with lifting capacities ranging between 10 and 80 meter-tons which are utilized primarily in light construction and residential applications.

Mobile Telescopic Cranes. Under the Grove brand name we designs and manufactures 24 models of mobile telescopic cranes utilized primarily in industrial, commercial and construction applications, as well as in maintenance applications to lift and move material at job sites. Mobile telescopic cranes consist of a telescopic boom mounted on a wheeled carrier. Mobile telescopic cranes are similar to lattice-boom cranes in that they are designed to lift heavy loads using a mobile carrier as a platform, enabling the crane to move on and around a job site without typically having to re-erect the crane for each particular job.

Additionally, many mobile telescopic cranes have the ability to drive between sites, while some are even permitted on public roadways. We currently offer the following four types of mobile telescopic cranes capable of reaching tip heights of 410 feet and lifting capacities up to 550 tons: (i) rough terrain, (ii) all-terrain, (iii) truck mounted, and (iv) industrial.

Rough terrain cranes are designed to lift materials and equipment on rough or uneven terrain. These cranes cannot be driven on highways, and, accordingly, must be transported by truck to a work site. We produce under the Grove brand name 8 models of rough terrain cranes capable of tip heights of up to 237 feet and maximum load capacities of up to 130 tons.

All-terrain cranes are versatile cranes designed to lift materials and equipment on rough or uneven terrain and yet are highly maneuverable and capable of highway speeds. We produce under the Grove brand name 9 models of all-terrain cranes capable of tip heights of up to 410 feet and maximum load capacities of up to 550 tons.

Truck mounted cranes are designed to provide simple set-up and long reach high capacity booms and are capable of traveling from site to site at highway speeds. These cranes are suitable for urban and suburban uses. We produce under the Grove brand name 3 models of truck mounted cranes capable of tip heights of up to 237 feet and maximum load capacities of up to 90 tons.

Industrial cranes are designed primarily for plant maintenance, storage yard and material handling jobs. We produce under the Grove brand name 4 models of industrial cranes capable of tip heights of up to 74 feet and maximum load capacities of up to 15 tons.

Boom Trucks. After the divestiture of Manitowoc Boom Trucks, Inc. in 2002, we currently offer our hydraulic and articulated boom truck products under the National Crane product line. A boom truck is a hydraulically powered telescopic crane or articulated crane mounted on a truck chassis. Telescopic cranes are used primarily for lifting material and personnel on a job site, while articulated cranes are utilized primarily to load and unload truck beds at a job site. We currently offer 12 models of telescoping and 14 models of articulating cranes capable of reaching maximum heights of 175 feet and with lifting capacity up to 40 tons.

Backlog. The year-end backlog of crane products includes orders that have been placed on a production schedule, and those orders that we have accepted and that we expect to be shipped and billed during the next year. Manitowoc's backlog of unfilled orders for Cranes and Related Products at December 31, 2003 approximated \$220.7 million, as compared with \$133.8 million at December 31, 2002.

Foodservice Equipment

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

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

Our subsidiary Manitowoc Ice Inc. manufactures 22 models of commercial ice machines, serving the foodservice, convenience store, healthcare, restaurant and lodging markets. Our ice machines make ice in cube and flake form, and range in daily production capacities from 45 to 2,000 pounds.

The ice cube machines are either self-contained units, which make and store ice, or modular units, which make, but do not store, ice. We offer the world's only commercial ice making machines with patented cleaning and sanitizing technology. This feature eliminates the downtime and labor costs associated with periodic cleaning of the water distribution system. All units feature patented technology with environmentally friendly hydrofluorocarbon refrigerants. We also manufacture the patented QuietQube ice cube machines, which feature CVD, or cool vapor defrost, technology, operate heat-free, are 75% quieter than non-CVD units and produce more ice in a smaller footprint. These QuietQube machines are ideally suited for use in new restaurants, which often feature more open designs, and for use with the self-service beverage systems increasingly found in quick service restaurants and convenience stores. Our ice machines are sold throughout North America, Europe and Asia.

