

THE MANITOWOC COMPANY, INC.

700 EAST MAGNOLIA AVE. - SUITE B • P.O. BOX 66 • PHONE 414-684-4410 • FAX 414-683-6266
MANITOWOC, WISCONSIN 54221-0066

September 30, 1993

**Top Hat Plan Exemption
Pension and Welfare Benefits Administration
Room N-5644
U. S. Department of Labor
Washington, D.C. 20210**

2520040151201

Dear Sir or Madam:

**Name of Employer: The Manitowoc Company, Inc.
Address of Employer: 700 E. Magnolia Avenue, Suite B
P. O. Box 66
Manitowoc, WI 54221-0066**

Employer Identification No: 39-0448110

This letter supplements the previous registration by the Company of its top hat plans, dated December 10, 1992. The Employer has adopted two additional plans primarily to provide deferred compensation benefits for a select group of management or highly compensated employees. Pursuant to Department of Labor Regulations, 29 CFR Section 2520.104-23, the Employer provides the following information in compliance with the alternative method of reporting and disclosure under Section 110 of Title I of the Employee Retirement Income Security Act of 1974, as amended:

- 1. Management Incentive Compensation Plan (EVA Bonus Plan), effective July 4, 1993:**

_____ 50 _____ employees are eligible to participate.

- 2. The Manitowoc Company, Inc. Deferred Compensation Plan, effective July 4, 1993, subject to stockholder approval at the next annual meeting:**

_____ 70 _____ employees are eligible to participate.

A copy of the EVA Bonus Plan and the Deferred Compensation Plan are enclosed.

Sincerely,

THE MANITOWOC COMPANY, INC.


**Phil Keener
Treasurer**

**PK/jer
top
Encs.**

THE MANITOWOC COMPANY, INC.
DEFERRED COMPENSATION PLAN

SECTION 1. PURPOSE.

The purpose of The Manitowoc Company, Inc. Deferred Compensation Plan (the "Plan") is to promote the best interests of The Manitowoc Company, Inc. and its subsidiaries and affiliates (the "Company") and the stockholders of the Company by (1) attracting and retaining well-qualified persons for service as nonemployee directors of the Company and promoting identity of interest between directors and stockholders of the Company; and (2) attracting and retaining key management employees possessing a strong interest in the successful operation of the Company and encouraging their continued loyalty, service, and counsel to the Company.

It is intended that the Plan will allow participants to elect voluntarily to defer and convert, in the case of nonemployee directors, all or a portion of their retainer and meeting fees for services as a director and, in the case of key employees, a portion of their compensation, into Manitowoc Stock and other investments for payment upon retirement, death, disability, or designated distribution date.

SECTION 2. DEFINITIONS.

The following terms have the following meanings unless the context clearly indicates otherwise:

2.1 "Agreement" means the written agreement entered into between the Company and a Participant, whereby the Participant agrees to defer a portion of his Compensation pursuant to the provisions of the Plan and the Company agrees to make benefit payments in accordance with the terms of the Plan and such Agreement. An Agreement may be the "Initial Agreement" applicable to a Participant or a "Modified Agreement" (in form approved by the Treasurer of the Company), properly completed and signed.

2.2 "Beneficiary" means the person or entity designated by the Participant to be the beneficiary of the Deferred Compensation Account of the Participant. If a valid designation of Beneficiary is not in effect at the time of the death of a Participant, the estate of the Participant is deemed to be the sole Beneficiary of such Account. If a Participant dies before receiving full distribution of his Account, any remaining distributions shall be made to the Beneficiary. If a Beneficiary dies while entitled to receive distributions from the Plan, any remaining payments shall be paid to the estate of the Beneficiary. Beneficiary designations shall be in writing, filed with the Treasurer of the Company, and in such form as the Treasurer of the Company may prescribe for this purpose.

2.3 "Board" means the Board of Directors of the Company.

2.4 "Change of Control" means the first to occur of the following:

- (a) The acquisition by any person or entity, or group thereof acting in concert, of beneficial ownership of securities of the Company which, together with securities previously owned, confer upon the holder the voting power, on all matters brought to a vote of stockholders, of thirty percent (30%) or more of all the then outstanding shares of the Company.
- (b) The sale, assignment or transfer of assets (or earning power) of the Company or any subsidiary or subsidiaries, in a transaction or series of transactions, to a twenty percent (20%) stockholder (as herein defined) or any affiliate of a twenty percent (20%) stockholder, if the aggregate market value thereof exceeds fifty percent (50%) of the aggregate book value, determined by the Company in accordance with generally accepted accounting principles, of all the assets (or earning power) of the Company determined on a consolidated basis before such transaction or the first of such transactions, unless the Board approved such transaction or transactions before the date on which the twenty percent (20%) stockholder became a twenty percent (20%) stockholder. For purposes of this definition of Change of Control, a twenty percent (20%) stockholder means any person, entity, or group of persons and/or entities acting in concert, who or which, together with his, its or their affiliates and associates, is the beneficial owner of securities of the Company which confer upon the holder the voting power, on all matters brought to a vote of stockholders, of twenty percent (20%) or more of all the then outstanding shares of the Company.
- (c) The merger or consolidation of the Company (or of one or more subsidiaries of the Company, in a transaction or series of transactions, if the aggregate book value of the assets thereof exceeds fifty percent (50%) of the aggregate book value of all the assets of the Company determined on a consolidated basis before such transaction or the first of such transactions), with or into a twenty percent (20%) stockholder or any affiliate of a twenty percent (20%) stockholder, unless the Board approved such merger or consolidation before the date on which the twenty percent (20%) stockholder first became a twenty percent (20%) stockholder.

- (d) The dissolution of the Company, unless the Board approved such dissolution before the date on which the twenty percent (20%) stockholder first became a twenty percent (20%) stockholder.
- (e) Change in the composition of the Board after which a majority of the members thereof are not continuing directors. Continuing director, for this purpose, means (i) any member of the Board while such person is a member of the Board, who is not an acquiring person, or an affiliate or associate of an acquiring person, or a representative of an acquiring person or of any such affiliate or associate, and was a member of the Board prior to July 4, 1993, or (ii) any person who subsequently becomes a member of the Board, who is not an acquiring person, or an affiliate or associate of an acquiring person, or a representative of an acquiring person or of any such affiliate or associate, if such person's nomination for election or election to the Board is recommended or approved by a majority of the continuing directors. As used herein, affiliate and associate shall have the respective meanings ascribed to such terms in Rule 12b-2 under the Exchange Act.
- (f) The commencement (within the meaning of Rule 14d-2 of the General Rules and Regulations under the Exchange Act) of a tender or exchange offer which, if successful, would result in a change of control of the Company.
- (g) A determination by the Board, in view of then current circumstances or impending events, that a change of control of the Company has occurred or is imminent, which determination shall be made for the specific purpose of triggering the operative provisions of the Company's contingent employment agreements.

