

MANITOWOC CO INC

FORM 10-Q (Quarterly Report)

Filed 10/31/1996 For Period Ending 9/30/1996

Address	P O BOX 66 MANITOWOC, Wisconsin 54221-0066
Telephone	920-684-4410
CIK	0000061986
Industry	Constr. & Agric. Machinery
Sector	Capital Goods
Fiscal Year	12/31

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 1996

OR

☐ 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)

500 South 16th Street, Manitowoc, Wisconsin 54220
(Address of principal executive offices) (Zip Code)

(414) 684-4410
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since
last report.)

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 (X) No ()

The number of shares outstanding of the Registrant's common stock, \$.01 par value, as of September 30, 1996, the most recent practicable date, was 11,511,357.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

THE MANITOWOC COMPANY, INC.
Consolidated Statements of Earnings
For the Third Quarter of Calendar Years 1996 and 1995
(Unaudited)
(In thousands, except per-share and average shares data)

QUARTER ENDED

YEAR-TO-DATE

	Sept. 30, 1996	Sept. 30, 1995	Sept. 30, 1996	Sept. 30, 1995
Net Sales	\$132,042	\$80,088	\$385,360	\$231,476
Costs And Expenses:				
Cost of goods sold	95,264	62,077	282,054	176,343
Engineering, selling and administrative expenses	20,652	12,635	60,924	37,633
Total	115,916	74,712	342,978	213,976
Earnings From Operations	16,126	5,376	42,382	17,500
Other Income (Expense):				
Interest Expense	(2,294)	(291)	(7,313)	(1,010)
Interest and dividend income	240	(43)	358	4
Other income	152	653	317	647
Total	(1,902)	319	(6,638)	(359)
Earnings Before Taxes On Income	14,224	5,695	35,744	17,141
Provision For Taxes On Income	5,690	2,105	14,298	6,397
Net Earnings	\$ 8,534	\$ 3,590	\$ 21,446	\$ 10,744
Net Earnings Per Share	\$.74	\$.31	\$ 1.86	\$.93
Dividends Per Share	\$.17	\$.17	\$.50	\$.50
Average Shares Outstanding	11,511,357	11,511,357	11,511,357	11,511,357

See accompanying notes which are an integral part of these statements.

THE MANITOWOC COMPANY, INC.
Consolidated Balance Sheets
As of September 30, 1996 and December 31, 1995
(In thousands, except share data)

- ASSETS -

	Unaudited Sept. 30, 1996	Audited Dec. 31, 1995
Current Assets:		
Cash and cash equivalents	\$ 27,812	\$ 15,077
Marketable securities	1,640	1,558
Accounts receivable	55,295	51,011
Inventories	44,266	52,928
Prepaid expenses and other	1,428	3,451
Future income tax benefits	10,743	11,120
Total current assets	141,184	135,145
Intangible assets	89,948	92,433
Other assets	14,089	9,663
Property, plant and equipment:		
At cost	189,043	188,755
Less accumulated depreciation	(103,284)	(101,081)
Property, plant and equipment-net	85,759	87,674
TOTAL	\$ 330,980	\$ 324,915

-LIABILITIES AND STOCKHOLDERS' EQUITY-

Current Liabilities:

Accounts payable and accrued expenses	\$ 76,578	\$ 66,028
Current portion of long-term debt	31,955	10,089
Short term borrowings	0	26,807
Income taxes payable	6,883	1,503
Product warranties	8,859	6,496
	-----	-----
Total current liabilities	124,275	110,923
Non-Current Liabilities:		
Long-term debt less current portion	79,265	101,180
Product warranties	3,756	4,199
Post-retirement health benefits obligations	19,490	19,190
Other	6,778	7,762
	-----	-----
Total non-current liabilities	109,289	132,331
Stockholders' Equity:		
Common stock (16,331,770 and 10,887,847 shares issued)	163	109
Additional paid-in capital	31,061	31,115
Cumulative foreign currency translation adjustments	(415)	(479)
Retained earnings	148,109	132,418
Treasury stock at cost(4,820,413 and 3,213,379 shares)	(81,502)	(81,502)
	-----	-----
Total stockholders' equity	97,416	81,661
	-----	-----
TOTAL	\$ 330,980	\$ 324,915
	-----	-----

See accompanying notes which are an integral part of these statements.