Walk-in Refrigerators and Freezers. We manufacture under the brand names Kolpak and Harford-Duracool modular and fully assembled walk-in refrigerators, coolers and freezers for restaurants, institutions, commissaries and convenience stores. Walk-in refrigerators and freezers are large, insulated storage spaces fitted with refrigeration systems. Most walk-ins are custom-made from modular insulated panels constructed with steel or aluminum exteriors and foamed-in-place urethane insulation. Refrigerator/blower units are installed in order to maintain an even temperature throughout the refrigerated space. Walk-ins come in many models with various types of doors, interior shelving, and viewing windows. Units range in size from 200 to 60,000 cubic feet. We also produce a complete line of express or pre-assembled walk-ins.

Reach-in Refrigerators and Freezers. Reach-in refrigerators and freezers are typically constructed from stainless steel and have a thick layer of insulation in the walls, doors and floor. The cabinets have one to three doors, made of either glass or steel, and come in a variety of sizes with storage capabilities up to 72 cubic feet. Although reach-ins resemble household refrigerators, commercial versions utilize few plastic parts, incorporate larger compressor units and do not usually combine refrigerator and freezer compartments in the same unit. These design features stem from the needs of end-users and heavy duty usage of most reach-ins. For example, in contrast to the typical household refrigerator, commercial reach-ins may be opened and closed hundreds of times per day, placing mechanical strain on the structure and greatly increasing the cooling load on the refrigeration system. We produce under our McCall and Koolaire brands over 60 self-contained upright and under-counter refrigeration equipment units, including a full line of reach-ins and refrigerated food preparation equipment for restaurants, institutions and commissaries. We make over 50 standard models of reach-ins plus custom-built units.

Dispensers and Products. Our subsidiary Manitowoc Beverage Equipment Inc. produces ice-cube dispensers, beverage dispensers, ice/beverage dispensers, post-mix dispensing valves and cast aluminum cold plates and related equipment for use by quick service restaurants, convenience stores, bottling operations, movie theaters, and the soft-drink industry. Ice cube dispensers come in the form of floor and countertop models with storage capacities ranging from 45 to 310 pounds, while ice/beverage dispensers include traditional combination ice/beverage dispensers, drop-in dispensers and electric countertop units. Dispensing systems are manufactured for the dispensing of soda, water and beer. Soda systems include remote systems that produce cold carbonated water and chill incoming water and syrup prior to delivery to dispensing towers. Beer systems offer technically advanced remote beer delivery systems which are superior by design, allow increased yields, provide better under-bar space utilization and allow multiple stations to operate from one central unit.

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

Backlog. The backlog for unfilled orders for our Foodservice segment at December 31, 2003 and 2002 was not significant because orders are generally filled within 24 to 48 hours.

Marine

We operate four shipyards located in Sturgeon Bay, Wisconsin; Marinette, Wisconsin; Toledo, Ohio; and Cleveland, Ohio. Our Marinette facility is a leading builder of mid-sized commercial, research and military vessels in the U.S. Marinette Marine operates one of the largest shipyards in the Great Lakes and offers complete in-house capabilities for all shipbuilding disciplines. Our shipyard in Sturgeon Bay consists of approximately 55 acres of waterfront property. Four of those acres, which connect two operating areas of the shipyard, are leased under a long term ground lease. Our Sturgeon Bay facilities include approximately 295,000 square feet of enclosed manufacturing and office space, a 140-foot by 1,158-foot graving dock, a 250-foot graving dock, and a 600-foot, 7,000-ton, floating dry-dock. We also lease shipyard facilities at Toledo and Cleveland for our Marine segment. These facilities include waterfront land, buildings, and 800-foot and 550-foot graving docks.

The year-end backlog for our Marine segment includes new project work to be completed over a series of years and repair and maintenance work presently scheduled which will be completed in the next year. At December 31, 2003, the backlog for our Marine segment approximated \$338 million, compared to \$189 million one year ago. The backlog is primarily made up of new vessel construction projects and does not include options for additional vessels yet to be awarded.