2.5 "Company" means The Manitowoc Company, Inc., a Wisconsin corporation, or any successor corporation.

2.6 "Code" means the Internal Revenue Code of 1986, as interpreted by regulations and rulings issued pursuant thereto, all as amended and in effect from time to time.

2.7 "Company Contribution" means the amount of contribution which may be made each year on behalf of key employee Participants, as described in Section 7.

2.8 "Compensation" means (i) for nonemployee director Participants, the Retainer Fee and (ii) for key employee Participants, "Compensation" has the same meaning as the term "eligible compensation," as defined in The Manitowoc Company, Inc. RSVP Profit Sharing Plan (the "RSVP Plan") and incorporated herein by this reference, without regard to the dollar limits applied to that definition by Code Section 401(a)(17).

2.9 "Date" means the date an Initial Agreement, a Modified Agreement, an Investment Election Change Form, a Transfer Election Form, or an Extraordinary Distribution Request Form is received by the Treasurer of the Company.

2.10 "Deferred Compensation Account," "Account," or "Subaccount" means the accounts maintained on the books of the Company for each Participant.

2.11 "Disability" means disability as set forth in Section 22(e)(3) of the Code.

2.12 "Distribution Date" means the date designated by a Participant in accordance with Section 7 for the commencement of payment of amounts credited to his Account.

2.13 "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time.

2.14 "Extraordinary Distribution Request Form" means the Plan form (in the form approved by the Treasurer of the Company) properly completed and signed by a Participant (or a Beneficiary after the Participant's death) who wishes to request an extraordinary distribution of amounts credited to his Account.

2.15 "Investment Election Change Form" means the Plan form (in the form approved by the Treasurer of the Company) properly completed and signed by a Participant who wishes to change his investment election prospectively as to new deposits to his Account.

2.16 "Manitowoc Stock" means the common stock, \$.01 par value, of the Company.

2.17 "Participant" means any nonemployee member of the Board and any key employee of the Company who has executed an Agreement. Key employee status for a Plan Year is determined as of the last day of the immediately preceding Plan Year, or, as to newly-hired employees in their first year of employment, at time of hire based on current base rate of pay. Key employees, for all Plan purposes, include only elected officers of the Company and other highly compensated employees who have Compensation in a Plan Year equal to or greater than the indexed amount described in Code Section 414(q)(1)(c). A Participant who ceases to be a nonemployee director or a key employee shall cease making deferrals as of the first day of the Plan Year following such loss of eligibility, but shall

remain an inactive Participant until all amounts due such person under the Plan have been distributed in full.

2.18 "Plan Year" means the fiscal year of the Company.

2.19 "Retainer Fee" means those fees paid by the Company to nonemployee directors for services rendered on the Board or any committee of the Board, including attendance fees and fees for serving as committee chair. Any Retainer Fee payable for services during a month is deemed to accrue to the nonemployee director on the first day of such month for Plan purposes.

2.20 "Rule 16b-3," "Former Rule," and "New Rule" have the following meanings. "Rule 16b-3" means Rule 16b-3 of the General Rules and Regulations under the Exchange Act as promulgated by the Securities Exchange Commission or its successor, as amended and in effect from time to time. "Former Rule" means Rule 16b-3, as in effect prior to May 1, 1991. "New Rule" means Rule 16b-3 promulgated under the Exchange Act pursuant to Releases Nos. 34-28869 (February 8, 1991) and 34-29131 (April 26, 1991) and as thereafter revised or amended.

2.21 "Transfer Election Form" means a valid transfer election form (in the form approved by the Treasurer of the Company) properly completed and signed by a Participant who wishes to transfer funds from one investment Subaccount to another.

SECTION 3. AGREEMENTS AND ELECTIONS TO DEFER.

3.1 Each nonemployee director and key employee as of July 3, 1993 is initially eligible to defer Compensation accruing on and after August 1, 1993, provided such Participant's Initial Agreement Date is before that date. Thereafter, such persons shall be eligible to commence deferrals only on the first day of any subsequent Plan Year provided their Initial Agreement Date is before such date.

3.2 Each new nonemployee director and new key employee, on and after July 4, 1993, shall be entitled to defer Compensation accruing on and after the first day of the month following his Initial Agreement Date, provided such Initial Agreement Date is not more than thirty (30) days after the Date such person initially becomes eligible under the Plan. Thereafter, such persons shall be eligible to commence deferrals only as of the first day of any subsequent Plan Year provided their Initial Agreement Date is before such date.

3.3 A Participant has no further right to defer Compensation under the Plan after termination of service to the Company as a nonemployee director, or after termination of employment in the case of all other Participants, or, if earlier, upon receipt of written notice from the Treasurer of the Company of revocation of an employee's status as a key employee. Such revocations by the Treasurer of the Company are effective only upon the first day of the Plan Year following the date that the employee is provided such written notice. If a Participant terminates service with the Company and subsequently returns to

service, he shall be treated as a new employee (or director if applicable) for all Plan purposes.

3.4 A nonemployee director Participant may make a deferral election with respect to all or part of his Compensation, in increments of five percent (5%). A key employee Participant may make a deferral election with respect to whole percentages, in increments of one percent (1%), not to exceed twenty-five percent (25%) of Compensation for the Plan Year. Deferral elections remain in effect from year to year until modified or revoked in accordance with Plan rules.

3.5 Each Participant shall designate on his Initial Agreement the following information:

- (a) the percentage of Compensation to be deferred;
- (b) the Subaccounts to which the deferred amounts are to be allocated;
- (c) the Distribution Date;
- (d) whether distributions are to be in a lump sum, in installments, or a combination thereof; and
- (e) the Participant's Beneficiaries.

Subject to the restrictions in Section 3.9, below, persons subject to Section 16 of the Exchange Act shall be afforded a further opportunity to determine in advance whether applicable withholding requirements on amounts distributed from Subaccount A are to be satisfied by the Company through withholding of shares of Manitowoc Stock or whether the Participant will provide cash from other sources for this purpose.

3.6 Subject to the restrictions in Section 3.9, below, a Participant may increase the deferral amount specified in his Initial Agreement by completing and executing a Modified Agreement and submitting it to the Treasurer of the Company. Such Modified Agreement shall be effective with respect to Compensation accruing on and after the first day of the Plan Year beginning after the Date of the Modified Agreement.

