

FOODSERVICE EQUIPMENT

CRANES AND RELATED PRODUCTS

MARINE OPERATIONS

WHAT'S AHEAD

TAKE A LOOK

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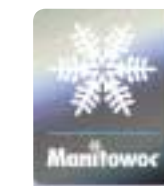
About the Cover

New products are the lifeblood of The Manitowoc Company. Aggressive new product development programs at each of our businesses enable us to create new markets or expand our leadership in current markets. For example, the front cover of our 1999 annual report features a finite element model of a new crawler crane that Manitowoc Cranes will introduce later this year.

By the end of 2002, eighty percent of our sales will come from new products or models that were introduced or acquired since 1998. We're continually reinventing Manitowoc across all of our businesses. We're excited about what's ahead!

Ahead of Schedule

Double-hull Tank Barge *Seneca*, a new double-hull tank barge built for ExxonMobil Corporation, was delivered four months ahead of the contract delivery date, (page 20).



CVD-1400 Ice Machine Manitowoc's CVD-1400 was specifically developed to serve a customer's requirement for a dispenser-mounted ice machine that could produce 1,200 pounds of ice per day in an area with an 8-foot ceiling limitation. The resulting unit, which is only 24 inches tall and 30 inches wide, was part of a major new product rollout that went from concept to full field test in less than seven months, (page 9).



Model 21000 Crane The new Model 21000 crawler crane—one of the largest mobile cranes ever built—went from a concept sketch to its first field lift in 15 months, (page 15).

Ahead of Plan

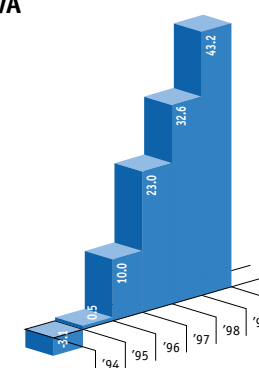


We achieved nearly all of our Vision 2000 goals ahead of plan.

Sales We achieved our Vision 2000 goal of \$800 million in sales in 1999, (page 1).

New Products By 1998, more than 80% of our sales came from products that we did not offer in 1996, (page 5).

EVA By the conclusion of 1998, all of our major businesses contributed to growing economic value, (page 22).



ISO Certification All major non-marine operations achieved ISO 9001 certification prior to our Vision 2000 objective.

#1

Virtually all of Manitowoc's businesses have market-leading positions in their respective industries.

Crane Lead Times



With lead times cut to as few as 63 days, Manitowoc's crane operations have set a new standard for productivity and efficiency.

New Ice Machine Technology



Our recently patented CVD ice machine technology eliminates the heat and 75% of the noise associated with conventional ice machines, (page 9).

Kolpak Walk-ins



Kolpak's new walk-in refrigerators and freezers operate more efficiently than competitors' products, even in higher ambient temperatures, (page 9).

Marine Facilities



Manitowoc's Marine operations are the best-equipped and staffed shipyards on the U.S. Great Lakes, (page 21).

Looking Ahead

Sales Growth

By the end of 2002, our goals are to:

Increase sales to \$1.3 billion, complementing our internal growth with strategic acquisitions.

New Products

Achieve 80% of sales from new products or models introduced or acquired since 1998.

Acquisitions

Enhance our core businesses by pursuing strategic acquisitions in all segments.

ISO Certification

Certify all non-marine acquisitions to ISO 9001 standards.

Global Growth

Expand our presence in targeted global markets.

EVA

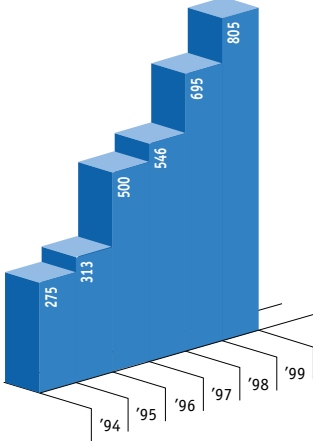
Improve EVA each year in each business unit.

Financial Highlights

		For the Years Ended December 31		
		1999	1998	Percent Change
Thousands of dollars, except current ratio, shares, per share, return, employee, and shareholder data				
For the Year	Net sales	\$805,491	\$694,822	15.9
	Earnings from operations	\$118,951	\$ 92,620	28.4
	Net earnings	\$ 66,784	\$ 51,380	30.0
	Net earnings as a percent of sales	8.3%	7.4%	12.2
Financial Position	EVA® (Economic Value-Added)	\$ 43,245	\$ 32,606	32.6
	Total assets	\$530,240	\$481,014	10.2
	Working capital	\$ 1,690	\$ (7,235)	123.4
	Current ratio	1.01	0.96	5.2
	Stockholders' equity	\$232,176	\$172,552	34.6
	Average shares outstanding (diluted)	26,200,666	26,125,067	0.3
Per Share	Net earnings (basic)	\$ 2.57	\$ 1.98	29.8
	Net earnings (diluted)	\$ 2.55	\$ 1.97	29.4
	Dividends paid	\$.30	\$.30	—
	Net book value	\$ 8.90	\$ 6.65	33.8
Other Information	Property, plant and equipment—net	\$ 92,023	\$ 93,583	(1.7)
	Capital expenditures	\$ 13,714	\$ 11,678	17.4
	Depreciation	\$ 9,321	\$ 9,729	(4.2)
	Return on invested capital	18.7%	17.9%	4.5
	Return on equity	28.8%	29.8%	(3.4)
	Return on assets	12.6%	10.7%	17.8
	Number of employees	3,202	3,177	0.8
	Number of shareholders	2,746	2,633	4.3

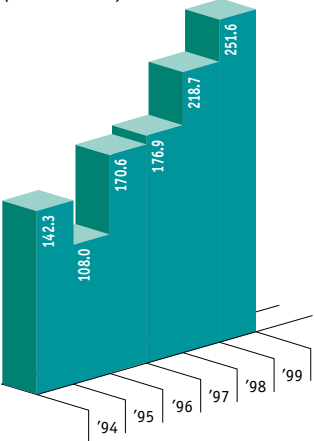
Average shares outstanding and per share data have been adjusted to reflect the effect of the 1999 three-for-two stock split.

Net Sales
(\$ Millions)



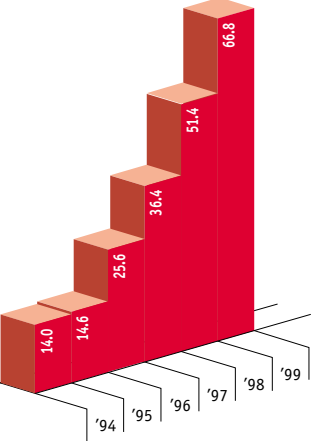
Not only did net sales rise 15.9% to \$805.5 million in 1999, but this was the fifth consecutive year of record revenues for Manitowoc.

Sales Per Employee
(\$ Thousands)



As Manitowoc has grown its business through acquisitions and new product introductions, its sales per employee have more than doubled since 1995.

Net Earnings
(\$ Millions)



Net earnings outpaced net sales in 1999, rising 30% to \$66.8 million. This was the fourth consecutive year of record net earnings for Manitowoc.



More innovation. More customers. Greater economic value. Another year of record growth.

At Manitowoc, exceptional performance has become routine. Since 1995, we have almost tripled our revenues, while our sales-per-employee have climbed from less than \$108,000 to more than \$250,000. We have introduced a steady stream of new products that have increased our share in existing markets and opened new ones. We have modernized and streamlined operations. We have acquired companies that have more than doubled the size of the markets we serve.

When you do this, year after year, real value is created. In 1999, revenues grew 15.9%, to a record \$805.5 million. Earnings reached a record \$66.8 million or, after adjusting for a three-for-two stock split, \$2.55 per fully diluted share. More than \$43 million was added to our economic value.

The logical question now is where do we go from here? What's ahead for Manitowoc?

The answer can be summarized in five words: innovate; acquire; build; improve; and perform. While our businesses tailor their specific strategies to the demands of their respective markets, they all share a commitment to increasing sales by introducing innovative new products, expanding their markets through acquisitions, steadily improving their productivity, building their presence in foreign markets, and increasing their value. These common strategies link our diverse operations and power our growth.

Innovate. Whether it's one of the world's largest crawler cranes, recently patented ice machine technology, or a double-hull ocean-going barge, new products are giving our customers even more reasons to buy from Manitowoc. We are already

filling the new product pipeline for 2001, 2002, and beyond. In fact, by 2002, no less than 80% of the products we sell will have been introduced or acquired since 1998.

Acquire. We are actively pursuing acquisitions across all of our businesses to expand our product offerings and markets. Since 1995, we have acquired more than ten companies. Through these strategic acquisitions we gained new technology and complementary product lines to capture the number one or number two position in virtually every market we serve. For example, our 1999 acquisition of Purchasing Support Group (now Manitowoc Beverage Systems) enables us to offer parts and accessories for beverage dispensing systems. The acquisition brings us closer to our goal of providing one-stop shopping for food- and beverage-cooling needs.

Build. We have taken additional steps toward becoming a global company. Now we intend to pick up the pace. In its fifth year, our joint-venture ice machine company in China is reporting growing sales and earnings and is rapidly expanding its product lines. In Europe, our 1998 acquisition of a 50% interest in the Italian ice machine manufacturer, F.A.G., has helped in offering international food-service customers single-source supply and uniform pricing across their operations. In 1999, our licensee in India began production of walk-in refrigerators. New strategic partners are being actively sought for both our crane and foodservice businesses in key markets around the world.

Improve. Quality and productivity are two sides of the same coin. Our businesses have set new production records, while earning a string of quality awards, including the 1999 Rochester Institute of Technology/USA Today Quality Cup, which was awarded to SerVend International. Our ice machine business is well into a multi-year effort to adopt "build-to-demand" manufacturing. Eighteen production lines, which were dedicated to

manufacturing single products, have been consolidated into eight lines that will produce any mix of the entire product line. In our crane business, robotic welders and other production breakthroughs have reduced lead times by more than one-half, shrinking backlogs even as orders have grown. And, all of our major non-marine business units have been certified to ISO 9001 standards.

Perform. Since 1993, we have managed our businesses according to Economic

and cranes. Our crane business also will benefit from Federal Highway Bill TEA-21, expanding energy-related markets, and a strong replacement market. We estimate that there are 15,000 lattice-boom cranes 25 years or older that are, thanks to our recent innovations, technologically obsolete. Our marine business has contracts for new ship construction and modernization projects into 2001.

Favorable economic conditions combined with our proven strategies will bring continued growth. At a time when

We are setting—and working hard to reach—even more ambitious goals. By the end of the year 2002, we expect our sales to total \$1.3 billion.

Value Added or EVA® principles. It has worked. By telling employees how much value is created after deducting the cost of capital, EVA encourages people to think like owners of the business—and to concentrate on achieving profitable growth. That is why we compensate nearly 25% of our employees according to EVA principles, and we plan to expand that number even more. We want to make sure that the people who work at Manitowoc have the same objectives as those who invest in it.

What's Ahead? More changes. But that is nothing new. Since 1902, this company has been built on change. As we approach our centennial, we will continue to evolve and to grow.

As I have said before, our biggest challenge is determining which opportunities to pursue first. All of our businesses enjoy solid prospects for the future. In the United States, foodservice industry sales are projected to grow to more than \$376 billion in 2000. Strengthening economies in the Asia Pacific region are likely to increase demand for both foodservice products

many companies are consolidating suppliers, the service and support capabilities we have built, coupled with our industry-leading products, set us apart from the competition. As national and regional markets fuse into a global economy, we are developing the resources to serve our customers wherever they do business. We expect to make more acquisitions. New products will help our customers save time, lower costs, and improve performance—because that is exactly what they were designed to do.

When we look ahead, we like what we see. Our vision is built on proven strategies, measurable objectives, and the hard work and dedication of the over 3,200 individuals who work at Manitowoc. Together, we have built a company that we all can be proud of. We look forward to tomorrow.

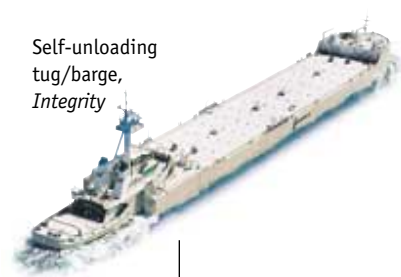
Terry D. Growcock
President and Chief Executive Officer

New products and innovations drive our growth

Manitowoc 888 RINGER



Self-unloading tug/barge, Integrity



SerVend MD-175 ice/beverage dispenser, Manitowoc Q-320 ice-cube machine



Kolpak Express walk-in refrigerators and freezers



Manitex 2177S boom truck



Manitowoc 777 crawler crane



Manitowoc QM-30 undercounter ice-cube machines



Manitowoc QPA-310 ice dispenser



Icetric 30SS ice machine

Manitowoc 21000 crawler crane



USTC 40 MTC boom truck



McCall wide-body reach-in refrigerators and freezers



Innovation is a key element in our strategy for growth. The new products we have introduced across our operations help customers meet the demands

of changing markets and give them more reasons to replace their current equipment. In 1999, 82% of our sales came from products introduced or acquired

since 1996. By the end of 2002, Manitowoc will reinvent itself once again with 80% of our sales coming from products introduced or acquired since 1998.