THE MANITOWOC COMPANY, INC.
Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 1996 and 1995
(In thousands)

(Unaudited)

	Sept. 30, 1996	Sept. 30, 1995
	-----	-----
Cash Flows From Operations:		
Net earnings	\$ 21,446	\$ 10,744
Non-cash adjustments to income:		
Depreciation and amortization	8,656	4,729
Deferred income taxes	(3,726)	(1,857)
Gain on sale of fixed assets	(31)	(987)
Changes in operating assets and liabilities:		
Accounts receivable	(4,284)	(12,712)
Inventories	8,662	(1,985)
Other current assets	2,024	1,465
Current liabilities	18,296	9,049
Non-current liabilities	(599)	1,620
Deferred income	(528)	(2,199)
Non-current asset	(324)	(234)
	-----	-----
Net cash provided by operations	49,592	7,633
Cash Flows From Investing:		
Sale (purchase) of temporary investments - net	(82)	8,866
Proceeds from sale of property, plant, and equipment	1,343	3,702
Capital expenditures	(5,558)	(17,375)
	-----	-----
Net cash used for investing	(4,297)	(4,807)
Cash Flows From Financing:		
Dividends paid	(5,756)	(5,756)
Proceeds from long-term borrowings	15,000	0
Payments on long-term borrowings	(15,049)	0
Change in short-term borrowings - net	(26,807)	9,701
	-----	-----
Net cash provided by (used for) financing	(32,612)	3,945
Effect of exchange rate changes on cash	52	54
	-----	-----
Net increase in cash and		

cash equivalents	12,735	6,825
Balance at beginning of year	15,077	4,118
	-----	-----
Balance at end of period	\$ 27,812	\$ 10,943
	-----	-----
Supplemental cash flow information:		
Interest paid	\$ 2,526	\$ 992
Income taxes paid	11,594	4,823

See accompanying notes which are an integral part of these statements.

THE MANITOWOC COMPANY, INC.

Notes to Unaudited Consolidated Financial Statements For the Nine Months Ended September 30, 1996 and 1995

(Unaudited)

Note 1.

In the opinion of management, the accompanying unaudited condensed financial statements contain all adjustments, representing normal recurring accruals, necessary to present fairly the results of operations for the quarter and nine months ended September 30, 1996 and 1995, the financial position at September 30, 1996 and the changes in the cash flows for the nine months ended September 30, 1996 and 1995. 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, 1995.

Note 2.

The components of inventory at September 30, 1996 and December 31, 1995 are summarized as follows (dollars in thousands):

	Sept. 30, 1996	Dec. 31, 1995
	-----	-----
Components:		
Raw materials	\$ 27,438	\$ 22,809
Work-in-process	16,200	18,868
Finished goods	21,755	31,711
	-----	-----
Total inventories at FIFO costs	65,393	73,388
Excess of FIFO costs over LIFO value	(21,127)	(20,460)
	-----	-----
Total inventories	\$ 44,266	\$ 52,928

Inventory is carried at lower of cost or market using the first-in, first-out (FIFO) method for 59% and 60% of total inventory at September 30, 1996 and December 31, 1995, respectively. The remainder of the inventory is costed using the last-in, first-out (LIFO) method.

Note 3.

The United States Environmental Protection Agency ("EPA") has identified the Company as a potentially responsible party ("PRP") under the Comprehensive Environmental Response Compensation and Liability Act ("CERCLA"), liable for the costs associated with investigating and cleaning up contamination at the Lemberger Landfill Superfund Site ("the Site") near Manitowoc, Wisconsin.

Eleven of the potentially responsible parties have formed a group (the Lemberger Site Remediation Group, or "LSRG") and have successfully negotiated with the EPA and Wisconsin Department of Natural Resources to settle the potential liability at the Site and fund the cleanup. Approximately 150 PRP's have been identified as having shipped substances to the Site.