3.7 Subject to the restrictions in Section 3.9, below, a Participant may reduce, or completely revoke, his deferral election by completing and executing a Modified Agreement and submitting it to the Treasurer of the Company. Such Modified Agreement shall be effective with respect to Compensation accruing on and after the first day of the Plan Year beginning after the Date of the Modified Agreement; provided, however, that the effective date of such an election shall be the first day of the month following the Date of the Modified Agreement if the Participant establishes to the Treasurer of the Company that the reason for the reduction/revocation election is an unanticipated event or events beyond

the control of the Participant that would result in severe financial hardship to the Participant if the reduction/revocation is not permitted. In the event that the Treasurer of the Company allows a Participant to reduce or cease making deferral contributions under the Plan other than on the first day of a Plan Year, the Participant shall forfeit any Company Contributions to which his Account would otherwise be entitled for the Plan Year in which such reduction or revocation occurred.

3.8 A Participant shall be permitted at any time to modify his Beneficiary election by completing and executing a revised Beneficiary designation and submitting it to the Treasurer of the Company.

3.9 A Participant who is subject to Section 16 of the Exchange Act is subject to the following additional restrictions regarding his election to defer compensation under the Plan.

(a) The Date of any Initial Agreement or Modified Agreement making an election pertaining to withholding of shares of Manitowoc Stock must be at least six (6) months prior to the date the tax is determined.

(b) During the period that the Plan is under the Former Rule, a Participant who is subject to Section 16 of the Exchange Act may, after commencing deferrals under the Plan, make changes (increases, decreases, or revocations) in the amount of such deferrals into Subaccount A effective as of the first day of a subsequent Plan Year for Compensation accruing on and after that date.

(c) On and after the mandatory effective date of the New Rule, a person who is subject to Section 16 of the Exchange Act may make changes (increases, decreases, or revocations) in the amount of such Participant's deferrals into Subaccount A effective as of the first day of the month coincident with or following the date that is six (6) months after the Modified Agreement Date directing such change.

All elections made under this Section 3 by persons subject to Section 16 of the Exchange Act are irrevocable and will remain in effect until another irrevocable election becomes effective.

SECTION 4. INVESTMENT DIRECTIONS.

4.1 In connection with his Initial Agreement and thereafter, from time to time as determined by the Participant (or a Beneficiary after the Participant's death), each Participant shall provide written investment directions indicating the portion of such Participant's deferred amount, including for key employees any Company contribution, that is to be allocated to Subaccount A or Subaccount B (as such terms are hereinafter defined in Section 6.5) of the Participant's Account. Any apportionment of newly deposited funds to Subaccounts shall be in ten percent (10%) increments.

4.2 Subject to the restrictions in Section 4.4, below, an investment direction contained in an Initial Agreement and any Investment Election Change Form shall become effective on the first day of the month following the Initial Agreement Date or the Investment Election Change Date.

4.3 Subject to the restrictions in Section 4.4, below, a Participant (or a Beneficiary after the Participant's death) may transfer to one or more different Subaccounts all or a part (not less than ten percent (10%)) of the amounts credited to a Subaccount by completing and executing a Transfer Election Form and submitting it to the Treasurer of the Company. Subject to the restrictions in Section 4.4, below, such transfers among Subaccounts shall become effective on the first day of the calendar month following the Transfer Election Date.

4.4 A Participant who is subject to Section 16 of the Exchange Act is subject to the following additional restrictions regarding his investment directions and investment change directions under the Plan.

(a) During the period that the Plan is under the Former Rule, a Participant who is subject to Section 16 of the Exchange Act may make changes in the investment directions which are incorporated in his Initial Agreement (or a subsequent Modified Agreement) effective as of the first day of a subsequent Plan Year. Such person may not, while the Former Rules are in effect, make any transfers of existing Account balances into or out of Subaccount A.

(b) On and after the mandatory effective date of the New Rule, a person who is subject to Section 16 of the Exchange Act may make any Initial Agreement investment election directing, or any Investment Election Change Form affecting, the investment funds in Subaccount A effective the first day of the month coincident with or following the date that is six (6) months after such Initial Agreement Date or the Investment Election Change Form Date, whichever is applicable.

(c) On and after the mandatory effective date of the New Rule, any transfer of existing Account balances to or from Subaccount A requested by a person who is then subject to Section 16 of the Exchange Act shall be effective the first day of the month coincident with or following the date that is six (6) months after the Transfer Election Date.

All investment elections made under Section 4 by persons subject to Section 16 of the Exchange Act are irrevocable and will remain in effect until another irrevocable investment election becomes effective.

SECTION 5. DISTRIBUTIONS.

5.1 Each Participant shall, subject to the restrictions in Section 5.11, below, designate on his Initial Agreement one of the following dates as a Distribution Date with respect to amounts credited to his Account thereafter:

5.6 A Participant may modify his election as to Distribution Date and distribution form (to Participant and or Beneficiary) with respect to Compensation accruing in subsequent Plan Years by completing and executing a Modified Agreement and submitting it to the Treasurer of the Company. No more than one such modification as to Distribution Date and one modification as to distribution form to Participant and Beneficiary shall be permitted unless the Treasurer of the Company determines that a greater number of modifications shall be made uniformly available to all Participants on a prospective only basis. Any modified Distribution Date or distribution form election shall be effective only as to amounts credited to the Participant's Accounts for Plan Years beginning after the Date of the Modified Agreement making such change.

5.7 Notwithstanding the foregoing, a Participant (or Beneficiary after the death of the Participant) may request an extraordinary distribution of all or part of the amount credited to his Account because of hardship. A distribution shall be deemed to be because of hardship if such distribution is necessary due to unanticipated events beyond the control of the Participant that would result in severe financial hardship to the Participant if the extraordinary distribution is not permitted.

5.8 A request for an extraordinary distribution shall be made by completing and executing an Extraordinary Distribution Request Form and submitting it to the Treasurer of the Company. All extraordinary distributions shall be subject to approval by the Board.

5.9 The Extraordinary Distribution Request Form shall indicate:

- (a) the amount to be distributed from the Account;
- (b) the Subaccount(s) from which the distribution is to be made; and
- (c) the hardship requiring the distribution.

The amount of any extraordinary distribution shall not exceed the amount determined by the Board to be required to meet the hardship.

5.10 Subject to the restrictions in Section 5.11, below, an extraordinary distribution shall be made with respect to amounts credited to all Subaccounts on the first day of the calendar month next following approval of the extraordinary distribution request by the Board.

5.11 A Participant who is subject to Section 16 of the Exchange Act is subject to additional restrictions regarding his distribution directions under the Plan.