- Expected delivery of a 200-foot cutterhead dredge
- Construction begins on a 315-foot hopper dredge
- New Manitowoc ice machine product line introduction
- Manitowoc Koolaire™ reach-in refrigerators and freezers
- SerVend MD-250 Quick Draw Beverage Dispenser
- SerVend Gen II 1522 Drop-in Beverage Dispenser
- SerVend CED-30 and CED-40 Beverage Dispensers
- SerVend MDH-402 16-valve and 20-valve Ice/Beverage Dispensers
- Enhanced Flomatic 454 Valve
- Private label, 36-inch, single-door refrigerators and freezers

1996

- Auto/passenger ferry, *Put In Bay*
- Self-unloading tug/barge, *Integrity*
- Manitowoc "J" Series ice-cube machines, (10 models)
- Manitowoc M250 container handling attachment
- Manitowoc 888 luffing jib
- Manitowoc 888 RINGER
- Manitex 1440 boom truck
- Manitex 1461 boom truck
- Manitex 1768 boom truck
- Manitex 3077 boom truck
- Manitex 2571 boom truck
- Manitex 2592S boom truck

1997

- Self-unloading tug/barge, *Pathfinder*
- Manitowoc "Q" Series ice-cube machines, (12 models)
- Manitowoc QM-20 undercounter ice-cube machine
- SerVend MD-65 ice/beverage dispenser
- SerVend MD-175 ice/beverage dispenser
- Flomatic 454 dispensing valve
- Kolpak Express walk-in refrigerators and freezers
- Kolpak 120 rack refrigeration systems
- McCall Smoothie prep table
- Manitowoc 777 crawler crane
- West-Manitowoc 111 crawler crane
- West-Manitowoc 222EX crawler crane
- Manitex 1460 boom truck
- Manitex 2262 boom truck
- Manitex 2277 boom truck
- Manitex 2177S boom truck
- Manitex 2277S boom truck
- Manitex 2871S boom truck
- Manitex 2892S boom truck
- Acquisition of SerVend International

1998

- Automated cargo-handling and ballasting system
- Manitowoc QPA-310 ice dispenser
- Manitowoc QM-30 undercounter ice-cube machine
- Manitowoc F-Series ice-storage bins
- SerVend Gen II drop-in 2323 ice/beverage dispenser
- Flomatic automatic-fill valve
- Private label, 36-inch, bottom-mount refrigerators and freezers
- Manitowoc 2250 crawler crane
- Manitex 22101 boom truck
- Manitex 22101S boom truck
- Manitex 38100S boom truck
- Manitex 938 (oil field applications)
- Manitex 2892S (wireline service)
- USTC 28L boom truck
- USTC 2500 JBT boom truck
- USTC TailGator forklifts
- Acquisition of USTC, Inc.
- Acquisition of F.A.G. (50% ownership stake)

1999

- Backhoe dredge, *New York*
- Double-hull tank barge, *Seneca*
- Manitowoc QPA-160 ice dispenser
- Manitowoc QuietQube (CVD) ice-cube machines, (3 models)
- Manitowoc QM-45, QM-130, and QM-270 undercounter ice-cube machines
- SerVend iced tea dispenser
- McCall NSF 7 refrigerated food prep tables
- McCall wide-body reach-in refrigerators and freezers
- McCall countertop refrigerators
- Manitowoc 777T truck crane
- Manitowoc 21000 crawler crane
- Manitowoc 111 crawler crane upgrade
- Manitowoc 222 crawler crane upgrade
- Rolling outrigger attachment for 777T truck crane
- 500-ton luffing jib attachment for Manitowoc 21000
- 1,000-ton MAX-ER attachment for Manitowoc 21000
- Manitex 2250 boom truck
- Manitex 2281 boom truck
- Manitex 2892 boom truck
- Manitex C35124 boom truck
- Manitex 38124S boom truck
- Manitex 38100S-HL boom truck
- Manitex 38124S-HL boom truck
- USTC 1600 JBT boom truck
- USTC 1700 JBT boom truck
- USTC 2700 JBT boom truck
- USTC 40 MTC boom truck
- Acquisition of PSG (now MBS)
- Acquisition of Kyees Aluminum

2000

- Luffing jib attachment for Manitowoc 222
- 185-ton luffing jib attachment for Manitowoc 2250
- 450-ton MAX-ER 2000 attachment for Manitowoc 2250
- Special-duty Manitowoc crawler crane
- New mid-size Manitowoc crawler crane
- Manitex 14-ton low-cost boom truck
- Manitex 17-ton low-cost boom truck
- Manitex 28-ton long boom configuration
- Manitex 30124 boom truck (U.S. and European markets)
- USTC 40 MTC heavy-lift boom truck
- Acquisition of Pioneer
- Acquisition of BESCO

Manitowoc business and product overview

Mission Statement:





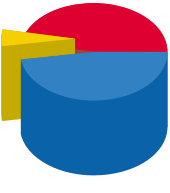
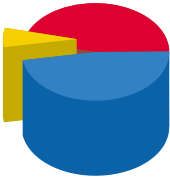
Our mission is to continuously create value for our shareholders, employees, and customers by focusing our talents, energies, and resources to develop innovative, industry-leading products and services that reflect our core strengths and capabilities.

Corporate Profile:

The Manitowoc Company, Inc. engineers high-value products, services, and solutions that meet its customers' changing needs. Manitowoc is a leading manufacturer of ice-cube machines, ice/beverage dispensers, soft-drink dispensing valves, cast

aluminum cold plates, and commercial refrigeration equipment for the foodservice, lodging, convenience store, beverage, and bottling industries. It holds the number one position in high-capacity, lattice-boom crawler cranes for heavy construction, energy-related, duty-cycle, dockside, and crane-rental

applications and is one of America's leading producers of boom trucks and related material-handling equipment. Manitowoc is also the dominant provider of ship repair, conversion, and new construction services for the Great Lakes maritime industry.

Business Segment	1999 Results	Products & Services	Markets Served	Primary Competition	Key Advantages	Industry Outlook
Foodservice Equipment: <u>Ice/Beverage Group</u> Manitowoc Ice, Inc. Hangzhou Wanhua Refrigeration Co. Fabbrica Apparecchiature per la Produzione del Ghiaccio S.r.l. SerVend International, Inc. Manitowoc Beverage Systems Kyees Aluminum <u>Refrigeration Group</u> Kolpak McCall Refrigeration Diversified Refrigeration, Inc.	Operating Earnings: \$65.4 million  Net Sales: \$379.6 million 	Commercial ice-cube machines and storage bins; ice/beverage dispensers; walk-in refrigerators and freezers; reach-in refrigerators and freezers; refrigerated undercounters and food prep tables; private label residential refrigerator/freezers; post-mix beverage dispensing valves; cast aluminum cold plates; long draw beer dispensing systems; compressor racks and modular refrigeration systems; plus back-room beverage equipment distribution services. Brand Names: Manitowoc, Kolpak, SerVend, McCall, Flomatic, Compact, Icetronic, RDI	Foodservice, lodging, hospital-ity, health care, convenience stores, institutions and indus-try; soft-drink bottling and dispensing; commercial ice service.	American Panel Corporation Beverage Air Delfield Company Hoshizaki America, Inc. I.M.I. Cornelius Lancer Master-Bilt Nor-Lake Incorporated Scotsman Traulsen & Co., Inc. True Foodservice Equipment Welbilt Company	<ul style="list-style-type: none">■ Broad-line manufacturer with multi-national manufacturing and distribution.■ Largest domestic share of commercial ice-cube machine and foamed-in-place, walk-in refrigerator/freezer markets.■ Low-cost producer of commer-cial ice-cube machines and walk-in refrigerator/freezers.■ Recognized as the industry leader in ice-cube machine technology and innovation.■ Manufacturing operations in North America, Europe, and Asia.■ 80 distributors in 70 countries.	<ul style="list-style-type: none">■ Restaurant industry sales are expected to grow 5% to \$376.2 billion in 2000.■ Annual foodservice equip-ment growth is forecast at 3% in 2000 due to:<ul style="list-style-type: none">– increasing international demand;– growth in the replacement and kiosk markets;– continuing growth of the U.S. economy.■ More than 45% of today's food dollar is spent away from home; almost half of all American adults are restaurant patrons on a typical day.
Cranes and Related Products: Manitowoc Cranes, Inc. Manitex, Inc. USTC, Inc. Femco Machine Co. Manitowoc Remanufacturing, Inc.	Operating Earnings: \$64.8 million  Net Sales: \$370.7 million 	Crawler- and truck-mounted lattice-boom cranes; hydrauli-cally powered telescopic boom trucks; rough-terrain forklifts and material-han-dling equipment; crane rebuilding and remanufactur-ing services; aftermarket replacement parts for cranes and excavators; industrial repair and rebuilding services for metal-forming, scrapyard, steel recycling, and aggregate equipment. Brand Names: Manitowoc, Manitex, Spyder, Pioneer, USTC, TailGator, Femco	Heavy construction, general contracting, light commercial construction, energy explo-ration and production, infrastructure, equipment rental, duty-cycle, dockside, dredging, industrial, utility services, oil field services, and material-handling applications.	Hitachi Construction Machinery Co. Kobelco Liebherr-Werk Ehingen Mannesman Dematic National Crane Sumitomo/Link-Belt Terex	<ul style="list-style-type: none">■ Industry leader in new prod-uct development.■ Manitowoc is the best recog-nized brand in the lattice-boom crane industry.■ Leading share of lattice-boom crane market based on product performance, rela-bility, and versatility.■ Low-cost producer of high-capacity, lattice-boom crawler cranes.■ Large installed base of cranes provides strong after-market opportunities.■ Manitowoc cranes command the industry's highest resale value.	<ul style="list-style-type: none">■ U.S. construction equipment sales are expected to increase 6.2% in 2000.■ TEA-21 will continue funding \$217 billion of highway and infrastructure construction through 2003.■ Total U.S. construction put-in-place is expected to reach a record \$566 billion in 2000.■ The average high-capacity liftcrane is more than 25 years old; an active replace-ment cycle affecting over 15,000 cranes has recently begun in North America.■ Rising oil prices are driving demand throughout the en-ergy sector for additional facilities and generating capacity.
Marine Operations: Bay Shipbuilding Co. Toledo Shiprepair Co. Cleveland Shiprepair Co.	Operating Earnings: \$7.3 million  Net Sales: \$55.2 million 	Inspection, maintenance, and repair of freshwater and salt-water vessels. Services include five-year surveys; hull and propulsion repairs; mechanical and electrical repairs; boiler and turbine repairs; voyage repairs; topside and cargo-system repairs; graving dock and floating drydock services; repowering, retrofitting, con-version and new construction services; plus automated cargo/ballasting systems. Also provides industrial repair and maintenance services for refineries, petrochemical facilities, power plants, and heavy industrials.	Great Lakes maritime market, both U.S. and Canadian fleets; inland water-way operators; and ocean-going vessels that transit the St. Lawrence Seaway and Great Lakes.	Fraser Shipyards, Inc. Port Weller Drydocks	<ul style="list-style-type: none">■ Operates more than 60% of the U.S. drydocks serving the Great Lakes, including the largest graving dock.■ Yards strategically located on the Great Lakes' major shipping lanes.■ Adept at all phases of repair for freshwater and saltwater vessels.■ Operates the best-equipped facilities with the most ex-perienced workforce of any U.S. Great Lakes shipyard.	<ul style="list-style-type: none">■ Continued increase in demand for ship repair, maintenance, conversion, and new con-struction services driven by:<ul style="list-style-type: none">– continued high utilization of the existing fleet;– longer shipping seasons;– requests to automate the existing Great Lakes fleet to reduce shore time and boost operating efficiency;– an aging and consolidating Great Lakes fleet.

Key
Foodservice
Cranes
Marine

New products help customers make more productive use of every square foot of space.



"Innovative products coupled with a dedicated focus on improving our day-to-day operations will enable Manitowoc to become the leading global provider of food- and beverage-cooling equipment."

Tim Kraus
Executive Vice President
and General Manager
Manitowoc Ice/Beverage Group



Profit Center
By combining Manitowoc's CVD ice machine with a SerVend ice/beverage dispenser and back-room beverage equipment provided by MBS, our Ice/Beverage Group can provide a unique single-source solution for the growing number of quick service restaurants and convenience stores that offer self-service fountain beverages.

Foodservice companies want more from their suppliers than ever before. They are looking for support in expanding globally and in offering new food and dining experiences. They want to improve the efficiency of every square foot of space. They want to help their employees work more productively. They want help in choosing the right partners in a consolidating marketplace.

A sharper focus will help us provide these answers. Organizing our foodservice business into two groups—ice/beverage and refrigeration—allows us to make the best use of our resources and tailors our distribution to our markets.