Recent estimates indicate that the total cost to clean up the Site could be as high as \$30 million, however, the ultimate remediation methods and appropriate allocation of costs for the Site are not yet final.

Although liability is joint and several, the Company's percentage share of liability is estimated to be 11% of the total cleanup costs.

In connection with this matter, the Company expensed \$0.2 million, \$1.6 million, \$0.5 million, and \$.9 million for the year ended December 31, 1995, and fiscal years 1994, 1993, and 1992 respectively, for its estimated portion of the cleanup costs. There were no expenses incurred during the nine months ended September 30, 1996.

As of September 30, 1996, 30 product related lawsuits were pending. Of these, two occurred between 1985 and 1990 when the Company was completely self-insured. The remaining lawsuits occurred subsequent to June 1, 1990, at which time the Company has insurance coverages ranging from a \$5.5 million self-insured retention with a \$10.0 million limit on the insurer's contribution in 1990, to the current \$1.0 million self-insured retention and \$16.0 million limit on the insurer's contribution.

Product liability reserves at September 30, 1996 are \$6.7 million; \$2.8 million reserved specifically for the 30 cases referenced above, and \$3.9 million for incurred but not reported claims. These reserves were estimated using actuarial methods. Based on the Company's experience in defending itself against product liability claims, management believes the current reserves are adequate for estimated settlements on aggregate self-insured claims.

It is always possible that the estimates for environmental remediation and product liability costs may change in the near future based upon new information which could arise.

The Company is also involved in various other legal actions arising in the normal course of business. After taking into consideration legal counsel's evaluation of such actions, in the opinion of management, ultimate resolution is not expected to have a material adverse effect on the consolidated financial statements.

Note 4.

In the transition period ended December 31, 1994, resulting from the Company's change in fiscal year-end, the Company's decision to consolidate large-crane manufacturing to a single site resulted in a \$14 million pre-tax charge to earnings in the cranes and related products segment. The charge included a \$9.4 million write-down of the facility being abandoned and estimated holding costs of \$4.6 million while the site is being marketed. The estimate for future holding costs of the facility may change in the future.

The assets currently held for sale include land and improvements, buildings, and certain machinery and equipment at the "Peninsula facility" located in Manitowoc, Wisconsin. The current carrying value of these assets, determined through independent appraisals, is approximately \$3 million and is included in other assets. The future holding costs, included in accounts payable and accrued expenses and in other non-current liabilities, consist primarily of utilities, security, maintenance, property taxes, insurance, and demolition costs for various buildings. Future holding costs also include estimates for various environmental studies on the Peninsula location. To date, \$1.5 million has been paid and charged against these reserves, including \$0.9 million during the nine months ended September 30, 1996. There were no payments charged against the reserve during the third quarter of 1996.

Note 5.

On December 1, 1995, the Company completed the purchase of the outstanding common stock of The Shannon Group, Inc. ("Shannon"). Shannon is a manufacturer of commercial refrigerators, freezers and related products, ranging from small under-counter units to 300,000 square foot refrigerated warehouses. Among its wide range of products, Shannon is best known for its foamed-in-place walk-in refrigeration units, wood rail walk-in units, refrigerated food-prep tables, reach-in refrigerator/freezers and modular refrigeration systems.

The aggregate consideration paid by the Company for Shannon was \$127.0 million, which is net of cash acquired of \$0.7 million, and which includes an amount due to a seller of \$19.8 million which was paid in January, 1996, direct acquisition costs of \$2.7 million, and other assumed liabilities of \$1.3 million. The transaction was financed through credit facilities provided under a Credit Agreement dated December 1, 1995.

The acquisition has been recorded using the purchase method of accounting. The cost of the acquisition has been allocated on the basis of the estimated fair value of the assets acquired and the liabilities assumed. The preliminary estimate of the excess of the cost over the fair value of net assets acquired is \$88.3 million, and is being amortized over 32 years. The results of operations since the date of acquisition are included in the Consolidated Statements of Earnings.

Note 6.

On June 14, 1996, the company announced a three-for-two stock split in the form of a 50-percent stock dividend which was effective July 2 to shareholders of record on June 25. Adjusting for the split, the company now has approximately 11.5 million shares outstanding. As a result of the stock split, all earnings and dividend per share amounts and average shares outstanding, appearing herein, have been retroactively adjusted to give effect of the stock split.