(a) Any Distribution Date elected by a Participant subject to Section 16 of the Exchange Act shall be effective, and distributions shall be made pursuant to such election, on the first day of the month coincident with or following the date that is six (6)

months after the Initial Agreement Date or Modified Agreement Date establishing such Distribution Date.

(b) For a Participant requesting an extraordinary distribution who is subject to Section 16 of the Exchange Act, any portion of such distribution to be paid from Subaccount A shall be distributed on the first day of the month coincident with or following the date that is six (6) months after the Date of the Extraordinary Distribution Request Form.

All distribution elections made under Section 5 by persons subject to Section 16 of the Exchange Act are irrevocable and will remain in effect until another irrevocable distribution election becomes effective.

5.12 Notwithstanding the foregoing, the Treasurer of the Company may adopt any additional rules and modify existing Plan rules and procedures, as necessary, to assure compliance with the insider trading liability rules under Section 16 of the Exchange Act, as amended and revised, and as in effect from time to time.

5.13 Any remaining balance in a Participant's Account shall be distributed in a single lump sum amount to the Participant, or his Beneficiary if applicable, upon the occurrence of a Change in Control of the Company. Such distribution shall occur not later than thirty (30) days following the date on which the Change in Control of the Company occurred and shall include the accelerated distribution of any installment payments otherwise to be paid.

SECTION 6. ACCOUNTS AND SUBACCOUNTS.

6.1 The Company shall establish an Account, with one or more Subaccounts, on its books for each Participant as specified by the Participant in his Agreement and shall credit to each such Subaccount any amounts deferred to such Subaccount by the Participant under the Plan, including for key employees any Company Contribution allocable to the Account. Such credits for deferred Compensation are to be made within a reasonable time (not to exceed thirty (30) days) following the time that the deferred Compensation, but for the Participant's deferral election, would otherwise have been paid or made available to the Participant. The credits for Company Contributions, if any, shall be made as provided in Section 7. The Company shall deduct amounts it is required to withhold on the deferred Compensation at the time it is credited to a Participant's Account, under any state, federal, or local law for payroll or other taxes or charges, from the Participant's Compensation which is not deferred, to the maximum extent possible, before reducing the amount of the Participant's deferrals.

6.2 The Accounts of Participants in the Plan are immediately vested and nonforfeitable.

6.3 Subaccounts established for Participants shall be deemed to be fully invested at all times in the investment option assigned to the Subaccount, as such designations may be revised from time to time in accordance with Section 6.4, below. The Company shall separately account for credited amounts as units of the designated investment vehicle having the value attributable to units of the investment option at all times, taking into account reinvestment of all dividends pertaining to such investment, but without adjustment for any income tax consequences attributable to deemed Company ownership of such investments.

6.4 The Treasurer of the Company shall provide to each Participant, not less frequently than semiannually, a statement with respect to each of his Subaccounts in such form as the Treasurer of the Company determines to be appropriate, setting forth credited amounts added during the reporting period, any units of each investment option attributable to each Subaccount and their current value, amounts distributed from each Subaccount to the Participant since the last report, the current balance to the credit of such Participant in each Subaccount, and other appropriate information.

6.5 The Subaccounts available under the Plan are as set forth below:

Subaccount A. A bookkeeping account whose value shall be based on investments in Manitowoc Stock.

Subaccount B. A bookkeeping account whose value shall be based on investments in the Fidelity Investments Balanced Fund Mutual Fund.

The Treasurer of the Company shall, from time to time, review the investment options available under the Plan and may, on a prospective basis, eliminate, modify, or otherwise change such investment options, provided, however, that no fewer than two (2) investment options shall at all times be made available under the Plan including Manitowoc Stock and one balanced mutual fund.

SECTION 7. COMPANY CONTRIBUTIONS.

7.1 The Company shall credit to the Accounts of key employee Participants, in accordance with their investment directions on file with the Plan, a Company Contribution equal to the amount of deferred compensation of a key employee for a Plan Year multiplied by the rate, determined as a percentage of eligible compensation, of fixed and variable profit sharing contributions plus one percent (1%) that the Participant has received from his employer for the Plan Year under the RSVP Plan, subject to the restrictions of Section 3.7.

7.2 Such Company Contribution shall be credited to the Account of the eligible Participant within a reasonable time (not to exceed thirty (30) days) following the time the Company deposits its contributions to the RSVP Plan.

SECTION 8. MANITOWOC STOCK.

8.1 The amount of Manitowoc Stock which may be allocated to Participants' Accounts under the Plan is determined by the amount of Compensation deferred under the Plan and the investment directions provided by Participants. In the event of any merger, share exchange, reorganization, consolidation, recapitalization, stock dividend, stock split or other change in corporate structure affecting Manitowoc Stock, appropriate adjustments shall be made to the units credited to Subaccount A for each Participant.

8.2 Plan record keeping pertaining to Manitowoc Stock shall be based on the fair market value of Manitowoc Stock. Fair market value on any given date is defined for Plan purposes as the mean of the highest and lowest reported sales prices of Manitowoc Stock as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on The New York Stock Exchange on such date or, if no Manitowoc Stock is traded on such date, the most recent date on which Manitowoc Stock was traded.

8.3 Participants shall have no rights as a stockholder pertaining to Manitowoc Stock units credited to their Plan Accounts. No Manitowoc Stock unit nor any right or interest of a Participant under the Plan in any Manitowoc Stock unit may be assigned, encumbered, or transferred, except by will or the laws of descent and distribution. The rights of a Participant hereunder with respect to any Manitowoc Stock unit are exercisable during the Participant's lifetime only by him or his guardian or legal representative.

8.4 Any shares of Manitowoc Stock distributed to Participants under the Plan shall be subject to such stock transfer orders and other restrictions as the Company may deem advisable under the rules, regulations and other requirements of the Company, any stock exchange upon which Manitowoc Stock is then listed and any applicable Federal, state or foreign securities law, and the Company may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

SECTION 9. GENERAL PROVISIONS.

9.1 The Treasurer of the Company shall administer and interpret the Plan, and supervise preparation of Agreements, forms, and any amendments thereto. Interpretation of the Plan shall be within the sole discretion of the Treasurer of the Company and shall be final and binding upon each Participant and Beneficiary. The Treasurer of the Company may adopt and modify rules and regulations relating to the Plan as it deems necessary or advisable for the administration of the Plan. If the Treasurer of the Company shall also be a Participant or Beneficiary, any determinations affecting such person's participation in the Plan which would otherwise be made by the Treasurer of the Company shall be made by the Board. Headings are given to the sections of the Plan solely as a convenience to facilitate reference. The reference to any statute, regulation, or other provision of law shall be construed to refer to any amendment to or successor of such provision of law. With regard

to persons subject to Section 16 of the Exchange Act, transactions under the Plan are intended to comply with all applicable conditions of Rule 16b-3 or its successor under the Exchange Act. The Plan shall be construed so that transactions under the Plan will be exempt from Section 16 of the Exchange Act pursuant to regulations and interpretations issued from time to time by the Securities and Exchange Commission.