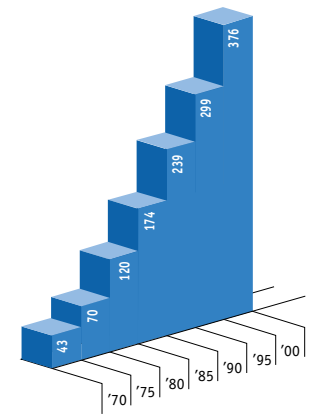
Our ice and beverage products and systems complement one another. Thanks to the acquisitions we have made over the past few years, including our acquisition of Kye's Aluminum and Manitowoc Beverage Systems in 1999, we now can offer complete drink systems, including dispensers, valves, pumps, carbonators, ice machines, and other equipment. Quick service restaurants, convenience stores, and other customers can count on us for the well-engineered, integrated systems they need for reliable, profitable operations.

Closer to Customers

The new organization also puts us closer to customers, which is where the best ideas originate. Our product development efforts are guided by extensive research that aims to capture the voice of the customer. Then we create solution-driven designs that meet our customers'

needs and extend our product lines.

Restaurant Industry Food & Drink Sales (\$ Billions)



The restaurant industry is one of America's most vibrant industries. Food and drink sales are forecast to reach \$376 billion in 2000.

One example is our patented new Cool Vapor Defrost (CVD) technology. For the first time, the compressor on an ice machine can be located away from the dispenser to reduce noise, heat, and floor space requirements. These new machines are ideally suited for new restaurants, which often feature more open designs, and for use with the self-service beverage systems increasingly found in quick service restaurants and convenience stores.

SerVend, our beverage dispenser company, also is responding to this trend. A new electric beverage dispenser designed for countertop applications as well as a new series of dispensing valves help simplify the operation, cleaning, and maintenance of beverage systems, wherever they are located.

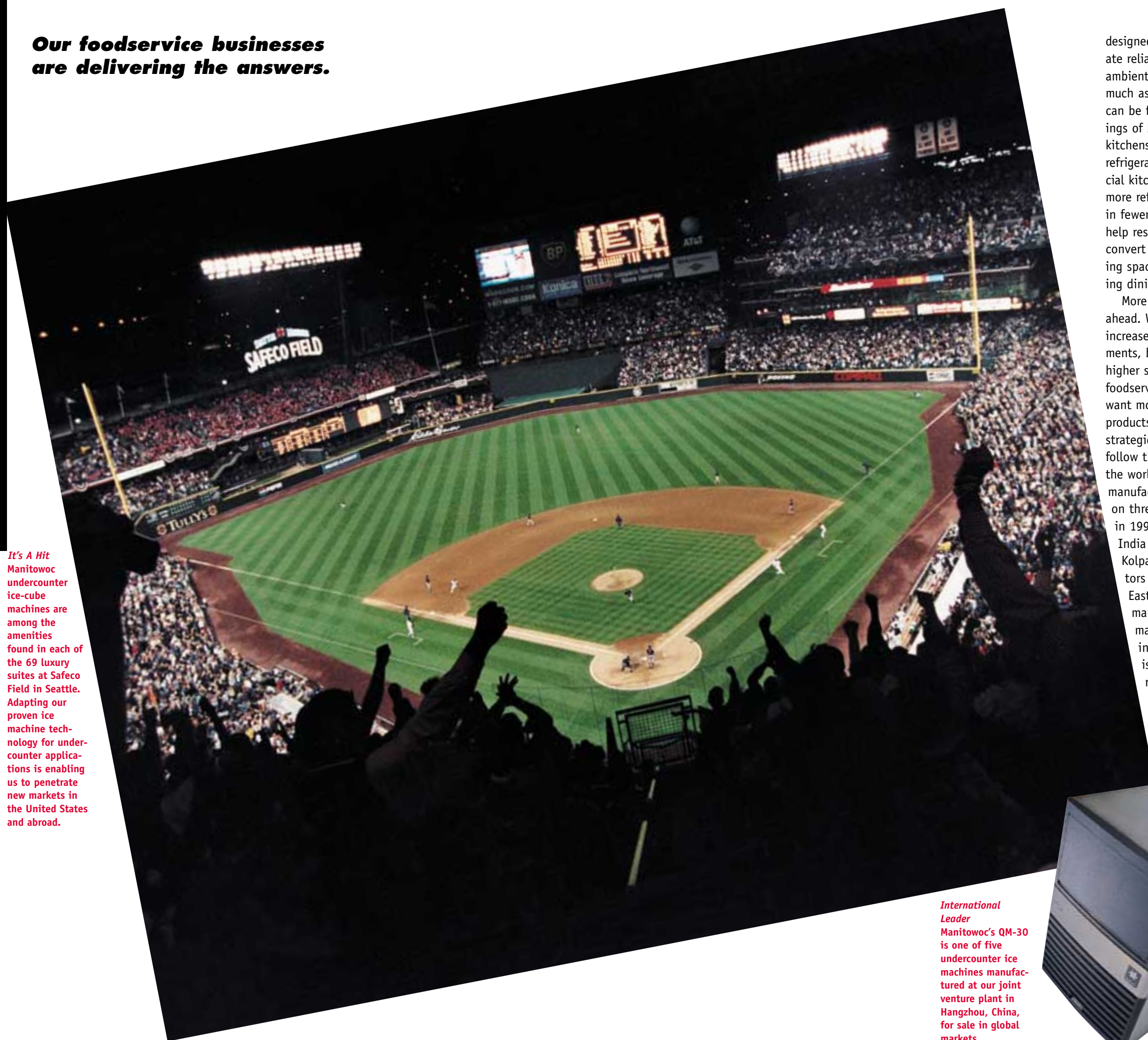
Cool Operator

New refrigeration products are equally well targeted. Introduced early in 1999, Kolpak's new 120 Refrigeration System is the first

Our foodservice businesses are delivering the answers.

What's Ahead in Foodservice (continued)

It's A Hit
Manitowoc undercounter ice-cube machines are among the amenities found in each of the 69 luxury suites at Safeco Field in Seattle. Adapting our proven ice machine technology for under-counter applications is enabling us to penetrate new markets in the United States and abroad.



International Leader
Manitowoc's QM-30 is one of five undercounter ice machines manufactured at our joint venture plant in Hangzhou, China, for sale in global markets.

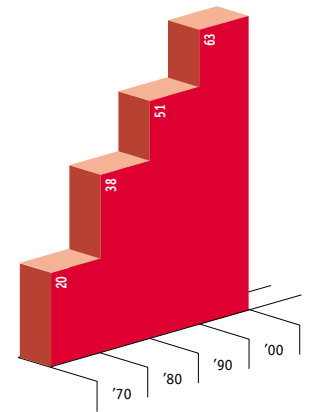


designed expressly to operate reliably in the high ambient temperatures—as much as 120°(F)—that can be found near the ceilings of busy restaurant kitchens. New McCall refrigerators help commercial kitchen designers put more refrigerated storage in fewer square feet and help restaurant owners convert unprofitable working space into profit-making dining space.

More innovations are ahead. We'll continue to increase our R&D investments, because they yield higher sales. But, major foodservice companies want more than innovative products—they also want strategic partners who can follow them anywhere in the world. We already have manufacturing operations on three continents, and in 1999, a licensee in India began producing Kolpak walk-in refrigerators for Indian, Middle Eastern, and Asian markets. Our ice machine manufacturing facility in China is now producing a range of under-counter ice machines for sale in Asia, Europe,

and the United States. The ability to sell, service, and supply products around the world is critical to

America's Changing Workforce (Millions of Women)



With more women entering the American workforce, more meals are prepared or eaten away from home. Currently, more than 50% of all American women work outside the home, and on a typical day, almost half of all American adults are restaurant patrons.

major foodservice companies. We have what it takes to meet their needs. We were the first company to offer both our international and our domestic customers the same warranty. And our service and technical training network is unsurpassed. More than 10,000 technicians attended our training classes in 1999—and we are expanding our offerings even more. In 2000, we will open a second international training center—in Europe—to complement the one we have in Asia.

Our goal is to give our customers more reasons to buy from us. We're succeeding.



"As the foodservice equipment industry continues to consolidate, acquisitions will be a key component of our growth strategies going forward."

Denny Romer
Executive Vice President
and General Manager
Manitowoc Refrigeration
Group



Designed for the Times
As restaurant chains introduce new dining concepts or renovate their existing locations, Manitowoc frequently provides single-source refrigeration solutions combining Kolpak's innovative Express walk-in refrigerator/freezers (left), with McCall's wide array of refrigerated food storage and prep equipment (right).



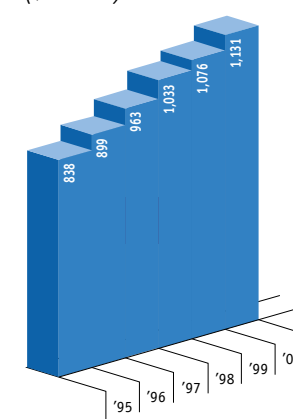
World-class. Worldwide.
A global company needs world-class manufacturing. Over the past two years, we have reengineered virtually every aspect of our ice machine business, from forecasting, to the sales process, to adopting "build-to-demand" manufacturing practices. Flexible assembly lines allow us to change the mix of the products that we build at a moment's notice, so the products our customers order one day can be built the next. In fact, we're now achieving order fill rates of 95% and more, while we're also reducing our inventory.

Realigning our operations has improved our productivity. Overlapping activities were consolidated at single facilities, and the different business units are sharing their core strengths to gain new efficiencies of scale. At Kolpak, for example, improvements in how we schedule production helped increase capacity by 15%. The expansion of Kolpak's largest production facility eliminated manufacturing bottlenecks and allowed us to join two facilities into one.

A wide range of innovative new products, global supply and service capabilities, and highly efficient—

and reliable—operations will help us benefit from the consolidation of the industry. Recent "vendor of the year" awards for both Kolpak and McCall show that we can meet the

**Foodservice Industry
Storage & Handling
Equipment Sales**
(\$ Millions)



Purchases of food storage and handling equipment, including the ice-cube machines, walk-ins, and reach-ins produced by Manitowoc, Kolpak, and McCall, are forecast to rise 5.1% to \$1.1 billion in 2000.

requirements of the growing number of buying groups which unite independent dealers to improve their bargaining power and reduce their costs. We also are developing the sophisticated supply chain management services that larger customers now expect. Our ice machine distributors already can check inventories and account balances and gain access to product specifications, service manuals, and price lists over the Internet. In 2000, we'll also offer sales and service training on the Web. Whether it's our products, our service, or our value, our goal is to give our customers more reasons to buy from us. We're succeeding.

Bigger is better...



"New products have been the cornerstone of our success. Driving the market with innovative concepts, like the 21000 and our self-erecting crane technology, we are giving contractors and crane rental firms more reasons to buy Manitowoc than ever before."

Ron Schad
Executive Vice President
and General Manager
Manitowoc Cranes, Inc.

Thinking Big
Manitowoc's newest crane, the 1,000-ton capacity Model 21000, provides a remarkable combination of reach, capacity, and mobility. Working at a steel mill near Sault Ste. Marie, Ontario, this 21000 erected all the process equipment for an oxygen plant, including this two-piece, 212-foot, 158-ton air column.

To see what our strategies have accomplished, you need look no farther than our new Model 21000—and it's hard to miss. With four pairs of crawler tracks, the 21000 is one of the largest mobile cranes the world has ever seen. When it's fully rigged, the boom reaches as high as a 60-story building. The crane weighs more than 1,000 tons, and can lift the weight of more than 600 automobiles. Yet it can be trucked to a job-site, assembled, and be ready to work in just 20 hours. Most impressive of all, it went from a concept sketch to its first field lift in just 15 months.

The success of the Model 21000 shows how our strategies are achieving profitable growth. We design products that customers want, build them faster and more efficiently than ever before, and deliver them around the world.

Faster

Our ability to bring the 21000 to market so rapidly proves that we have mastered the process of innovation. The process begins with a clear understanding of our customers' needs. Direct input from customers and careful analysis of our current products tell us what new cranes and attachments we need to develop. Then we design these products for efficient manufacturing. The goal is to drive the market with innovative products that combine new or improved performance with lower production costs. It's a never-ending process. In the next few years, for example, we plan to add intermediate models and specialized products for

foundation and material-handling applications.

We're taking the same approach throughout our operations. Already the market leader for rear-mount boom trucks used by contractors, utility companies, oil field service companies, and others, Manitex recently extended its lead with the launch of the Model 22101S, which offers the highest capacity and longest reach of any two-axle boom truck on the market. Our acquisition of USTC, which manufactures boom trucks, rough-terrain forklifts, and material-handling equipment, also helped us meet new needs and extend our product lines. In 1999, USTC introduced its Model 40 MTC, the first 40-ton capacity boom truck that is a cost-attractive alternative to hydraulic truck cranes. New product options scheduled for launch in 2000 will add to its capabilities and make the Model 40 MTC even more popular with customers.

More Productive

Offering such superior value begins with low-cost production. Our internal growth and our acquisitions have provided new economies and efficiencies of scale. In our boom truck operations, sharing manufacturing processes and technical expertise while consolidating duplicate functions has already begun to lower administrative and production costs, and more improvements are on the way.

At our large-crane business, the gains have been dramatic. In the past five years, Manitowoc Cranes' sales per employee have more than quadrupled—and we're confident we

**We're moving products into—
and through—production faster
than ever before.**

"The purchasing, engineering, manufacturing, and marketing synergies that we have realized since acquiring USTC have enabled us to design and produce our boom trucks faster, more efficiently, and at lower cost than ever before."