Note 7.

Certain reclassifications have been made to the financial statements of prior years to conform to the presentation for 1996.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations for the Quarter and Nine Months Ended September 30, 1996 and 1995.

Net sales and earnings from operations by business segment for the quarter and nine months ended September 30, 1996 and 1995 are shown below (in thousands):

	QUARTER ENDED		YEAR-TO-DATE	
	Sept. 30, 1996	Sept. 30, 1995	Sept. 30, 1996	Sept. 30, 1995
NET SALES:				
Foodservice products	\$ 67,194	\$ 29,781	\$187,320	\$ 85,295
Cranes & related products	53,997	45,787	156,499	120,073
Marine	10,851	4,520	41,541	26,108
Total	\$132,042	\$ 80,088	\$385,360	\$231,476
EARNINGS (LOSS) FROM OPERATIONS:				
Foodservice products	\$ 10,904	\$ 6,771	\$ 29,168	\$ 18,858
Cranes and related products	6,506	829	14,909	(1,045)
Marine	1,369	(347)	6,170	4,727
General corporate expense	(1,903)	(1,877)	(5,615)	(5,040)
Amortization	(750)	0	(2,250)	0
Total	\$ 16,126	\$ 5,376	\$ 42,382	\$ 17,500

Net sales for the quarter ended September 30, 1996, were \$132.0 million, up 65% from \$80.1 million for the third quarter of 1995. Net earnings were \$8.5 million, or 74 cents per share, compared with \$3.6 million, equal to 31 cents per share, earned in the third quarter of 1995, an increase of 137%. This represents the fourth consecutive quarter in which the company has shown an improvement in year-over-year quarterly earnings.

For the first nine months, net sales increased 66% to \$385.4 million in 1996 from \$231.5 million in 1995. Earnings for the same period in 1996 were double those of 1995 - \$21.4 million and \$1.86 per share, compared with \$10.7 million and 93 cents per share.

Cranes and related products sales for the third quarter increased 18% over the same period last year. Operating earnings were \$6.5 million and \$14.9 million for the third quarter and first nine months of 1996, respectively, compared to quarterly earnings of \$0.8 million and a year-to-date loss of \$1.0 million for 1995. Every unit within the crane segment has contributed to the gain. In addition to continued productivity improvements during the quarter, the crane segment continues to benefit from the introduction of new crane models and a good boom-truck market. As of September 30, 1996, the backlog of unfilled crane segment orders stood at a record \$145 million.

Sales and operating earnings for the foodservice products segment were \$67.2 million and \$10.9 million, respectively, for the third quarter of 1996, compared to \$29.8 million and \$6.8 million for 1995. The gain in sales was due largely to the addition of refrigeration equipment sales by the Kolpak, Tonka and McCall units. Comparable ice machine and reach-in sales by Manitowoc Equipment Works (MEW) were 5% higher than those of the third quarter in 1995. The on-going introduction of the first CFC-free ice cube machines bodes well for continuing the recent gains in market share. 1996 year-to-date sales and earnings were \$187.3 million and \$29.2 million, respectively, versus \$85.3 million and \$18.9 million, respectively, for the nine months ended September 30, 1996.

Third quarter sales in the Marine segment were \$10.9 million, compared with \$4.5 million recorded during the third quarter last year. Keying this quarter's earnings was a self-unloading cement barge which was delivered at a better margin than originally forecast. Earnings for the quarter stood at \$1.4 million compared to an operating loss of \$0.3 million during the same period last year. In addition, shipping activity on the Great Lakes continues at a high level, which is a positive indicator for this part of the business.

The company continues to generate strong positive cash flow. At the end of the quarter, the company had no revolving debt against its credit lines. Indebtedness under the six-year term facility stood at \$111 million, including the current portion. During the quarter, the total indebtedness decreased by \$10 million.