9.2 The right of the Participant or his Beneficiary to receive a distribution hereunder shall be an unsecured claim against the general assets of the Company, and neither the Participant nor any Beneficiary shall have any rights in or against any amount credited to his Account or any other specific assets of the Company. The right of a Participant or Beneficiary to the payment of benefits under this Plan shall not be assigned, encumbered, or transferred, except by will or the laws of descent and distribution. The rights of a Participant hereunder are exercisable during the Participant's lifetime only by him or his guardian or legal representative.

9.3 This Plan is unfunded and is maintained by the Company primarily for the purpose of providing deferred compensation for nonemployee directors and a select group of management and highly compensated employees. Nothing contained in this Plan and no action taken pursuant to its terms shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any Participant or Beneficiary, or any other person. The Company may authorize the creation of a trust or other arrangements to assist the Company in meeting the obligations created under the Plan. Any liability to any person with respect to the Plan shall be based solely upon any contractual obligations that may be created pursuant to the Plan. No obligation of the Company hereunder shall be deemed to be secured by any pledge of, or other encumbrance on, any property of the Company.

9.4 No later than the date as of which an amount first becomes includible in the gross income of the Participant for Federal income tax purposes with respect to any participation under the Plan, the Participant shall pay to the Company, or make arrangements satisfactory to the Company regarding the payment of, any Federal, state, local or foreign taxes of any kind required by law to be withheld with respect to such amount.

9.5 There shall be no time limit on the duration of the Plan. The Board may, at any time, amend or terminate the Plan without the consent of the Participants or Beneficiaries, provided, however, that no amendment or termination may reduce any Account balance accrued on behalf of a Participant based on deferrals already made, or divest any Participant of rights to which he would have been entitled if the Plan had been terminated immediately prior to the effective date of such amendment. This Section shall not, however, restrict the right of the Board to cause all Accounts to be distributed in the event of Plan termination, provided all Participants and Beneficiaries are treated in a uniform and nondiscriminatory manner in such event. In addition, no amendment may become effective until stockholder approval is obtained if the amendment (i) except as expressly provided in the Plan, materially increases the aggregate number of shares of Manitowoc Stock that may be allocated in a Plan Year, (ii) materially increases the benefits accruing to

Participants under the Plan or (iii) materially modifies the eligibility requirements for participation in the Plan.

9.6 The Plan will become effective on July 4, 1993, subject to approval by a majority of the votes cast at a duly held meeting of the Company's stockholders at which a quorum representing a majority of all outstanding voting stock is, either in person or by proxy, present and voting on the Plan.

9.7 Costs of establishing and administering the Plan will be paid by the Company.

9.8 Compensation and Company Contributions credited to an Account hereunder shall not be considered "compensation" for the purpose of computing benefits under any qualified retirement plan maintained by the Company, but shall be considered compensation for welfare benefit plans, such as life and disability insurance programs sponsored by the Company.

9.9 If any of the provisions of the Plan shall be held to be invalid, or shall be determined to be inconsistent with the purpose of the Plan, the remainder of the Plan shall not be affected thereby.

9.10 This Plan shall be binding upon and inure to the benefit of the Company, its successors and assigns and the Participants and their heirs, executors, administrators, and legal representatives.

9.11 This Plan shall be construed in accordance with and governed by the law of the State of Wisconsin to the extent not preempted by federal law.

MANAGEMENT INCENTIVE COMPENSATION PLAN

Economic Value Added (EVA) Bonus Plan

ARTICLE I

Statement of Purpose

1.1 The purpose of the Plan is to provide a system of incentive compensation which will promote the maximization of shareholder value over the long term. In order to align management incentives with shareholder interests, incentive compensation will reward the creation of value. This Plan will tie incentive compensation to Economic Value Added ("EVA") and, thereby, reward management for creating value and penalize management for destroying value.

1.2 EVA is the performance measure of value creation. EVA reflects the benefits and costs of capital employment. Managers create value when they employ capital in an endeavor that generates a return that exceeds the cost of the capital employed. Managers destroy value when they employ capital in an endeavor that generates a return that is less than the cost of capital employed. By imputing the cost of capital upon the operating profits generated by a business group, EVA measures the total value created (or destroyed) by management.

$$\text{EVA} = (\text{Net Operating Profit After Tax} - \text{Capital Charge})$$

1.3 Each Plan Participant is placed in a classification. Each classification has a prescribed target bonus. The bonus earned in any one year is the result of multiplying the Actual Bonus Percentage times the Participant's base pay. Bonuses that fall within a pre-specified range will be fully paid out. Positive and negative bonuses falling outside this range are banked forward in the Participant's Bonus Bank, with one-third of the net positive balance paid out each year in cash.

ARTICLE II

Definition of EVA and the Components of EVA

Unless the context provides a different meaning, the following terms shall have the following meanings.

- 2.1 **"Participating Group"** means a business division or group of business divisions which are uniquely identified for the purpose of calculating EVA and EVA based bonus awards. Some Participants' awards may be a mixture of two different Participating Groups.

For the purpose of this plan, the Participating Groups are listed on Exhibit C.

- 2.2. **"Capital"** means the net investment employed in the operations of each Participating Group. The components of Capital are as follows:

	Gross Accounts Receivable (including trade A/R from another Manitowoc unit)
Plus:	FIFO Inventory
Plus:	Other Current Assets
Less:	Non-Interest Bearing Current Liabilities (NIBCL's - See Note 1)
Plus:	Net PP&E
Plus:	Present Value of Non - Capitalized Lease Commitments (See Note 2)
Plus:	Other Operating Assets
Plus:	Capitalized Research & Development
Plus:	Goodwill acquired after July 3, 1993
Plus:	Accumulated Amortization on Goodwill acquired after July 3, 1993
Plus (Less):	<u>Special Items (one-time)</u>
Equals:	Capital

Notes: (1) NIBCL's include trade A/P to another Manitowoc unit, but do not include the contingent liability associated with Bonus Banks.

(2) A firm's decision to finance an asset with an Operating Lease should not exclude the asset from the firm's capital. The Present Value of Non -Capitalized Leases can be estimated by discounting the future minimum lease payments (usually only 5 years is available) by a 10% discount rate. Includes only new leases (not renewals of existing leases or those incurred as part of the G.E. Capital lease fleet) with a NPV greater than \$50,000 entered into subsequent to July 3, 1993.