Joe Conway
Executive Vice President
and General Manager
Manitex, Inc.

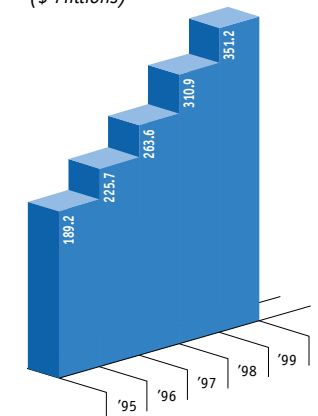


Another First
The USTC Model 40 MTC is the first 40-ton capacity boom truck designed to be a cost-attractive alternative to hydraulic truck cranes.

can do even better. New automation is reducing our welding time by 300%. Fabrication areas will be reconfigured to optimize our efficiency. Outsourcing entire subassemblies, such as wiring harnesses, reduces inventory and allows our workers to use their time more productively. Linked by EVA-based compensation, design engineers and manufacturing engineers work side-by-side to move products from concept through production faster than ever.

This past year our operational improvements have had a powerful impact on financial performance. Focusing on efficiency has allowed us to increase sales of high-capacity lattice boom cranes by about 20%, without increasing overhead costs. It has also helped us to reduce working capital by nearly \$18 million and make our fac-

Dampening the Backlog Dynamic (\$ Millions)



Manitowoc's ability to build and ship cranes in less than 90 days reduces an individual order's effect on the backlog. More importantly, this efficiency makes room in the schedule for additional sales. For 1999, the incoming order rate was up 13% over the prior year.

Partners in Success

We have built strong relationships with the distributors, crane rental companies, and contractors who use our products. We've standardized our operator cabs and control systems across our entire crawler crane product line, so operators can easily transfer their skills as they move up from other types of hydraulic equipment. Even the LED readouts on our control consoles can be programmed to appear in any major language. Contractors can also call

Boom Times
Manitex improved several models in its product line during 1999, including its most popular conventional mount boom truck—the Model 2592—which received a capacity upgrade and other improvements before its reintroduction as the Model 2892.

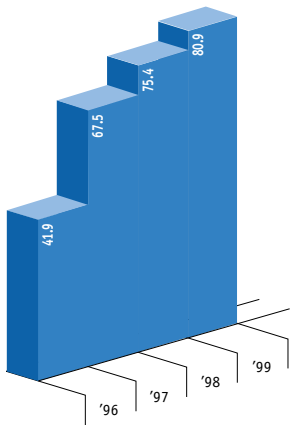


New highway construction, growth within the energy industry, and product innovation all will contribute to additional growth.

on us for technical support about making lifts, calculating ground bearing pressure, and other needs. In addition, we're expanding our training programs, including working with our dealers to improve their international operations.

We also have the strengths to succeed in a global marketplace. We are developing partnerships with companies in Europe and the Asia-Pacific region so we can use locally sourced components and fabrications to minimize freight costs. We're strengthening our network of international distributors in order to provide greater on-the-scene support. Our continuous research and development, acquisitions, and joint ventures will expand our product offerings.

New Product Impact on EVA
(Percent)



As part of its decision-making process, Manitowoc Cranes evaluates the EVA impact that a new crane or attachment is likely to create, then uses that information to determine if that project is worth pursuing.

We also have tremendous opportunities in the United States. The Federal Highway Bill, TEA-21, will pump more than \$217 billion into new highways,

bridges, subways, and other projects. That prospect is prompting both rental companies and contractors to increase the size of their crane fleets. Rising oil prices are generating higher sales of lattice-boom cranes and boom trucks to oil companies and their suppliers, both in the United States and abroad. A tight labor market makes the labor-saving, productivity-enhancing features of our cranes more valuable than ever. And as we continue to innovate and drive the market with new and improved products, we'll become an even better investment for our customers.

Reaching Higher
Working in congested midtown Manhattan, this Manitowoc 888 was equipped with 420 feet of boom, luffing jib, and fixed jib to erect steel, structural components, concrete forms, and mechanical equipment during construction of a 38-story high-rise apartment and condominium complex.



Fueling New Growth
With each of our shipyards playing a key role, the ExxonMobil tank

barge, *Seneca*, was delivered four months ahead of schedule. Featuring a cylindrical bow, deep-notch stern, and an articulated

coupling system, this double-hull, ocean-class tank barge will carry 140,000 barrels of refined petroleum per sailing to ports along the Atlantic Seaboard.



"Our ability to complement our ship-repair business with off-season project work enables us to grow the marine segment by generating more revenue, higher earnings, and improved EVA. In addition, it enables us to keep our highly skilled workforce fully employed year-round."

Bruce Shaw
Executive Vice President
Manitowoc Marine Group

For many Great Lakes carriers, it's a time of decision. Their vessels are aging, and it is becoming increasingly difficult for some of the vessels to pass their five-year inspections. The alternatives include automating or repowering the vessels, converting them to tug/barge units, or replacing them with new tonnage.

As the leader in the maintenance, repair, and construction of the U.S. Great Lakes fleet, we can provide all of the options. Our automation systems can make it economically feasible to keep older vessels in operation. We can convert conventional vessels into tug/barge configurations that offer many of the savings of a new vessel but at a much lower cost. We have also proven that we can complete new construction projects efficiently and on schedule.

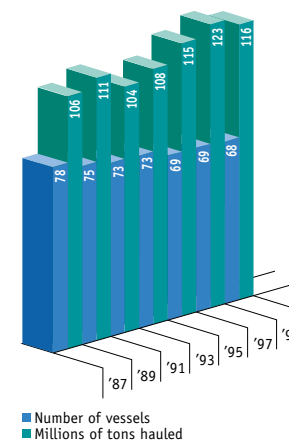
Ore and More

Iron ore carriers have long been our most important group of customers, but we also are seeking out new markets. The Oil Pollution Act of 1990 requires that all petroleum that transits U.S. waters must be carried in double-hull vessels by 2015. Late in 1999, we delivered the *Seneca*, a 504-foot, double-hulled tank barge that ExxonMobil will use to transport petroleum products along the Atlantic Coast.

We also have benefited from a renewed interest in dredging. In May, we delivered the dipper dredge, *New York*, which has begun a multi-phase dredging project in New York harbor. In 2000, we will begin construction of a highly automated, self-propelled 5,000 cubic-meter hopper dredge, the largest single contract awarded to our shipyard in the past ten years.

New orders support new investments. A new sand-blasting and priming line equips us to prepare steel for use in saltwater. New computer modeling equipment allows us to identify

U.S. Flag Fleet Efficiency



Although the increase of imported steel into North America affected the tonnage of iron ore hauled by the U.S. flagged Great Lakes fleet in 1999, the fleet's hauling efficiency exceeded 1.7 million tons per vessel, which was the second highest rate in over a decade.

and eliminate potential production bottlenecks before we begin construction. We're also making better use of our total resources. All three of our shipyards helped fabricate and construct *Seneca*. We're not afraid to try new approaches. We're ready for the future.

Big Dipper

The dipper dredge, *New York*, was built at our Sturgeon Bay shipyard and is the largest dredge of its kind in the world. Since its delivery last May, the *New York* has completed a project in Boston harbor and is now working on a multi-year project to deepen Newark Bay's harbor channel for the U.S. Army Corps of Engineers and the Port Authority of New York/New Jersey.

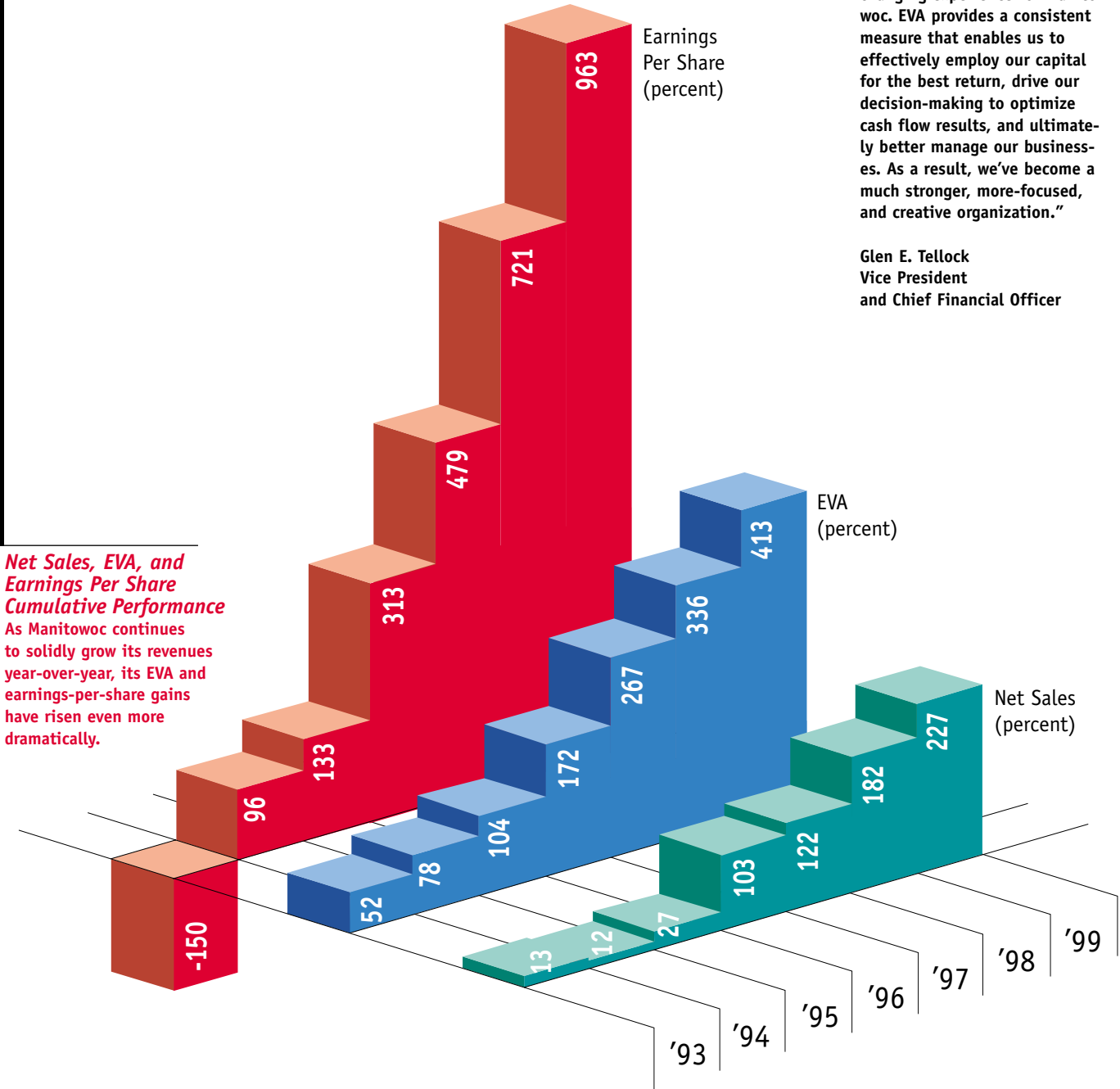


Growing Value: Manitowoc and EVA®



"Adopting EVA was a culture-changing experience for Manitowoc. EVA provides a consistent measure that enables us to effectively employ our capital for the best return, drive our decision-making to optimize cash flow results, and ultimately better manage our businesses. As a result, we've become a much stronger, more-focused, and creative organization."

Glen E. Tellock
Vice President
and Chief Financial Officer



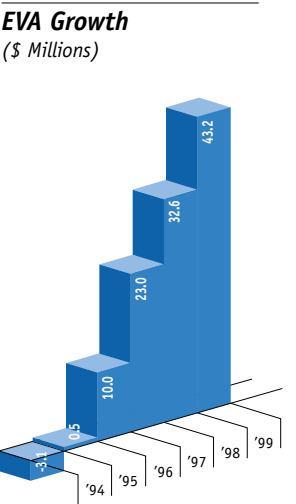
Net Sales, EVA, and Earnings Per Share Cumulative Performance
As Manitowoc continues to solidly grow its revenues year-over-year, its EVA and earnings-per-share gains have risen even more dramatically.

Cumulative Percent Increase
■ Net Sales
■ EVA
■ Earnings Per Share

From sales per employee and gross margins to inventory turns and free cash flow, we use a variety of benchmarks to measure our performance. However, we believe that for Manitowoc, the single best measure is Economic Value Added, or EVA.

EVA defines value creation as the return a business generates on invested capital over and above the cost of obtaining that capital. To increase value, we must increase operating profits without using additional capital, invest capital in projects that earn more than the cost of capital, or divert capital from activities that do not meet our cost-of-capital threshold.

We have done all three. In 1999, we created a record \$43.2 million in economic value. Since 1995, we have generated nearly \$110 million in economic value for our shareholders.