Raw Materials and Supplies

The primary raw material that we use is structural and rolled steel, which is purchased from various domestic and international sources. We also purchase engines and electrical equipment and other semi- and fully-processed materials. Our policy is to maintain, wherever possible, alternate sources of supply for our important materials and parts. We maintain inventories of steel and other purchased material. We have been successful in our goal to maintain alternative sources of raw materials and supplies, and therefore are not dependent on a single source for any particular raw material or supply.

Patents, Trademarks, and Licenses

We hold in excess of 300 patents pertaining to our Crane and Foodservice products, and have presently pending applications for additional patents in the United States and foreign countries. In addition, we have various registered and unregistered trademarks and licenses that are of material importance to our business. While we believe our ownership of this intellectual property is adequately protected in customary fashions under applicable law, no single patent, trademark or license is critical to our overall business.

Seasonality

Typically, the second and third quarters represent our best quarters for our consolidated financial results. In our Crane segment, summer represents the main construction season. Customers require new machines, parts, and service in advance of that season. Since the summer brings warmer weather, there is also an increase in the use and replacement of ice machines, as well as new construction and remodeling within the foodservice industry. As a result, distributors build inventories during the second quarter for the increased demand. With respect to our Marine segment, the Great Lakes shipping industry's sailing season is normally May through November. Thus, barring any emergency groundings, the majority of repair and maintenance work is performed during the winter months and the work is typically completed during the first and second quarter of the year. As a result of our acquisition of Marinette marine and the overall increase in new construction project work in our Marine segment, the seasonality of our traditional repair and maintenance work is less extreme as new construction projects are performed throughout the year.

Competition

We sell all of our products in highly competitive industries. We compete in each of our industries based on product design, quality of products and services, product performance, maintenance costs, and price. Several of our competitors have greater financial, marketing, manufacturing and distribution resources than we do. We believe that we benefit from the following competitive advantages: leading market positions, strong brand names, a reputation for quality products and service, an established network of global distributors, broad product line in the markets we serve, and a commitment to engineering design and product innovation. However, we cannot assure you that our products and services will continue to compete successfully with our competitors or that we will be able to retain our customer base or improve or maintain our profit margins on sales to our customers. The following table sets forth our primary competitors in each of our business segments:

<u>Business Segment</u>	<u>Products</u>	<u>Primary Competitors</u>
Cranes and Related Products	Lattice-Boom Crawler Cranes	Hitachi; Kobelco; Liebherr; Sumitomo/Link-Belt; and Terex/Demag
	Tower Cranes	Comensa; Gru Comedil; Liebherr; and Peiner
	Mobile Telescopic Cranes	Liebherr; Link-Belt; Terex/Demag; and Tadano
	Boom Trucks	Terex; Manitex

Business Segment	Products	Primary Competitors
Foodservice Equipment	Ice Machines	Hoshizaki; Scotsman
	Ice/Beverage Dispensers	I.M.I. Cornelius; Lancer Corporation; Enodis; Vin Service; Celli; and Automatic Bar Controls
	Walk-in Refrigerators/Freezers	American Panel; ICS; Nor-Lake; and W.A. Brown
	Reach-in Refrigerators/Freezers	Beverage Air; Delfield; Traulsen; and True Foodservice
Marine	Ship Repair and Construction	Alabama Shipbuilding & Drydock; Bender Shipbuilding & Repair; Bollinger, Lockport & Larose; Fraser Shipyards; Friede Goldman Halter; and Port Weller Drydocks

Engineering, Research and Development

Our extensive engineering, research and development capabilities have been key drivers of our success. We engage in research and development activities at all of our significant manufacturing facilities. We have a staff of engineers and technicians on three continents who are responsible for improving existing products and developing new products. Manitowoc incurred research and development expenditures of \$17.4 million in 2003, \$15.6 million in 2002 and \$7.9 million in 2001. The increase in Manitowoc's research and development expenditures is the result of the Grove and Potain acquisitions and increased product development in the Foodservice and Crane segments.