- 2.3 Each component of Capital will be measured by computing an average balance based on the ending monthly balance for the twelve months of the Fiscal Year.
- 2.4 **"Cost of Capital"** or **"C*"** means the weighted average of the after tax cost of debt and equity for the year in question.

The Cost of Capital will be reviewed annually and revised if it has changed significantly. Calculations will be carried to one decimal point.

The cost of capital for the initial year is 12.6%. See Exhibit A. In subsequent plan years the methodology for the calculation of the Cost of Capital will be:

a) Cost of Equity = Risk Free Rate + (Beta x Market Risk Premium)

b) Debt Cost of Capital = Debt Yield x (1 - Tax Rate)

c) The weighted average of the Cost of Equity and the Debt Cost of Capital is determined by reference to the actual debt to capital ratio where the Risk Free Rate is the average daily closing yield rate on 30 year U.S. Government Bonds for the month of April immediately preceding the Plan Year, the BETA is determined by reference to the most recently available Value Line report on the Company (currently 0.80), the Market Risk Premium is 6%, the Debt Yield is the weighted average yield on the Company's long term obligations, and the tax rate is 39%.

2.5 "Capital Charge" means the deemed opportunity cost of employing Capital in the business of each Participating Group. The Capital Charge is computed as follows:

$$\text{Capital Charge} = \text{Capital} \times \text{Cost of Capital (C*)}$$

2.6 "Net Operating Profit After Tax" or "NOPAT"

"NOPAT" means the after tax cash earnings attributable to the capital employed in the Participating Group for the year in question. The components of NOPAT are as follows:

	Operating Earnings
Plus:	Interest Expense on Non-Capitalized Lease Commitments (See Note 1)
Plus:	Increase (Decrease) in Capitalized R & D (See Note 2)
Plus:	Increase (Decrease) in Bad Debt Reserve
Plus:	Increase (Decrease) in Inventory Reserves
Plus:	Amortization of Goodwill acquired after July 3, 1993
Less:	Other Expense (Excluding interest on debt)
Plus:	Other Income (Excluding investment income)
Equals:	Net Operating Profit Before Tax
Less:	Taxes (See Note 3)
Equals:	Net Operating Profit After Tax

Note: (1) For consistency with the treatment of capitalized leases in capital, the interest portion of the lease payments should be reclassified from operating expense to interest expense.
(2) Since R & D is Capitalized, the difference in the balance is the expensed amount for that year.
(3) Taxes is assumed to be 39% of Net Operating Profit Before Tax.

2.7 "Economic Value Added" or "EVA" means the NOPAT that remains after subtracting the Capital Charge, expressed as follows:

	NOPAT
Less:	Capital Charge
Equals:	EVA

EVA may be positive or negative.

ARTICLE III

Definition and Computation of Target Bonus Value

- 3.1 "Actual EVA" means the EVA as calculated for each Participating Group for the year in question.
- 3.2 "Target EVA" means the level of EVA that is expected in order for the Participating Group to receive the Target Bonus Value.

The Target EVA for the first year is set at the expected EVA for the year prior to the first year of the plan after adjusting for inventory write-offs, Manitex relocation, FAS 106 and 109 and the \$5 million product liability settlement (except for \$1.2 million). After the first year, the Base-Line EVA is revised according to the following formula:

$$\text{Target EVA} = \frac{\text{Last Year's Actual EVA} + \text{Last Year's Target EVA}}{2} + \text{Expected Improvement in EVA}$$

"Expected Improvement in EVA" means the constant EVA improvement that is added to shift the target up each year. This is determined by the expected growth in EVA per year. See Exhibit B for the Expected Improvement for each Participating Group.

- 3.3 "Target Bonus Value" means the "Target Bonus Percentage" times a Participant's base pay.
- 3.4 "Target Bonus Percentage" is determined by a Participant's classification as shown on Exhibit B.
- 3.5 "Actual Bonus Value" means the bonus earned * by a Participant and is computed as the Actual Bonus Percentage times a Participant's base pay.
- 3.6 "Actual Bonus Percentage" is determined by multiplying the Target Bonus Percentage by the Bonus Performance Value.
- 3.7 "Bonus Performance Value" means the difference between the Actual EVA and the Target EVA divided by the Leverage Factor plus 1.0.

$$\text{Bonus Performance Value} = \frac{[\text{Actual EVA} - \text{Target EVA}]}{[\text{Leverage Factor}]} + 1$$

- 3.8 "Leverage Factor" is the negative (positive) deviation from Target EVA necessary before a zero (two times Target) bonus is earned. See Exhibit C for the Leverage Factor of each Participating Group.
- 3.9 A Participant's classification is determined by each business unit manager. They shall generally be direct reports and are subject to approval by the CEO and the Compensation Committee of the Board of Directors.

* Note: A portion of the Actual Bonus Value may be placed in the Participants' Bonus Bank. See Article IV for details on the Bonus Bank.

ARTICLE IV

Description of Bonus Banks

- 4.1 Establishment of a Bonus Bank. To encourage a long-term commitment by Participants to the Company, a portion of exceptional bonuses (amounts above Target and negative bonuses) shall be credited to "at risk" deferred accounts ("Bonus Banks"), with the level of payout contingent on sustained high performance and improvements and continued employment as provided herein.
- 4.2 Although a Bonus Bank may, as a result of negative EVA, have a deficit, no Plan Participant shall be required, at any time, to reimburse his/her Bonus Bank.
- 4.3 "Bonus Bank" means, with respect to each Participant, a bookkeeping record of an account to which amounts are credited, or debited as the case may be, from time to time under the Plan and from which bonus payments to such Participant are debited.
- 4.4 "Bank Balance" means, with respect to each Participant, a bookkeeping record of the net balance of the amounts credited to and debited against such Participant's Bonus Bank. A Participant's Bank Balance shall initially be equal to zero.
- 4.5 Payout Rule: If the Bank Balance entering the Plan Year is zero or positive, then
- 1) Pay any positive bonus earned up to the "Target Bonus Value",
 - 2) Add any unpaid portion of the bonus earned (including negative bonuses) to the Bonus Bank,
 - 3) Pay out 1/3 of any Positive Bank Balance
 - 4) Carry the remaining Bank Balance forward to the next year.
- If the Bank Balance entering the Plan Year is negative, then
- 1) Pay 1/3 of the positive bonus earned up to the "Target Bonus Value",
 - 2) Add any unpaid portion of the bonus earned (including negative bonuses) to the Bonus Bank,
 - 3) Pay out 1/3 of any Positive Bank Balance,
 - 4) Carry the remaining Bank Balance forward to the next year.
- 4.6 A Participant may elect to withdraw, in cash, all or a portion of the Bank Balance. The amount available for such withdrawal is the lesser of the ending Bank Balance of the applicable year or the Bank Balance at the end of the third prior year.