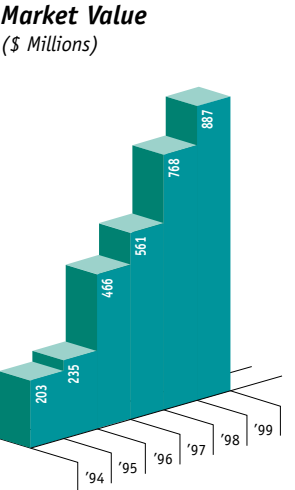


EVA set another new record in 1999 by climbing to \$43.2 million. Since 1995, Manitowoc has generated nearly \$110 million of economic value for its shareholders.

Doing More With Less
We continue to increase our sales while we reduce our capital requirements. Using EVA principles to measure and compare the performance of each business unit promotes the spread of best practices across the organization and fosters a healthy competition among our managers to achieve the greatest gains.

Cause and Effect
Increasing our EVA is also reflected in the growing value of our stock. Improving our EVA performance also gives us a number of strategic advantages. Growing profits and cash flows can be invested in product development programs, more productive capital expenditures, improved sales and distribution, and additional acquisitions.

EVA touches nearly every facet of our company. As we continue to apply and educate our employees on the power of EVA, we'll create even more value for our shareholders in the future.



As Manitowoc has generated improving levels of EVA, its market value has risen in response to this favorable trend.

Business Description The Manitowoc Company and its affiliates are market leaders in their domestic and international businesses.

- The Foodservice Equipment Segment* includes:
- Ice/Beverage businesses which include one of the world's largest manufacturers of ice-cube machines and combination ice/beverage dispensers and dispensing valves—serving restaurants, hotels, and other institutions, as well as the soft-drink industry.
 - Refrigeration businesses which include one of the largest suppliers of walk-in refrigerator/freezers in the world—serving restaurants, hotels, and other institutions.

- The Cranes and Related Products Segment* includes:
- Businesses with a leading share of the worldwide market for lattice-boom crawler cranes (over 150-ton capacity)—serving heavy-construction, crane-rental, dockside, and material-handling customers.
 - Operations with a leading share of the North American boom-truck market—serving commercial, industrial, utility, construction, and maintenance applications.

- The Marine Segment* is:
- The leading provider of ship-repair, maintenance, conversion, and construction services on the U.S. side of the Great Lakes.

Additional information on these business segments can be found on pages 6 through 21.

Forward-Looking Statements Statements in this report and in other company communications that are not historical facts are forward-looking statements, which are based on management's current expectations. These statements involve risks and uncertainties that could cause actual results to differ materially from what appears here.

Forward-looking statements include the company's description of plans and objectives for future operations, and the assumptions behind those plans. The words "anticipates," "believes," "intends," "estimates," and "expects," or similar expressions, usually identify forward-looking statements. In addition, goals established by Manitowoc should not be viewed as guarantees or promises of future performance. There can be no assurance the company will be successful in achieving its goals.

In addition to the assumptions and information referred to specifically in the forward-looking statements, a number of factors relating to each business segment could cause actual results to be materially different from what is presented here.

The Foodservice Equipment Segment—demographic changes affecting two-income families and general population growth; household income; weather; consolidation in the restaurant industry; the ability to serve large restaurant chains as they expand their global operations; the ice-cube machine replacement cycle in the U.S.; specialty foodservice market growth; the demand for quick service restaurants and kiosks; and growth in the soft-drink industry.

The Cranes and Related Products Segment—market acceptance of new and innovative products; cyclicalities in the construction industry; the effects of the U.S. Transportation Equity Act for the 21st Century (TEA-

21); growth in the world market for heavy cranes; the replacement cycle of technologically obsolete cranes; and demand for used equipment in developing countries.

The Marine Segment—shipping volume fluctuations based on performance of the steel industry; weather on the Great Lakes; five-year survey schedule; the replacement cycle of older marine vessels; the growth of existing marine fleets; and the level of vessel construction and industrial maintenance.

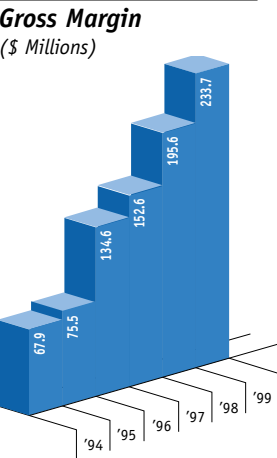
Corporate—changes in laws or regulations; successful identification and integration of acquisitions; competitive pricing; domestic and international economic conditions; interest rate risk; success in increasing manufacturing efficiencies; and any unanticipated ongoing Year 2000 computer hardware or software issues.

Qualitative and Quantitative Market Risk Manitowoc is exposed to market risks from changes in interest rates, commodities and, to a lesser extent, foreign currency exchange. To reduce these risks, the company selectively uses financial instruments and other proactive management techniques. All hedging transactions are authorized and executed under clearly defined policies and procedures, and prohibit using financial instruments for trading purposes or speculation.

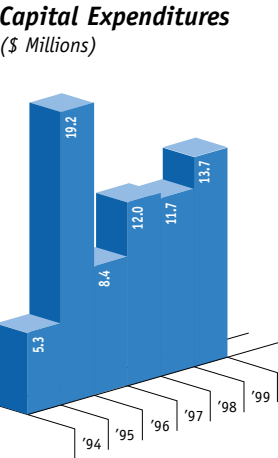
Discussions of Manitowoc's accounting policies and further disclosures on financial instruments are included in Notes 1 and 6 of the Notes to Consolidated Financial Statements.

Interest Rate Risk—The company uses interest rate swaps to modify its exposure to interest rate movements. This helps minimize the adverse effect of interest rate increases on floating rate debt. Under these agreements, Manitowoc contracts with a counter-party to exchange the difference between a fixed rate and a floating rate applied to the notional amount of the swap. At December 31, 1999, the company's existing swap contracts expire at various times through October 2002.

The interest payments or receipts from interest rate swaps are recognized in net income as adjustments to interest expense on a current basis. The company enters



In 1999, Manitowoc's gross margin set a record for the sixth consecutive year, climbing to \$233.7 million, up 19.5% from the previous record of \$195.6 million in 1998.



The conversion to mixed model manufacturing at Manitowoc Ice, upgrade of management information systems within the Refrigeration Group, and installation of new process equipment at Kolpak were three of the major capital investments Manitowoc made during 1999.

into swap agreements only with financial institutions that have high credit ratings, which, in management's opinion, limits Manitowoc's exposure to credit loss.

At year-end 1999, Manitowoc had two interest rate swap agreements outstanding with financial institutions, with a total notional principal amount of \$17.6 million. The effect of these agreements on the company's interest expense during 1999 was not significant. The fair value of these interest rate swap agreements was \$0.2 million at December 31, 1999. On that date, the interest rates under the swap agreements were 5.78% and 6.29%. The weighted average interest rate for the company's floating rate debt during the year was 5.9%.

Commodity Prices—Manitowoc is exposed to fluctuating market prices for commodities including steel, copper, and aluminum. Each of its business segments is subject to the effects of changing raw material costs caused by movements in underlying commodity prices. Manitowoc has established programs to manage the negotiations of commodity prices. Some of these programs are centralized within business segments, and others are specific to a business unit. In general, Manitowoc enters into contracts with its vendors to lock in commodity prices at various times and for various periods to limit its near-term exposure to fluctuations in raw material prices.

Currency Risk—The company has limited exposure to foreign currency exchange fluctuations in some of its European and Southeast Asian operations due to the small amount of transactions processed, and the relative stability of the currencies exchanged. The company utilizes foreign currency hedges to manage this exposure, when necessary. Use of these instruments and strategies has been modest.

Long-Term Goals Manitowoc has established and will work to achieve these goals by the end of 2002:

- Reach \$1.3 billion in sales, with the increase coming equally from internal and external growth.
- Generate 80% of revenues from new products/models introduced or acquisitions made since 1998.
- Be EVA® (Economic Value-Added) accretive in each business unit each year.
- Supplement core businesses with strategic acquisitions.
- Continue to make global expansion a key priority.
- Pursue ISO quality certification for all non-marine operations.

Reaching these goals includes the following annual financial milestones:

- 17% top-line growth.
- Expanding earnings faster than sales.
- Internal growth rates at double the industry average.

Market Conditions: North America In 1999, the North American economy experienced growth in the foodservice industry (with the exception of the beverage dispensing niche) compared with relatively flat sales between 1998 and 1997. Both the crane and marine industries saw continued expansion in 1999.

The Foodservice Equipment Segment is benefiting from a number of long-term trends that have resulted in 3% to 5% annual growth for the foodservice industry: expansion in the restaurant market, particularly among high-volume chains; movement of fast-food franchises into non-traditional locations, such as automotive service stations, convenience stores, and chain retail

stores; growth in health care facilities; additional international expansion; and the continued recovery of the hotel and lodging industry. Two long-term trends also support a return to growth for the beverage dispensing niche market: higher quality, more attractive new products that speed the beverage dispenser replacement cycle; and increased demand for self-serve fountain equipment by various quick service industries. All of these factors kept demand for foodservice equipment strong in 1999 in nearly all North American markets. Management expects these industry trends will bring continued growth in 2000.

The Cranes and Related Products Segment experienced greater demand for its products again in 1999. This segment is expected to continue its current growth trend over the next several years due to increasing construction spending in the U.S.; the rebuilding of America's infrastructure, funded by TEA-21—the federal bill that provides \$217 billion for rebuilding roads and bridges over the next five years; growing international demand for cranes; and the continuing replacement cycle for an aging large-capacity liftcrane fleet that is becoming technologically obsolete.

The Marine Segment saw a continuation of positive growth trends in 1999 due to high levels of shipping tonnage (despite dumping of foreign steel into the U.S. early in the year); the general economic strength of heavy industry and manufacturing sectors; customer interest in upgrading existing vessels and taking advantage of new automation equipment; and the aging of the Great Lakes fleet—averaging 39 years—which requires more maintenance and repair. In 1997, the Coast Guard changed its regulations and provided a one-year extension of the five-year mandatory dry-docking requirement. Ship owners must apply for the extension, and decisions are made on a ship-by-ship basis. This did not have a significant impact on the Marine Segment during 1999. Repair and construction activity was high at all three facilities in addition to a high level of quoting activity on project business for the year.

Market Conditions: International Manitowoc's international sales grew 10% in 1999, contributing 11% of total revenues.

The Foodservice Equipment Segment continued to see strong demand for its refrigeration products in the Southeast Asian market, with Taiwan and China contributing most of its international ice-cube machine sales in 1999. These sales were driven by improvements in sanitation—where pure water is available, these countries want to offer the Western convenience of ice. European demand remained steady during the year, and some improvements were seen in Latin America. International orders for refrigeration and ice-making equipment from hotel and restaurant chains remained robust. Expansion of U.S. firms into international markets and the desire of these firms to take their proven suppliers with them helped fuel this activity.

The Cranes and Related Products Segment also saw improving markets in China and Southeast Asia, as the price of oil firmed up later in the year. Solid levels of demand were seen in Canada. Improving economies in Europe, Africa, and Central and South America led to greater demand for cranes during 1999.

The Marine Segment's repair and maintenance sales come primarily from the U.S. While the North American Free Trade Agreement (NAFTA) eliminated tariffs, making

U.S. shipyards more competitive with their Canadian counterparts, most Canadian shipping companies still choose to have their vessels serviced in their home country. As a result, Marine's most frequent source of international revenue is emergency repair work on foreign-flagged vessels.

Results of Operations This table summarizes the relationship between components of operations as a percent of net sales for the last three years.

Percent of Net Sales	1999	1998	1997
Net sales	100.0	100.0	100.0
Cost of sales	71.0	71.8	72.0
Gross profit	29.0	28.2	28.0
Engineering, selling & administrative expenses	13.3	14.1	15.4
Amortization	0.9	0.8	0.7
Operating income	14.8	13.3	11.9
Interest and other	(1.6)	(1.6)	(1.3)
Earnings before taxes	13.2	11.7	10.6
Income taxes	4.9	4.3	3.9
Net earnings	8.3	7.4	6.7

Net Sales—Consolidated net sales, at \$805.5 million, rose 15.9% for 1999. Approximately half of this increase came from internal growth, with the rest from acquisitions made in the last two years. Foodservice Equipment revenues rose 18.8% and Cranes and Related Products expanded 12.3%. Both benefited from strong acceptance of new products and recent acquisitions. Marine sales increased 21.6% on strong demand for its repair and maintenance services, and the construction of a tank barge and dipper dredge in its off-season.

For 1998, sales grew 27.3% to \$694.8 million, based on higher revenues at Foodservice Equipment (up 29.3%), Cranes and Related Products (up 27.1%) and Marine (up 16.0%). New products and acquisitions boosted Foodservice Equipment and Cranes and Related Products sales, and the Marine operation completed construction of a large dipper dredge during the year.

Gross Profit—Manitowoc continued its pattern of improving gross margins: 29.0% in 1999 compared with 28.2% in 1998 and 28.0% in 1997. Excluding the results of the two businesses acquired by Foodservice Equipment earlier this year, the company's gross margin would have been higher (at 29.5%). The Foodservice Equipment Segment realigned into two groups along market channels in 1999—Ice/Beverage and Refrigeration—to strengthen its market presence, improve synergies, and reduce costs, and began to move its ice machine operations to “mixed model/demand flow” manufacturing. Cranes and Related Products is benefiting from higher margins in the crawler crane and boom truck businesses, due to increased productivity, lower labor costs, and the cost-effective use of outsourcing. The Marine Segment is the only operation that did not improve its gross margins in 1999. This resulted from a greater amount of project business during the year, versus repair and service work. Increased project work in the Marine Segment benefits the company in other ways, including: consistent work flow throughout the year, smoothing traditional seasonality, and strong cash flows.