Financial Condition at September 30, 1996

The Company's financial condition remains strong. Cash and marketable securities of \$29.4 million and future cash flows from operations are adequate to meet the Company's liquidity requirements for the foreseeable future, including payments for long-term debt, costs associated with the plant consolidation, and capital expenditures.

This Management's Discussion and Analysis, as well as certain other parts of this Report on Form 10-Q, contain forward looking statements that involve a number of risks and uncertainties. Such statements are based on management's current expectations. The company cautions that such statements are further qualified by important factors that could cause actual results to differ materially from those in the forward looking statements.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

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

(b) Reports on Form 8-K: On August 7, 1996, the Company filed a Current Report on Form 8-K reporting, pursuant to Item 5 of such Form, the August 5, 1996 declaration by the Company's Board of Directors of a dividend distribution of one Right for each outstanding share of Common Stock, par value \$0.01 per share, of the Company to shareholders of record at the close of business on September 19, 1996.

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.

THE MANITOWOC COMPANY, INC.
(Registrant)

/s/ Fred M. Butler

Fred M. Butler
President and
Chief Executive Officer

/s/ Robert R. Friedl

Robert R. Friedl
Senior Vice President and
Chief Financial Officer

/s/ E. Dean Flynn

E. Dean Flynn
Secretary

October 31, 1996

THE MANITOWOC COMPANY, INC.

EXHIBIT INDEX

TO FORM 10-Q

FOR QUARTERLY PERIOD ENDED

September 30, 1996

Exhibit No -----	Description -----	Filed Herewith -----
4	First Amendment to Credit Agreement, dated as of September 30, 1996	X
27	Financial Data Schedule	X

FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AGREEMENT, dated as of September 30, 1996 (the "First Amendment") to that Credit Agreement referenced below is by and among THE MANITOWOC COMPANY, INC., a Wisconsin corporation (the "Borrower"); THE GUARANTORS THEREUNDER being identified on the signature pages hereto (as referenced and defined in the Credit Agreement, the "Guarantors"), the Lenders and Co-Agent identified therein and NATIONSBANK, N.A., as Agent. Terms used but not otherwise defined herein shall have the meanings provided in the Credit Agreement referenced below.

WITNESSETH:

WHEREAS, the Lenders established a \$180 million credit facility in favor of the Borrower pursuant to the terms of that Credit Agreement dated as of December 1, 1995 (as amended and modified, the "Credit Agreement") among the Borrower, certain of its Subsidiaries, as guarantors, the Lenders and Co-Agent identified therein, and NationsBank, N.A., as Agent;

WHEREAS, the Borrower has proposed making a \$30 million prepayment on the Term Loan and has requested in connection therewith, among other things, adjustment of the amortization schedule relating to the Term Loan, increase in the Revolving Committed Amount, adjustment of the pricing and financial covenants and modification of the restrictions on acquisitions;

WHEREAS, the Lenders have agreed to the requested modifications on the terms and conditions hereinafter set forth;

NOW, THEREFORE, IN CONSIDERATION of the premises and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

A. The Credit Agreement is amended in the following respects.

1. The reference to "Section 8.5(b)" in the definition of "Pro Forma Basis" in Section 1.1 is amended and modified to refer instead to "Section 8.4(c)".
2. The Revolving Committed Amount as referenced and defined in Section 2.1(a) shall be increased simultaneously with the prepayment on the Term Loan on the date hereof from "FIFTY-FIVE MILLION DOLLARS (\$55,000,000)" to SIXTY-TWO MILLION FIVE HUNDRED THOUSAND DOLLARS (\$62,500,000) and thereafter shall be simultaneously increased again at the time of the additional prepayment of the Term Loan on October 8, 1996 to "EIGHTY-FIVE MILLION DOLLARS (\$85,000,000)".
3. The principal balance outstanding on the Term Loan as of the date hereof is ONE HUNDRED SEVENTEEN MILLION FIVE HUNDRED THOUSAND DOLLARS (\$117,500,000). The Borrower has made prepayment on the Term Loan on the date hereof in the amount of SEVEN MILLION FIVE HUNDRED THOUSAND DOLLARS (\$7,500,000) and given notice of its intent to make an additional prepayment of TWENTY-TWO MILLION FIVE HUNDRED THOUSAND DOLLARS (\$22,500,000) on October 8, 1996. Upon the making of such prepayments the amortization schedule for repayment of the remaining principal amount of the Term Loan (being \$87,500,000) shall be payable as follows:

Payment Date	Amount
-----	-----
December 31, 1996	\$ 1,134,757.00
March 31, 1997	\$ 2,743,794.25
June 30, 1997	\$ 2,743,794.25
September 30, 1997	\$ 2,743,794.25
December 31, 1997	\$ 2,743,794.25
March 31, 1998	\$ 3,727,836.75
June 30, 1998	\$ 3,727,836.75
September 30, 1998	\$ 3,727,836.75
December 31, 1998	\$ 3,727,836.75
March 31, 1999	\$ 4,711,879.25
June 30, 1999	\$ 4,711,879.25
September 30, 1999	\$ 4,711,879.25
December 31, 1999	\$ 4,711,879.25
March 31, 2000	\$ 4,711,879.25
June 30, 2000	\$ 4,711,879.25
September 30, 2000	\$ 4,711,879.25
December 31, 2000	\$ 4,711,879.25
March 31, 2001	\$ 5,695,921.25
June 30, 2001	\$ 5,695,921.25
September 30, 2001	\$ 5,695,921.25
December 31, 2001	\$ 5,695,921.25

	\$87,500,000.00

4. The last sentence of Section 3.3(c) is amended to read as follows:

"Amounts prepaid on the Term Loan shall be applied to, and serve to reduce, the remaining scheduled principal payments pro rata, and may not be reborrowed."

5. Section 7.9(b) relating to the Consolidated Funded Debt Ratio is amended to read as follows:

"(b) Consolidated Funded Debt Ratio. There shall be maintained as of the end of each fiscal quarter to occur during the periods shown below a Consolidated Funded Debt Ratio of not greater than:

Period -----	
From the date of the First Amendment (being September 30, 1996) through December 30, 1996	3.50:1.0
December 31, 1996 through December 30, 1997	3.25:1.0
December 31, 1997 and thereafter	2.75:1.0"

6. Subsection (b) of Section 8.4 is amended and a new subsection (c) is added to read as follows:

(b) enter into any transaction of merger or consolidation, provided, however, that so long as no Default or Event of Default would be directly or indirectly caused as a result thereof,

(i) a Domestic Subsidiary may merge or consolidate with another Domestic Subsidiary, provided that (A) the Borrower shall be the surviving entity if it is a party thereto and (B) a Domestic Credit Party will be the surviving entity if it is a party thereto or such surviving Subsidiary becomes a Domestic Credit Party pursuant to the terms of Section 7.10(a) immediately after the consummation of such merger or consolidation;

(ii) a Foreign Subsidiary may merge or consolidate with any other Foreign Subsidiary;

(iii) a Foreign Subsidiary may merge or consolidate with a Domestic Subsidiary, provided that the Domestic Subsidiary shall be the surviving entity and the applicable conditions set forth in Section 7.10 are complied with in connection therewith; and

(iv) a Subsidiary may merge or consolidate with any Person that is not a Subsidiary, provided that the applicable conditions set forth in Section 7.10 and Section 8.4(c) are complied with in connection with such acquisition by merger or consolidation.

As used herein: "Domestic Subsidiary" means any Subsidiary which is incorporated or organized under the laws of any State of the United States or the District of Columbia; "Foreign Subsidiary" means any Subsidiary which is not a Domestic Subsidiary; and "Domestic Credit Party" means any Credit Party which is incorporated or organized under the laws of any State of the United States or the District of Columbia.

(c) purchase, lease or otherwise acquire (in a single transaction or a series of related transactions) (i) all or any portion of the capital stock or securities of any other person or

(ii) purchase, lease or otherwise acquire (in a single transaction or a series of related transactions) all or any substantial part of the property of any other person or except

(A) where the aggregate cost (including all cash paid, seller financing provided, debt assumed and stock transferred in respect thereof) of any such individual acquisition shall not exceed \$25,000,000;

(B) where the aggregate cost (including all cash paid, seller financing provided, debt assumed and stock transferred in respect thereof) of all such acquisitions shall not exceed \$50,000,000 in any calendar year;

(C) if such acquisition is of the capital stock or securities of a Person, such Person shall (after giving effect to such acquisition of capital stock or securities) be a Subsidiary of the purchaser; and

(D) no Default or Event of Default would exist after giving effect to any such acquisition on a Pro Forma Basis.