ARTICLE V

Plan Participation, Transfers and Terminations

- 5.1 **Participant Group.** The Committee will have sole discretion in determining who shall participate in the EVA Bonus Plan. Employees designated for Plan participation by the Committee shall be management or highly compensated employees.
- 5.2 **Transfers.** A Participant who transfers his employment from one Participating Unit of the Company to another shall retain his Bonus Bank and will be eligible to receive future EVA Plan Awards in accordance with the provisions of the EVA Plan. Any positive Bonus Bank balance would payout in full as soon as is practical.
- 5.3 **Retirement or Disability.** A Participant who terminates employment with the Company, at or after age fifty-five, for any reason ("retirement"), or suffers a "disability," as such term is defined in the Company's long-term disability benefits program, while in the Company's employ shall be eligible to receive the balance of their Bonus Bank. In the case of retirement, the Participant will receive their balance over three years subject to reduction if the Actual Bonus Value is negative in any of the three years subsequent to the year of retirement. In the case of disability while in the Company's employ, the Participant will receive their balance as soon as practical after qualifying for benefit payments under the Company's long-term disability benefits program.
- 5.4 **Involuntary Termination Without Cause or Death.** A Participant who is Terminated without cause or who dies shall receive any positive Bonus Bank balance. Such payments will be made as soon as is practical.
- 5.5 **Voluntary Termination.** In the event that a Participant voluntarily terminates employment with the Company, the right of the Participant to their Bonus Bank shall be forfeited unless a different determination is made by the Committee.
- 5.6 **Involuntary Termination for Cause.** In the event of termination of employment for cause, the right of the Participant to the Bonus Bank shall be determined by the Committee.
- "Cause" shall mean:
- (i) any act or acts of the Participant constituting a felony under the laws of the United States, any state thereof or any foreign jurisdiction;
 - (ii) any material breach by the Participant of any employment agreement with the Company or the policies of the Company or the willful and persistent (after written notice to the Participant) failure or refusal of the Participant to comply with any lawful directives of the Board;
 - (iii) a course of conduct amounting to gross neglect, willful misconduct or dishonesty; or
 - (iv) any misappropriation of material property of the Company by the Participant or any misappropriation of a corporate or business opportunity of the Company by the Participant.
- 5.7 **Breach of Agreement.** Notwithstanding any other provision of the Plan or any other agreement, in the event that a Participant shall breach any non-competition agreement with the Company or breach any agreement with respect to the post-employment conduct of such Participant, the Bonus Bank held by such Participant shall be forfeited.
- 5.8 **No Guarantee.** Participation in the Plan provides no guarantee that a payment under the Plan will be paid. Selection as a Participant is no guarantee that payments under the plan will be paid or that selection as a Participant will be made in the subsequent Calendar Year.

ARTICLE VI

General Provisions.

- 6.1 Withholding of Taxes. The Company shall have the right to withhold the amount of taxes, which in the determination of the Company, are required to be withheld under law with respect to any amount due or paid under the Plan.
- 6.2 Expenses. All expenses and costs in connection with the adoption and administration of the plan shall be borne by the Company.
- 6.3 No prior Right or Offer. Except and until expressly granted pursuant to the Plan, nothing in the Plan shall be deemed to give any employee any contractual or other right to participate in the benefits of the Plan.
- 6.4 Claims for Benefits. In the event a Participant (a "claimant") desires to make a claim with respect to any of the benefits provided hereunder, the claimant shall submit evidence satisfactory to the Committee of facts establishing his entitlement to a payment under the Plan. Any claim with respect to any of the benefits provided under the Plan shall be made in writing within ninety (90) days of the event which the claimant asserts entitles him to benefits. Failure by the claimant to submit his claim within such ninety (90) day period shall bar the claimant from any claim for benefits under the Plan.
- 6.5 In the event that a claim which is made by a claimant is wholly or partially denied, the claimant will receive from the Committee a written explanation of the reason for denial and the claimant or his duly authorized representative may appeal the denial of the claim to the Committee at any time within ninety (90) days after the receipt by the claimant of written notice from the Committee of the denial of the claim. In connection therewith, the claimant or his duly authorized representative may request a review of the denied claim; may review pertinent documents; and may submit issues and comments in writing. Upon receipt of an appeal, the Committee shall make a decision with respect to the appeal and, not later than sixty (60) days after receipt of a request for review, shall furnish the claimant with a decision on review in writing, including the specific reasons for the decision written in a manner calculated to be understood by the claimant, as well as specific reference to the pertinent provisions of the Plan upon which the decision is based. In reaching its decision, the Committee shall have complete discretionary authority to determine all questions arising in the interpretation and administration of the Plan, and to construe the terms of the Plan, including any doubtful or disputed terms and the eligibility of a Participant for benefits.
- 6.6 Action Taken in Good Faith; Indemnification. The Committee may employ attorneys, consultants, accountants or other persons and the Company's directors and officers shall be entitled to rely upon the advice, opinions or valuations of any such persons. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and binding upon all employees who have received awards, the Company and all other interested parties. No member of the Committee, nor any officer, director, employee or representative of the Company, or any of its affiliates acting on behalf of or in conjunction with the Committee, shall be personally liable for any action, determination, or interpretation, whether of commission or omission, taken or made with respect to the Plan, except in circumstances involving actual bad faith or willful misconduct. In addition to such other rights of indemnification as they may have as members of the Board, as members of the Committee or as officers or employees of the Company, all members of the Committee and any officer, employee or representative of the Company or any of its subsidiaries acting on their behalf shall be fully indemnified and protected by the Company with respect to any such action, determination or interpretation against the reasonable expenses, including attorneys' fees actually and necessarily incurred, in connection with the defense of any civil or criminal action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan or an award granted thereunder, and against all amounts paid by them in settlement thereof (provided such settlement is approved by independent legal counsel selected by Company) or paid by them in satisfaction of a judgment in any action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such person claiming indemnification shall in writing offer the Company the opportunity, at its own expense, to handle and defend the same. Expenses (including attorneys' fees) incurred in defending a civil or criminal action, suit or proceeding shall be paid by the Company in advance of the final disposition of such action, suit or proceeding if such person claiming indemnification is entitled to be indemnified as provided in this Section.