Engineering, Selling and Administrative Expenses—ES&A grew 9.4% to \$107.4 million for 1999, compared with the 16.5% increase to \$98.1 million in 1998 and the

5.9% rise to \$84.2 million in 1997. However, ES&A continued to decrease as a percentage of net sales: 13.3% in 1999 versus 14.1% in 1998 and 15.4% in 1997. ES&A costs are not increasing along with sales, despite integrating a number of acquisitions, because the company is continuing its tight cost controls in all segments, and is identifying and implementing synergies within the Foodservice Equipment and Cranes and Related Products Segments.

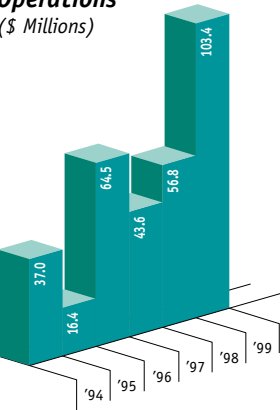
Operating Earnings—The Foodservice Equipment and Cranes and Related Products Segments improved their operating margins again in 1999. This resulted in a 28.4% increase in consolidated operating earnings, at \$119.0 million, compared with a 42.5% increase to \$92.6 million for 1998, and a 27.7% increase to \$65.0 million in 1997. Operating margins grew again this year, to 14.8% of sales versus 13.3% in 1998 and 11.9% in 1997. Manitowoc met its goal of increasing operating margins by more than 50 basis points in both the Foodservice Equipment and Cranes and Related Products Segments for the year.

Income Taxes—The 1999 effective income tax rate was 37.0%, flat with 1998's 36.9% and 1997's 37.0%. In the past three years, Manitowoc has benefited from a 1997 reorganization of its holding and operating company structure along segment lines.

Net Earnings—Higher sales, stronger margins, and a stable effective tax rate led to the fourth straight year of record net earnings in 1999, at \$66.8 million, or \$2.55 per diluted share. This was 30.0% higher than 1998's \$51.4 million, or \$1.97 per diluted share, which represented a 41.1% increase over 1997's \$36.4 million, or \$1.40 per diluted share. The 1999 net earnings did not grow as quickly as operating earnings due to an increase in interest expense resulting from a greater amount of debt associated with acquisitions and higher interest rates during the year.

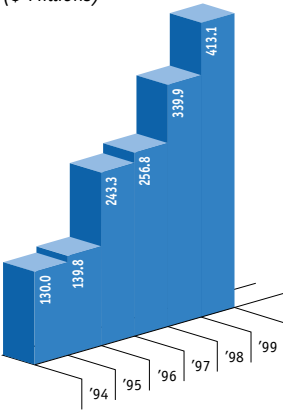
In April 1999, Manitowoc completed its third three-for-two stock split in four years. The board approved this move to express its confidence in Manitowoc's future growth, to improve trading liquidity, and to

Cash Flow from Operations (\$ Millions)



Although cash flow has fluctuated from year-to-year, Manitowoc generated a record \$103.4 million of cash in 1999, which easily eclipsed the prior record set in 1996 by 60%.

Invested Capital (\$ Millions)



As Manitowoc continues to grow, it prudently manages its invested capital using EVA principles to ensure optimum shareholder returns.

reward shareholders. The split is reflected in all share and per-share figures in this report. Weighted average diluted shares outstanding for 1999 were 26.2 million, compared with 26.1 million for 1998 and 1997.

The Foodservice Equipment Segment This segment contributed 47.1% of total sales, making it the largest of Manitowoc's businesses. This contrasts with its 46.0% contribution in 1998 and 45.3% in 1997. At \$379.6 million, Foodservice Equipment revenues increased 18.8% over \$319.5 million in 1998, which was a 29.3% improvement over \$247.1 million in 1997. The major factors driving growth for the latest year included: (1) the 1999 acquisitions of Manitowoc Beverage Systems (MBS) and Kyees Aluminum, and the inclusion of the 50% interest in the F.A.G. joint venture for the first full year; (2) the continued success of the “Q” Series line of ice-cube machines; (3) a more aggressive program by General Electric to market its Monogram residential refrigerator/freezers; (4) McCall Refrigeration's ability to take market share from competitors in the reach-in refrigerator market; and (5) continued progress at SerVend in penetrating the ice/beverage dispensing market.

Increased sales in 1998 were attributable to the inclusion of the SerVend acquisition for an entire year and strong performances from continuing operations, led by the positive market reception for the new “Q” Series ice machines.

Management believes Foodservice Equipment Segment sales will continue to expand, driven by increasing demand for prepared foods; growth in small kiosk locations and quick-service restaurants; the replacement cycle for larger walk-in coolers, freezers, and ice machines; and the expansion of restaurant chains into less developed markets outside the U.S.

Foodservice Equipment operating earnings grew faster than sales in 1999, increasing 23.5% to \$65.4 million, compared with 1998's \$53.0 million and 1997's \$36.7 million. This segment generated 47.5% of total segment operating earnings in 1999, excluding general corporate and amortization expenses, versus 49.0% in 1998 and 47.6% in 1997.

Foodservice operating margins met the goal of a 50 basis point improvement reaching 17.2% in 1999, compared with 16.6% in 1998 and 14.9% for 1997. The principal factors driving this improvement included productivity improvements at several Foodservice businesses, increased sales volumes (spreading fixed costs over greater revenues), and a continued focus on cost containment measures within engineering, selling, and administrative costs. Excluding the acquisitions of MBS and Kyees in 1999, the Foodservice operating margin would have been 18.5%. In addition, 1999 was the first year that the joint venture in China was profitable. The improvement in the 1998 operating margin came from: (1) selling the Tonka operation, which was unprofitable; and (2) margin improvements at McCall and Manitowoc Ice.

In the near term, the Foodservice Equipment Segment's greatest opportunities lie in: (1) continuing to introduce new products, such as the QuietQube line of ice machines in 1999; (2) continued implementation of demand flow technology within the Foodservice Segment; (3) benefiting from synergies created within the Ice/Beverage and Refrigeration Groups, including combined purchasing and improved manufacturing

processes to help increase operating margins; (4) benefiting from successful completion of the integration of the MBS and Kyees acquisitions; and (5) continuing to make acquisitions that are EPS and EVA accretive. Barring unforeseen events, we believe this segment should see another record year in 2000.

The Cranes and Related Products Segment This segment generated 46.0% of total sales in 1999, compared with 47.5% in 1998 and 47.6% in 1997. At \$370.7 million, Cranes and Related Products sales grew 12.3% over 1998's \$330.0 million, which was 27.1% higher than \$259.6 million for 1997. The most significant factors contributing to sales growth in 1999 were the market's strong acceptance of new and innovative products and the first full year's results from the acquisition of USTC.

Manitowoc met its goal of introducing one new platform and attachment in 1999. These included the Model 21000 liftcrane, MAX-ER attachments for the 21000 and 2250 liftcranes, the Model 40MTC 40-ton boom truck, and continued penetration by the models 888 and 777 introduced in 1995 and 1998, respectively. Products acquired or premiering in the past two years represented 55.3% of the order backlog (other than parts) at the end of 1999, and 42.8% of total Cranes and Related Products sales for the year.

Higher sales in 1998 resulted from demand for new products, including the Models 888 and 777, and the Millennium™ Series of truck cranes. Sales in 1998 were also boosted by the active replacement cycle for crawler cranes, and increased orders from construction contractors.

A number of industry trends support Cranes and Related Products' continued sales growth: (1) a large number of cranes in use are more than 25 years old, and they are being replaced as contractors and rental companies are introduced to new models that are technologically advanced and easier to operate; (2) demand for cranes in developed and developing countries outside the U.S. is expected to increase over the long term; and (3) TEA-21 is expected to increase U.S. highway system spending for construction during the next few years.

As Cranes and Related Products increases its manufacturing efficiency, its year-end backlogs are decreasing and its order fill rates are increasing. During 1999, the lattice boom crane operation experienced lead time reductions of over 50% for its most popular crane models. In the fourth quarter of 1999, several orders were booked and delivered within the quarter. Backlog at the end of 1999 was \$136.0 million, down slightly from 1998's \$144.1 million and \$149.1 million for 1997. The majority of the 1999 backlog includes orders for U.S. customers, with the remaining units going to Europe, Canada, the Middle East, and other international markets.

Operating earnings for Cranes and Related Products grew 34.8% above 1998 levels, reaching \$64.8 million in 1999, compared with 1998's 38.0% increase to \$48.1 million, and 1997's 54.5% increase to \$34.9 million. Cranes and Related Products contributed 47.2% of Manitowoc's total segment operating earnings for 1999, excluding general corporate and amortization expenses, compared with 44.5% in 1998 and 45.1% in 1997.

Cranes and Related Products operating margins met the goal of a 50 basis point improvement in 1999, reaching 17.5% compared with 14.6% in 1998 and

13.4% in 1997. This resulted from the increased sales volumes at each operation, continued manufacturing efficiencies through better integration of operations, better technology, increased strategic outsourcing, and successful new product introductions. Operating margins in 1998 rose on strong sales at each operation and higher margins at Manitowoc Cranes and Manitex.

Near-term growth opportunities for Cranes and Related Products include: (1) benefiting from continued new product development and market acceptance; (2) continuing to improve manufacturing efficiencies through additional outsourcing and capital improvements; and (3) continued successful assimilation of acquisitions.

The Marine Segment This segment generated 6.9% of Manitowoc's 1999 sales, compared with 6.5% in 1998 and 7.2% in 1997. At \$55.2 million, Marine revenues grew 21.6% from \$45.4 million in 1998, which was 16.0% higher than the \$39.2 million seen in 1997. The 1999 increase came from higher amounts of project work (contributing 47.5% of revenues in 1999 compared to 30.2% in 1998) and solid levels of repair and maintenance work (contributing 41.8% of revenues). The projects included building a double-hull tank barge, completing a dipper dredge, and the installation of a cargo handling/automation system. At the end of 1999, Marine met its goal of having a 12–18 month backlog of project work which included a hopper dredge and cutterhead dredge. Revenues for 1998 included revenue from building a dipper dredge and more small, higher margin service and construction projects.

Marine operating earnings reached \$7.3 million, up 4.6% over 1998's \$7.0 million, and an improvement over 1997's \$5.6 million. This segment contributed 5.3% of segment operating earnings for the year, excluding general corporate and amortization expenses, compared with 6.5% in 1998 and 7.3% in 1997. For 1999, its operating margin was 13.2%, compared with 15.4% in 1998 and 14.4% for 1997. The decrease in 1999 was due to a higher percentage of project work in its revenue mix. However, each project Marine undertakes generates positive EVA and keeps its experienced workforce and facilities busy during what traditionally had been a slow period.

Marine's near-term growth opportunities include: (1) more dry-dockings of 1,000-foot vessels scheduled for its Sturgeon Bay facility; (2) increased interest in upgrading existing vessels and taking advantage of new automation equipment; and (3) new and potential construction projects, similar to the double-hull tank barge and such as the Great Lakes Dredge & Dock hopper dredge, scheduled for delivery in 2001.

Liquidity and Capital Resources Cash flows from operations of \$103.4 million increased 81.9% from 1998's \$56.8 million, which were 30.3% higher than \$43.6 million in 1997. The improvement came from higher net earnings and a continued focus on working capital management and EVA. The primary uses of cash for 1999 were: (1) \$62.1 million for acquisitions; (2) \$27.3 million in debt payments; (3) \$13.7 million in capital expenditures; and (4) \$7.8 million in dividend payments. Management estimates that capital expenditures for 2000 will range between \$17 and \$20 million.

At December 31, 1999, total debt decreased to \$112.0 million, or 32.5% of capitalization. This com-

pares to total debt of \$139.3 million at December 31, 1998, or 44.7% of capitalization, in spite of the two acquisitions completed during 1999.

Cash and marketable securities were \$12.0 million at year-end 1999, compared with \$12.4 million for 1998. The company currently has an authorization from the board of directors to repurchase up to 1.5 million (or 5.7%) of Manitowoc's outstanding common shares. During 1999, the company did not repurchase any common shares under this program.

Inventories increased 11.5% to \$91.4 million at the end of 1999 from \$82.0 million at year-end 1998. Excluding the 1999 acquisitions of MBS and Kyees, inventories increased \$2.7 million (or 3.2%), however accounts receivable decreased \$11.9 million (or 17.2%). Working capital was a positive \$1.7 million, compared with a negative \$7.2 million in 1998.

On April 6, 1999, Manitowoc increased its revolving credit facility to \$300 million from \$200 million, and extended the termination date to April 6, 2004. This facility will be used for funding future acquisitions, seasonal working capital requirements, and other financing needs. Management believes that available cash, the credit facility, cash generated from operations, and access to public debt and equity markets will be adequate to fund Manitowoc's capital requirements for the foreseeable future.