Our teams of engineers focuses on developing innovative, high performance, low maintenance products that are intended to create significant brand loyalty among customers. Design engineers work closely with our manufacturing and marketing staff, enabling us to identify quickly changing end-user requirements, implement new technologies and effectively introduce product innovations. Close, carefully managed relationships with dealers, distributors and end users help us identify their needs, not only for products, but for the service and support that is critical to their profitable operations. As part of our ongoing commitment to provide superior products, we intend to continue our efforts to design products that meet evolving customer demands and reduce the period from product conception to product introduction.

Employee Relations

The company employs approximately 7,700 persons and has labor agreements with 18 union locals in North America. In addition, a large majority of Potain's and Grove's European employees belong to European trade unions: There were the following work stoppages during 2003 and 2002:

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

In 2004, a total of two collective bargaining contracts expire at Manitowoc Cranes and Toledo Ship repair Company.

Web Site

Please visit our web site at www.Manitowoc.com for more information about us or to review our most recent SEC filings.

We make available on our website, free of charge, Forms 10-K, 10-Q and 8-K as soon as reasonably practicable after filing with the SEC.

Geographic Areas

Net sales from continuing operations and long-lived asset information by geographic area as of and for the years ended December 31 are as follows:

	Net Sales			Long-Lived Assets	
	2003	2002	2001	2003	2002
United States	\$ 902,486	\$ 912,328	\$ 751,071	\$ 498,729	\$ 493,869
Other North America	13,173	25,711	17,333	—	—
Europe	499,331	303,577	155,728	425,383	425,783
Asia	84,066	68,390	31,264	9,610	9,454
Middle East	59,881	18,885	6,905	—	—
Central and South America	10,883	7,410	6,468	711	853
Africa	7,906	7,291	6,180	—	—
South Pacific and Caribbean	2,989	13,275	6,872	—	—
Australia	12,471	6,536	2,602	1,136	—
Total	<u>\$ 1,593,186</u>	<u>\$ 1,363,403</u>	<u>\$ 984,423</u>	<u>\$ 935,569</u>	<u>\$ 929,959</u>

Item 2. PROPERTIES OWNED

The following table outlines the principal facilities we own or lease as of December 31, 2003:

Facility Location	Type of Facility	Approximate Square Footage	Owned/Leased
Cranes and Related Products			
<i>Europe/Asia</i>			
Wilhelmshaven, Germany	Manufacturing/Office and Storage	410,000	Owned/Leased
Moulins, France	Manufacturing/Office	355,000	Owned
Dilligen, Germany	Manufacturing/Office	331,000	Leased
Charlieu, France	Manufacturing/Office	323,000	Owned/Leased
Zhangjiagang, China	Manufacturing	245,500	Leased
Walldorf, Germany	Office	184,000	Leased
Noe Pereira, Portugal	Manufacturing	183,000	Leased
La Clayette, France	Manufacturing/Office	161,000	Owned/Lesed
Charlottesville, France	Manufacturing	123,000	Leased
Niella, Italy	Manufacturing	105,500	Owned

Facility Location	Type of Facility	Approximate Square Footage	Owned/Leased
Tonneins, France	Manufacturing/Office and Storage	101,900	Owned/Leased
Ecully, France	Office	85,000	Owned
Sestra, Portugal	Office	84,000	Owned
Langenfeld, Germany	Office/Storage and Field Testing	80,300	Leased
Osny, France	Office/Storage/Repair	43,000	Owned
Arneburg, Germany	Manufacturing	73,000	Owned

Europe/Asia

Hangzhou, China	Manufacturing/Office	80,000	Owned
Milan, Italy	Manufacturing/Office	20,000	Owned/Leased
Frankfurt, Germany	Manufacturing/Office	15,000	Owned

United States

Manitowoc, Wisconsin	Manufacturing	376,000	Owned
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