- 6.7 Rights Personal to Employee. Any rights provided to an employee under the Plan shall be personal to such employee, shall not be transferable (except by will or pursuant to the laws of descent or distribution), and shall be exercisable, during his lifetime, only by such employee.
- 6.8 Upon termination of the Plan or suspension for a period of more than 90 days, the Bank Balance of each Participant shall be distributed as soon as practicable but in no event later than 90 days from such event. The Committee, in its sole discretion, may accelerate distribution of the Bank Balance, in whole or in part, at any time without penalty.
- 6.9 Non-Allocation of Award. In the event of a suspension of the Plan in any Plan Year, as provided herein at Article VIII, Section 8, the Current Bonus for the subject Plan year shall be deemed forfeited and no portion thereof shall be allocated to Participants. Any such forfeiture shall not affect the calculation of EVA in any subsequent year.

ARTICLE VII

Limitations

- 7.1 No Continued Employment. Nothing contained herein shall provide any employee with any right to continued employment or in any way abridge the rights of the Company and its Participating Units to determine the terms and conditions of employment and whether to terminate employment of any employee.
- 7.2 No Vested Rights. Except as otherwise provided herein, no employee or other person shall have any claim of right (legal, equitable, or otherwise) to any award, allocation, or distribution or any right, title, or vested interest in any amounts in his Bonus Bank and no officer or employee of the Company or any Participating Group or any other person shall have any authority to make representations or agreements to the contrary. No interest conferred herein to a Participant shall be assignable or subject to claim by a Participant's creditors. The right of the Participant to receive a distribution hereunder shall be an unsecured claim against the general assets of the Company and the Participant shall have no rights in or against any specific assets of the Company as the result of participation hereunder.
- 7.3 Not Part of Other Benefits. The benefits provided in this plan shall not be deemed a part of any other benefit provided by the Company to its employees. The Company assumes no obligation to plan Participants except as specified herein. This is a complete statement, along with the Schedules and Appendices attached hereto, of the terms and conditions of the plan.
- 7.4 Other Plans. Nothing contained herein shall limit the Company or the Compensation Committee's power to grant bonuses to employees of the Company, whether or not Participants in this plan.
- 7.5 Limitations. Neither the establishment of the plan or the grant of an award hereunder shall be deemed to constitute an express or implied contract of employment for any period of time or in any way abridge the rights of the Company to determine the terms and conditions of employment or to terminate the employment of any employee with or without cause at any time.
- 7.6 Unfunded Plan. This Plan is unfunded and is maintained by the Company in part to provide deferred compensation to a select group of management and highly compensated employees. Nothing herein shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any Participant.

ARTICLE VIII

Authority

- 8.1 Compensation Committee Authority. Except as otherwise expressly provided herein, full power and authority to interpret and administer this plan shall be vested in the Compensation Committee. The Compensation Committee may from time to time make such decisions and adopt such rules and regulations for implementing the Plan as it deems appropriate for any Participant under the Plan. Any decision taken by the Compensation Committee arising out of or in connection with the construction, administration, interpretation and effect of the Plan shall be final, conclusive and binding upon all Participants and any person claiming under or through them.
- 8.2 Board of Directors Authority. The Board shall be ultimately responsible for administration of the plan. References made herein to the "Compensation Committee" assume that the Board of Directors has created a Compensation Committee to administer the Plan. In the event a Compensation Committee is not so designated, the Board shall administer the Plan. The Board or its Compensation Committee, as appropriate, shall work with the CEO of the Company in all aspects of the administration of the Plan.

ARTICLE IX

Notice

- 9.1 Any notice to be given pursuant to the provisions of the Plan shall be in writing and directed to the appropriate recipient thereof at his business address or office location.

ARTICLE X

Effective Date

- 10.1 This Plan shall be effective as of July 4, 1993.

ARTICLE XI

Amendments

- 11.1 This Plan may be amended, suspended or terminated at any time at the sole discretion of the Board upon the recommendation of the Compensation Committee. Provided, however, that no such change in the Plan shall be effective to eliminate or diminish the distribution of any Award that has been allocated to the Bank of a Participant prior to the date of such amendment, suspension or termination. Notice of any such amendment, suspension or termination shall be given promptly to each Participant.

ARTICLE XII

Applicable Law

- 12.1 This Plan shall be construed in accordance with the provisions of the laws of the State of Wisconsin.

Exhibit A

Calculation of the Cost of Capital

Inputs Variables:

Risk Free Rate = Average Daily closing yield on U.S. Government 30 Yr. Bonds (for the month of April preceding the Plan Year)

Market Risk Premium = 6.0% (Fixed)

Beta = 0.80 (Value Line)

Debt/Capital Ratio = Debt as a % of Capital (Currently 0.0%)

b = Cost of Debt Capital (Weighted Average Yield on the Company's Long Term Debt Obligations)

Marginal Tax Rate = 39.0% (Historical Average)

Calculations:

y = Cost of Equity Capital
= Risk Free Rate + (Beta x Market Risk Premium)

Weighted Average Cost of Capital = [Cost of Equity Capital x (1 - Debt/Capital Ratio)] +
[Cost of Debt x (Debt/Capital Ratio) x (1 - Marginal Tax Rate)]

c* = [y x (1 - Debt/Capital)] + [b x (Debt/Capital) x (1 - Marginal Tax Rate)]

Exhibit B

**Participant
Classification**

**Target Bonus
Percentage**

I	60%
II	50%
III	35%
IV	25%
V	15%

Exhibit C

<u>Participating Groups</u>	<u>Expected Improvement in EVA</u>	<u>Leverage Factor</u>
MEC	1,000,000	3,000,000
MEC Group	\$ 1,500,000	4,000,000
Manitex	500,000	1,000,000
Orley Meyer	50,000	250,000
Foodservice	0	2,000,000
Marine	150,000	750,000
Corporate	1,000,000	7,000,000
Manitowoc Western	110,000	330,000
Manitowoc-Forsythe	50,000	140,000
North Central Crane	40,000	120,000

Exhibit B

**Participant
Classification**

**Target Bonus
Percentage**

I
II
III
IV
V

60%
50%
35%
25%
15%

Exhibit C

<u>Participating Groups</u>	<u>Expected Improvement in EVA</u>	<u>Leverage Factor</u>
MEC	1,000,000	3,000,000
MEC Group	\$ 1,500,000	4,000,000
Manitex	500,000	1,000,000
Orley Meyer	50,000	250,000
Foodservice	0	2,000,000
Marine	150,000	750,000
Corporate	1,000,000	7,000,000
Manitowoc Western	110,000	330,000
Manitowoc-Forsythe	50,000	140,000
North Central Crane	40,000	120,000