Acquisitions Acquisitions are expected to contribute 50% of Manitowoc's sales growth through 2002. The company acquired seven businesses over the past three years and continues to seek new candidates in each of its segments. All of these acquisitions were funded with cash and recorded using the purchase method of accounting.

On February 10, 2000, Manitowoc purchased Beverage Equipment Supply Company (BESCO), a leading Midwest wholesale distributor of beverage dispensing equipment. BESCO was integrated with the company's MBS operation.

On January 14, 2000, the company acquired certain assets of Pioneer Holdings LLC, a manufacturer of hydraulic boom trucks, from Mega Manufacturing. The acquisition complements the company's Manitex and USTC product lines.

On April 9, 1999, Manitowoc purchased Kyees Aluminum, Inc., a leading provider of cooling components for all of the major suppliers of fountain soft-drink beverage dispensers. Based in LaMirada, California, Kyees is a technology leader in manufacturing cold plates—a key component used to chill soft drinks in dispensing equipment. This acquisition gives Manitowoc access to a secure supply of technologically superior cold plates, putting the company closer to its goal of becoming fully integrated in the food-cooling marketplace. Manitowoc purchased Kyees for \$28.5 million using existing credit facilities.

On January 11, 1999, Manitowoc completed the acquisition of Purchasing Support Group, renamed Manitowoc Beverage Systems (MBS). MBS is a beverage systems integrator, with nationwide distribution of backroom equipment and support system components. It serves the beverage needs of restaurants, convenience stores, and other outlets. MBS operates in the Northeast and Atlantic Coast regions, as well as in portions of Arizona, California, Florida, Georgia, and Nevada. This acquisition is improving the distribution

of Manitowoc's beverage dispensing equipment and opening new markets. Manitowoc purchased MBS for a total of \$43.7 million using existing credit facilities.

On November 3, 1998, Manitowoc purchased Powerscreen USC Inc. (doing business as USTC, Inc.), based in York, Pennsylvania. USTC builds three proprietary product lines: boom-truck cranes, rough-terrain forklifts, and material-handling equipment. Combined with Manitex, the resulting operation is believed to be the number two competitor in this \$300 million market. Manitowoc funded the \$51.5 million purchase price using existing credit facilities.

On September 9, 1998, Manitowoc acquired a 50% ownership interest in Fabbrika Apparecchiature per la Produzione del Ghiaccio S.r.l. (F.A.G.), and an option to purchase an additional 30% ownership over the next five years. This Milan, Italy-based company produces Icetronic and Compact brand ice makers and private label machines, with capacities between 22-132 pounds per day. The acquisition gives Manitowoc a manufacturing base in Europe and broadens its product offering to include smaller models, which are more appropriate for European and developing markets. The \$2.5 million purchase price was funded using existing credit facilities.

On October 31, 1997, Manitowoc acquired SerVend International, Inc., a leading manufacturer of ice/beverage dispensers and dispensing valves for the soft-drink industry. The acquisition, headquartered in Sellersburg, Indiana, helped Manitowoc enter this foodservice market niche. The \$72.9 million purchase price was funded using existing credit facilities.

Contingencies The United States Environmental Protection Agency (EPA) 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 the contamination at the Lemberger Landfill Superfund Site near Manitowoc, Wisconsin.

Eleven of the PRPs have formed the Lemberger Site Remediation Group (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 PRPs have been identified as having shipped substances to the site.

Recent estimates indicate that the total cost to clean up the site are approximately \$30 million. Although liability is joint and several, the company's share of liability is estimated to be 11% of the total cleanup costs. To date, Manitowoc expensed a total of \$3.3 million in connection with this matter.

New Accounting Standards In June 1999, the Financial Accounting Standards Board issued Financial Accounting Standard No. 137, "Accounting for Derivative Instruments and Hedging Activities—Deferral of the Effective Date of FASB Statement No. 133." This issuance delays the effective date of FAS 133 one year. FAS 133 will now be effective for the company's first quarter financial statements in the year 2001.

FAS 133 requires companies to record all derivative instruments on the balance sheet as assets or liabilities, measured at fair value. Any fair value change will be recorded in net income or comprehensive income,

depending on whether the derivative is designated as part of a hedge transaction and if it is, the type of hedge transaction. The adoption of this statement is not anticipated to have a significant impact on the company's earnings or financial position.

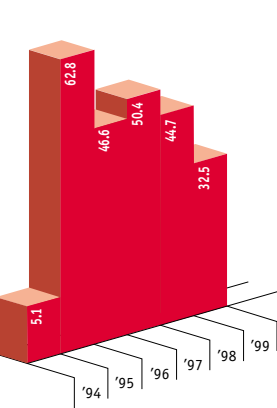
Year 2000 (Y2K) Compliance Manitowoc undertook various initiatives intended to ensure its computer equipment and software would function properly with respect to the Y2K issue and completed its Y2K remediation efforts prior to the end of 1999. In addition, prior to the end of 1999, the company developed various contingency plans to address any unforeseen circumstances that may have arisen.

In total, Manitowoc spent about \$5.0 million since the second half of 1997 to address the Y2K issue, which included significant upgrades to current hardware and software systems. About \$1.0 million was spent during 1999. These expenditures were funded using cash flows from operations.

Manitowoc has experienced no system failures or miscalculations as a result of the Y2K computer issue. In addition, the company is not aware of any failures attributable to the Y2K problem at its customers or suppliers that threaten to have an adverse impact on the company's business at this time.

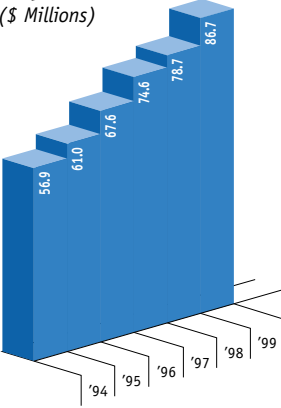
Even though Manitowoc has not experienced problems related to the Y2K issue at this time and does not expect to experience any problems in the future, it is still remotely possible that the company could be affected by Y2K issues in the future. Future Y2K issues may arise due to unforeseen problems with the company's systems or due to Y2K issues of other entities which may affect the company.

Debt to Capital
(Percent)



Manitowoc does not impose a limit on its debt-to-capital ratio, but prefers to evaluate acquisitions based on their ability to generate cash for debt repayment purposes.

International Shipments
(\$ Millions)



As international economies improve and as Manitowoc expands into targeted foreign markets, our export shipments will become a larger percentage of our sales mix.

		Transition Period											
Thousands of dollars, except shares and per share data		Calendar 1999	Calendar 1998	Calendar 1997	Calendar 1996	Calendar 1995	1994 ⁽¹⁾	Fiscal 1994	Fiscal 1993	Fiscal 1992	Fiscal 1991	Fiscal 1990	Fiscal 1989
Net Sales	Foodservice equipment	\$379,625	\$319,457	\$247,057	\$242,317	\$113,814	\$ 44,996	\$ 93,171	\$ 81,424	\$ 74,175	\$ 73,944	\$ 74,612	\$ 74,431
	Cranes and related products	370,662	329,953	259,645	210,564	169,866	70,958	156,253	178,630	155,743	147,554	117,464	102,430
	Marine	55,204	45,412	39,162	47,584	29,469	7,952	25,956	18,504	16,471	14,689	33,752	23,735
	Total	\$805,491	\$694,822	\$545,864	\$500,465	\$313,149	\$123,906	\$275,380	\$278,558	\$246,389	\$236,187	\$225,828	\$200,596
	Gross profit	\$233,712	\$195,621	\$152,600	\$134,641	\$ 75,470	\$ 31,302	\$ 67,924	\$ 55,785	\$ 54,443	\$ 58,062	\$ 54,366	\$ 50,860
Earnings (Loss) From Operations	Foodservice equipment	\$ 65,372	\$ 52,950	\$ 36,746	\$ 33,989	\$ 22,729	\$ 9,426	\$ 21,637	\$ 18,311	\$ 17,585	\$ 17,364	\$ 19,387	\$ 18,468
	Cranes and related products	64,840	48,116	34,878	22,582	3,179	870	2,275	(1,961)	(850)	7,602	5,490	3,454
	Marine	7,297	6,978	5,648	6,197	4,024	(799)	2,447	593	278	(973)	6,497	3,416
	General corporate	(11,166)	(10,543)	(8,903)	(7,678)	(6,530)	(3,981)	(5,274)	(5,296)	(6,545)	(5,734)	(6,094)	(5,623)
	Amortization	(7,392)	(4,881)	(3,394)	(3,000)	(250)	—	—	—	—	—	—	—
	Plant relocation costs	—	—	—	(1,200)	—	(14,000)	—	(3,300)	—	—	—	—
	Total	118,951	92,620	64,975	50,890	23,152	(8,484)	21,085	8,347	10,468	18,259	25,280	19,715
	Other income (expense)—net	(12,945)	(11,208)	(7,158)	(8,384)	(32)	169	1,494	582	1,104	2,233	5,077	4,527
	Earnings (loss) before taxes on income	106,006	81,412	57,817	42,506	23,120	(8,315)	22,579	8,929	11,572	20,492	30,357	24,242
	Accounting changes	—	—	—	—	—	—	—	(10,214)	—	—	—	—
	Provision (benefit) for taxes on income	39,222	30,032	21,394	16,863	8,551	(3,243)	8,536	2,612	3,315	5,060	9,327	7,344
	Net earnings (loss)	\$ 66,784	\$ 51,380	\$ 36,423	\$ 25,643	\$ 14,569	\$ (5,072)	\$ 14,043	\$ (3,897)	\$ 8,257	\$ 15,432	\$ 21,030	\$ 16,898
Other Financial Information	Cash from operations	\$103,371	\$ 56,814	\$ 43,587	\$ 64,514	\$ 16,367	\$ (330)	\$ 36,995	\$ 62,700	\$ 28,250	\$ 6,472	\$ 14,210	\$ (5,278)
	Invested capital (monthly averages):												
	Foodservice equipment ⁽²⁾	\$274,378	\$227,863	\$171,647	\$ 68,556	\$ 32,696	\$ 21,979	\$ 25,662	\$ 26,503	\$ 23,555	\$ 25,099	\$ 19,018	\$ 22,859
	Cranes and related products	123,757	96,031	67,596	73,246	85,082	81,800	86,288	112,120	137,839	133,777	118,097	99,147
	Marine	3,416	4,534	6,019	7,335	9,579	11,201	13,953	17,497	16,879	14,621	16,206	28,600
	General corporate ⁽²⁾	11,520	11,476	11,512	94,166	12,409	4,818	4,052	2,581	2,025	3,051	6,314	7,656
	Total	\$413,071	\$339,904	\$256,774	\$243,303	\$139,766	\$119,798	\$129,955	\$158,701	\$180,298	\$176,548	\$159,635	\$158,262
Identifiable Assets	Foodservice equipment ⁽²⁾	\$314,982	\$254,506	\$249,384	\$ 90,937	\$ 90,126	\$ 27,828	\$ 31,460	\$ 29,526	\$ 25,608	\$ 28,019	\$ 24,168	\$ 26,074
	Cranes and related products	165,974	178,470	100,591	88,174	109,118	88,068	93,823	105,750	138,416	136,995	115,804	96,623
	Marine	10,162	7,023	6,426	10,648	11,369	13,233	16,726	16,720	19,253	18,009	22,683	32,451
	General corporate ⁽²⁾	39,122	41,015	39,967	127,951	114,302	30,336	43,839	56,015	41,829	35,983	50,143	61,966
	Total	\$530,240	\$481,014	\$396,368	\$317,710	\$324,915	\$159,465	\$185,848	\$208,011	\$225,106	\$219,006	\$212,798	\$217,114
Long-Term Obligations	Long-term debt	\$ 79,223	\$ 79,834	\$ 66,359	\$ 76,501	\$101,180	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Depreciation	Foodservice equipment	\$ 4,861	\$ 4,906	\$ 3,613	\$ 3,377	\$ 1,606	\$ 703	\$ 1,320	\$ 1,187	\$ 1,090	\$ 812	\$ 657	\$ 771
	Cranes and related products	3,661	4,085	4,044	4,260	4,162	2,288	4,211	3,875	4,053	3,691	2,895	2,953
	Marine	415	333	256	600	608	316	681	756	785	792	748	465
	General corporate	384	405	405	81	80	46	61	44	196	234	431	380
	Total	\$ 9,321	\$ 9,729	\$ 8,318	\$ 8,318	\$ 6,456	\$ 3,353	\$ 6,273	\$ 5,862	\$ 6,124	\$ 5,529	\$ 4,731	\$ 4,569
Capital Expenditures	Foodservice equipment	\$ 8,974	\$ 7,415	\$ 6,847	\$ 5,110	\$ 4,568	\$ 3,011	\$ 2,300	\$ 2,152	\$ 1,099	\$ 2,797	\$ 748	\$ (169)
	Cranes and related products ⁽³⁾	3,536	2,945	4,952	2,816	14,252	528	3,120	8,648	4,047	6,347	3,130	2,225
	Marine	1,165	1,174	233	343	383	109	(492)	(463)	500	113	197	108
	General corporate ⁽³⁾	39	144	8	127	6	82	414	(39)	(508)	(2,955)	70	586
	Total	\$ 13,714	\$ 11,678	\$ 12,040	\$ 8,396	\$ 19,209	\$ 3,730	\$ 5,342	\$ 10,298	\$ 5,138	\$ 6,302	\$ 4,145	\$ 2,750
Per Share ⁽⁴⁾	Basic	\$ 2.57	\$ 1.98	\$ 1.41	\$.99	\$.56	\$ (.19)	\$.48	\$ (.12)	\$.24	\$.44	\$.60	\$.48
	Diluted	2.55	1.97	1.40	.99	.56	(.19)	.48	(.12)	.24	.44	.60	.48
	Dividends	.30	.30	.30	.30	.30	.15	.30	.30	.30	.30	.30	.23
	Stockholders' equity	8.90	6.65	4.97	3.87	3.15	2.90	3.44	3.87	4.75	4.80	4.64	4.63
	Average shares outstanding:												
	Basic	25,991,711	25,932,356	25,900,682	25,900,553	25,901,342	26,140,122	29,486,006	32,937,933	34,832,861	34,833,356	34,834,217	34,880,849
	Diluted	26,200,666	26,125,067	26,096,529	25,993,848	25,906,769	26,140,122	29,486,006	32,937,933	34,832,861	34,833,356	34,834,217	34,880,849

(1) The company changed its year-end to December 31, effective with the period ended December 31, 1994 (transition period). The prior fiscal year-end ended on the Saturday nearest to June 30.