6. Schedule 2.1(a) is amended as attached to reflect the increase in Revolving Commitments.

7. Schedule 2.1(d) is amended as attached to reflect the modification in pricing under the definition of "Applicable Percentage."

B. The Credit Parties hereby represent and warrant that:

(a) the representations and warranties made and contained in the Credit Agreement (other than those which expressly relate to a prior period and after taking into account any changes permitted or contemplated or not prohibited by the Credit Agreement) are true and correct in all material respects as of the date of this First Amendment; and

(b) no Default or Event of Default exists and is continuing under the Credit Agreement as of the date of this First Amendment.

C. This First Amendment shall be effective upon receipt by the Agent of the following in form and substance satisfactory to the Lenders:

(a) Executed Documents. This First Amendment executed by each of the Credit Parties and each of the Lenders and executed copies of the Amended and Restated Revolving Notes reflecting the increase in Revolving Commitments.

(b) Legal Opinion. Legal opinions of counsel to the Credit Parties regarding the enforceability of this First Amendment and the promissory notes executed in connection herewith.

(c) Other Information. Such other information and documents as the Administrative Agent may reasonably request.

D. The Borrower will execute such additional documents as are reasonably requested by the Agent to reflect the terms and conditions of this First Amendment.

E. Except as modified hereby, all of the terms and provisions of the Credit Agreement (and Exhibits) remain in full force and effect.

F. The Borrower agrees to pay all reasonable costs and expenses in connection with the preparation, execution and delivery of this First Amendment, including without limitation, the reasonable fees and expenses of the Agent's legal counsel.

G. This First Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original and it shall not be necessary in making proof of this First Amendment to produce or account for more than one such counterpart.

H. This First Amendment and the Credit Agreement, as amended hereby, shall be deemed to be contracts made under, and for all purposes shall be construed in accordance with the laws of the State of North Carolina.

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IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this First Amendment to be duly executed and delivered as of the date and year first above written.

BORROWER:

THE MANITOWOC COMPANY, INC.
a Wisconsin corporation

By: /s/ Phil Keener

Name: Phil Keener

Title: Treasurer

GUARANTORS:

MANITOWOC MEC, INC.,
a Nevada corporation

MANITEX, INC.,
a Texas corporation

FEMCO MACHINE COMPANY, INC.,
a Nevada corporation

WEST-MANITOWOC, INC.,
a Wisconsin corporation

MANITOWOC-FORSYTHE CORP.,
a New York corporation

**NORTH CENTRAL CRANE & EXCAVATOR
SALES CORP.,**
a Nevada corporation

MANITOWOC WESTERN COMPANY, INC.,
a Wisconsin corporation

THE SHANNON GROUP, INC.,

a Delaware corporation
MANITOWOC RE-MANUFACTURING, INC.,
a Wisconsin corporation
KOLPAK MANUFACTURING COMPANY,
a Tennessee corporation
MANITOWOC EQUIPMENT WORKS, INC.,
a Nevada corporation
MANITOWOC NEVADA, INC.,
a Nevada corporation

By: /s/ Phil Keener

Name: Phil Keener

Title: Treasurer
for each of the foregoing

LENDERS:

NATIONSBANK, N.A.,
in its capacity as Agent and as a
Lender

By: /s/ Stephen K Foutch

Title: Vice President

BANK OF AMERICA ILLINOIS
in its capacity as Co-Agent and as
Lender

By: /s/ Rob Ritter

Title: Vice President

THE BANK OF NOVA SCOTIA

By: /s/ John Malloy

Title: Vice President

THE FIRST NATIONAL BANK OF CHICAGO

By: /s/ Richard Marquez

Title: Vice President

FLEET BANK

By: /s/ Juan M. Csillagi

Title: Senior Vice President

THE NORTHERN TRUST COMPANY

By: /s/ Julie Wigdale

Title: Vice-President

**THE LONG-TERM CREDIT BANK OF
JAPAN, LTD. CHICAGO BRANCH**

By: /s/ John R. Carley

Title: Vice President and
Deputy General Manager

THE BANK OF NEW YORK

By: /s/ Richard A. Raffetto

Title: Assistant Vice President

ASSOCIATED BANK LAKESHORE NATIONAL ASSOCIATION

By:/s/ Scott Yeoman

Title: Senior Vice President

Schedule 2.1(a) Schedule of Lenders and Commitments

Lender	Revolving Committed Amount	Revolving Commitment Percentage	LOC Committed Amount	LOC Commitment Percentage	Term Loan Committed Amount	Term Loan Committed Percentage
NationsBank, N.A.	\$14,166,666.95	16.666667%	\$1,666,666.67	16.666667%	\$20,833,833.34	16.666667%
Bank of America, Illinois	\$14,166,666.95	16.666667%	\$1,666,666.67	16.666667%	\$20,833,833.34	16.666667%
The Bank of Nova Scotia	\$ 9,444,443.50	11.111111%	\$1,111,111.11	11.111111%	\$13,888,888.89	11.111111%
The First National Bank of Chicago	\$ 9,444,444.50	11.111111%	\$1,111,111.11	11.111111%	\$13,888,888.89	11.111111%
Fleet Bank	\$ 9,444,444.50	11.111111%	\$1,111,111.11	11.111111%	\$13,888,888.89	11.111111%
The Northern Trust Company	\$ 9,444,444.50	11.111111%	\$1,111,111.11	11.111111%	\$13,888,888.89	11.111111%
The Long-Term Credit Bank of Japan, Ltd. Chicago Branch	\$ 7,083,330.50	8.333333%	\$ 833,333.33	8.333333%	\$10,416,666.67	8.333333%
The Bank of New York	\$ 7,083,333.50	8.333333%	\$ 833,333.33	8.333333%	\$10,416,666.67	8.333333%
Associated Bank Lakeshore, N.A.	\$ 4,722,222.00	5.555556%	\$ 555,555.56	5.555556%	\$ 6,944,444.45	5.555556%
	\$85,000,000.00	100.00000%	\$10,000,000.00	100.00000%	\$125,000,000	100.00000%

Schedule 2.1(d) Applicable Percentage

Pricing Level	Consolidated Funded Debt Ratio	Applicable Percentage for Base Rate Loans	Applicable Percentage for Eurodollar Loans and Letter of Credit Fee	Applicable Percentage for Commitment Fee
		Interest Coverage Ratio	Interest Coverage Ratio	
		=>3.0:1.0	=>3.0:1.0	
V	=>3.0:1.0	0%	1.250%	.375%
IV	<3.0:1.0 but =>2.5:1.0	0%	1.000%	.250%
III	<2.5:1.0 but =>2.0:1.0	0%	.750%	.225%
II	<2.0:1.0 but =>1.5:1.0	0%	.625%	.1875%
I	<1.5:1.0	0%	.500%	.150%

ARTICLE 5

MULTIPLIER: 1000

PERIOD TYPE	9 MOS
FISCAL YEAR END	DEC 31 1996
PERIOD END	SEP 30 1996
CASH	27812
SECURITIES	1640
RECEIVABLES	57054
ALLOWANCES	1759
INVENTORY	44266
CURRENT ASSETS	141184
PP&E	189043
DEPRECIATION	103284
TOTAL ASSETS	330980
CURRENT LIABILITIES	124275
BONDS	0
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	163
OTHER SE	97253
TOTAL LIABILITY AND EQUITY	330980
SALES	385360
TOTAL REVENUES	385360
CGS	282054
TOTAL COSTS	342978
OTHER EXPENSES	(675)
LOSS PROVISION	0
INTEREST EXPENSE	7313
INCOME PRETAX	35744
INCOME TAX	14298
INCOME CONTINUING	21446
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	21446
EPS PRIMARY	1.86
EPS DILUTED	1.86

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