(2) In 1997, as part of the corporate restructuring, the Shannon acquisition goodwill was transferred to the Foodservice Segment.

(3) During 1991, certain assets were transferred from general corporate to the Cranes and Related Products Segment.

(4) Per share data and average shares outstanding have been adjusted to reflect the three-for-two stock splits which occurred in 1999, 1997 and 1996. See Note 9 of the notes to consolidated financial statements.

		For the Years Ended December 31		
Thousands of dollars, except per share data		1999	1998	1997
Earnings	Net sales	\$805,491	\$694,822	\$545,864
	Costs and expenses:			
	Cost of sales	571,779	499,201	393,264
	Engineering, selling and administrative expenses	107,369	98,120	84,231
	Amortization	7,392	4,881	3,394
	Total costs and expenses	686,540	602,202	480,889
	Earnings from operations	118,951	92,620	64,975
	Interest expense	(10,790)	(9,741)	(6,230)
	Other expense—net	(2,155)	(1,467)	(928)
	Earnings before taxes on income	106,006	81,412	57,817
	Provision for taxes on income	39,222	30,032	21,394
	Net earnings	\$ 66,784	\$ 51,380	\$ 36,423
Per Share Data	Basic	\$ 2.57	\$ 1.98	\$ 1.41
	Diluted	\$ 2.55	\$ 1.97	\$ 1.40

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

		As of December 31	
Thousands of dollars, except shares data		1999	1998
Assets			
Current Assets	Cash and cash equivalents	\$ 10,097	\$ 10,582
	Marketable securities	1,923	1,834
	Accounts receivable, less allowances of \$1,803 and \$1,656	62,802	69,504
	Inventories	91,437	81,978
	Prepaid expenses and other	2,211	5,297
	Future income tax benefits	22,528	21,682
	Total current assets	190,998	190,877
	Intangible assets—net	232,729	184,926
	Property, plant and equipment—net	92,023	93,583
	Other assets	14,490	11,628
	Total assets	\$530,240	\$481,014
Liabilities and Stockholders' Equity			
Current Liabilities	Accounts payable and accrued expenses	\$141,909	\$123,534
	Short-term borrowings	32,300	48,500
	Current portion of long-term debt	489	10,968
	Product warranties	14,610	15,110
	Total current liabilities	189,308	198,112
Non-Current Liabilities	Long-term debt, less current portion	79,223	79,834
	Postretirement health benefits obligation	19,912	19,705
	Other liabilities	9,621	10,811
	Total non-current liabilities	108,756	110,350
Stockholders' Equity	Common stock (36,746,482 and 24,497,655 shares issued in 1999 and 1998, respectively)	367	245
	Additional paid-in capital	31,476	31,029
	Accumulated other comprehensive loss	(814)	(212)
	Retained earnings	281,672	222,687
	Treasury stock, at cost (10,658,113 and 7,193,077 shares in 1999 and 1998, respectively)	(80,525)	(81,197)
	Total stockholders' equity	232,176	172,552
	Total liabilities and stockholders' equity	\$530,240	\$481,014

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

		For the Years Ended December 31		
Thousands of dollars		1999	1998	1997
Cash Flows From Operations	Net earnings	\$66,784	\$51,380	\$36,423
	Adjustments to reconcile net cash from operations:			
	Depreciation	9,321	9,729	8,318
	Amortization of goodwill	7,392	4,881	3,394
	Amortization of deferred financing fees	637	420	300
	Deferred income taxes	(592)	(5,748)	(3,172)
	Loss on sale of property, plant and equipment	557	928	218
	Changes in operating assets and liabilities excluding effects of business acquisitions:			
	Accounts receivable	14,057	(6,120)	2,532
	Inventories	(4,169)	(18,662)	(6,006)
	Other current assets	3,389	(2,535)	(1,264)
	Non-current assets	(2,935)	483	842
	Current liabilities	9,764	24,064	2,492
	Non-current liabilities	(834)	(2,006)	(490)
	Net cash provided by operations	103,371	56,814	43,587
Cash Flows From Investing	Business acquisitions—net of cash acquired	(62,104)	(48,175)	(66,979)
	Capital expenditures	(13,714)	(11,678)	(12,040)
	Proceeds from sale of property, plant and equipment	6,491	1,329	3,533
	Purchase of marketable securities—net	(89)	(94)	(84)
	Net cash used for investing	(69,416)	(58,618)	(75,570)
Cash Flows From Financing	Dividends paid	(7,799)	(7,781)	(7,722)
	Proceeds from long-term debt	—	75,000	—
	Payments on long-term debt	(11,090)	(65,957)	(11,606)
	Proceeds (payments) from short-term borrowings—net	(16,200)	(600)	49,100
	Debt acquisition costs	(574)	(521)	(290)
	Exercises of stock options	1,241	355	38
	Net cash (used for) provided by financing	(34,422)	496	29,520
	Effect of exchange rate changes on cash	(18)	2	(13)
	Net decrease in cash and cash equivalents	(485)	(1,306)	(2,476)
	Balance at beginning of year	10,582	11,888	14,364
	Balance at end of year	\$10,097	\$10,582	\$11,888
Supplemental Cash Flow Information	Interest paid	\$10,137	\$ 8,490	\$ 6,927
	Income taxes paid	\$41,327	\$37,108	\$21,449

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

		For the Years Ended December 31		
Thousands of dollars, except shares and per share data		1999	1998	1997
Common Stock—Shares Outstanding	Balance at beginning of year	17,304,578	17,269,175	11,511,357
	Three-for-two stock split	8,652,289	—	5,755,679
	Stock options exercised	144,177	39,694	3,296
	Stock swaps for stock options exercised	(12,675)	(4,291)	(1,157)
	Balance at end of year	26,088,369	17,304,578	17,269,175
Common Stock—Par Value	Balance at beginning of year	\$ 245	\$ 245	\$ 163
	Three-for-two stock split	122	—	82
	Balance at end of year	\$ 367	\$ 245	\$ 245
Additional Paid-In Capital	Balance at beginning of year	\$ 31,029	\$ 30,980	\$ 31,061
	Three-for-two stock split	(122)	—	(82)
	Stock options exercised	569	49	1
	Balance at end of year	\$ 31,476	\$ 31,029	\$ 30,980
Accumulated Other Comprehensive Income (Loss)	Balance at beginning of year	\$ (212)	\$ (192)	\$ 220
	Other comprehensive loss	(602)	(20)	(412)
	Balance at end of year	\$ (814)	\$ (212)	\$ (192)
Retained Earnings	Balance at beginning of year	\$222,687	\$179,088	\$150,387
	Net earnings	66,784	51,380	36,423
	Cash dividends*	(7,799)	(7,781)	(7,722)
	Balance at end of year	\$281,672	\$222,687	\$179,088
Treasury Stock	Balance at beginning of year	\$ (81,197)	\$ (81,503)	\$ (81,502)
	Stock options exercised	1,088	448	37
	Stock swaps for stock options exercised	(416)	(142)	(38)
	Balance at end of year	\$ (80,525)	\$ (81,197)	\$ (81,503)
Comprehensive Income	Net earnings	\$ 66,784	\$ 51,380	\$ 36,423
	Other comprehensive loss:			
	Foreign currency translation adjustment	(602)	(20)	(412)
	Comprehensive income	\$ 66,182	\$ 51,360	\$ 36,011

*Cash dividends per share after giving effect to the three-for-two stock splits in 1999 and 1997 were \$.30 per share in all years. The accompanying notes to consolidated financial statements are an integral part of these financial statements.

(Thousands of dollars, except share and per share data or where otherwise indicated)

1. Summary of Significant Accounting Policies

Basis of Presentation The financial statements of The Manitowoc Company, Inc. (the “company”) have been prepared in accordance with generally accepted accounting principles, which require management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses for the years presented. They also affect the disclosures of contingencies. Actual results could differ from those estimates.

Principles of Consolidation The consolidated financial statements include the accounts of the company and its wholly and partially owned domestic and non-U.S. subsidiaries. Significant intercompany balances and transactions have been eliminated.

Comprehensive Income Comprehensive income includes, in addition to net income, other items that are reported as direct adjustments to stockholders’ equity. Presently, the company’s foreign currency translation item is the only item which requires inclusion in the Consolidated Statements of Stockholders’ Equity and Comprehensive Income.

Inventories Inventories are stated at the lower of cost or market as described in Note 4. Advance payments from customers are netted against inventories to the extent of related accumulated costs. Advance payments netted against inventories at December 31, 1999 and 1998 were \$202 and \$1,242, respectively. Advance payments received in excess of related costs on uncompleted contracts are classified as accrued expenses.

Revenue Recognition Revenues and expenses in all business segments are generally recognized upon shipment or completion of service provided. However, revenues and costs on contracts for long-term projects are recognized according to the percentage-of-completion method, commencing when work has progressed to a state where estimates are reasonably accurate. These estimates are reviewed and revised periodically throughout the lives of the contracts, and adjustments to income resulting from such revisions are recorded in the accounting period in which the revisions are made. Estimated losses on such contracts are recognized in full when they are identified.

Foreign Currency Translation The financial statements of the company’s non-U.S. subsidiaries are translated using the current exchange rate for assets and liabilities and the weighted average exchange rate for the year for statement of earnings items. Resulting translation adjustments are recorded directly to a separate component of stockholders’ equity referred to as other comprehensive income.

Property, Plant and Equipment Property, plant and equipment is depreciated over the estimated useful lives of the assets using the straight-line depreciation method for all property acquired after June 29, 1991. Property acquired prior to June 30, 1991 is depreciated using the sum-of-the-years-digits method.

Property, plant and equipment is depreciated over the following estimated useful lives:

	Years
Buildings and improvements	40
Drydocks and dock fronts	15–27
Machinery, equipment and tooling	4–15
Computer hardware and software	3–5
Vehicles	4–5

Intangible Assets Intangible assets consist primarily of costs in excess of net assets of businesses acquired (see Note 11). Intangible assets are amortized using the straight-line method over their estimated beneficial lives, not to exceed 40 years. Subsequent to an acquisition, the company annually evaluates whether later events and circumstances have occurred that indicate the remaining estimated useful life of intangibles may warrant revision or that the remaining balance of intangibles may not be recoverable. When factors indicate that intangibles should be evaluated for possible impairment, the company uses an estimate of the related business’ undiscounted net cash flows over the remaining life of the intangibles in measuring whether the intangibles are recoverable. Intangible assets at December 31, 1999 and 1998 of \$232,729 and \$184,926, respectively, are net of accumulated amortization of \$20,574 and \$12,545, respectively.

Fair Value of Financial Instruments The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, accounts receivable, accounts payable, and short-term borrowings approximate fair value due to the immediate short-term maturity of these financial instruments. The carrying amount reported for long-term debt approximates fair value since either the underlying instrument bears interest at a variable rate that reprices frequently or the interest rate approximates the market rate at December 31, 1999.

The fair value of interest rate swaps is the amount at which they could be settled, based on estimates obtained from financial institutions (see Note 6).

Derivative Financial Instruments Derivative financial instruments are used by the company to manage risks associated with interest rate market volatility. Interest rate swap agreements are used to modify the company’s exposure to interest rate movements and reduce borrowing costs. For interest rate swap agreements, net interest payments or receipts are recorded as adjustments to interest expense on a current basis. In June 1998, the Financial Accounting Standards Board issued FAS No. 133, “Accounting for Derivative Instruments and Hedging Activities,” which is now effective beginning with the company’s 2001 first quarter financial statements. It requires all derivative instruments to be recorded on the balance sheet as assets or liabilities, at fair value. Changes in the fair value of derivatives are recorded each period in current earnings or comprehensive income, depending on the terms of the derivative. The adoption of this statement is not anticipated to have a significant impact on the company’s earnings or financial position.

Income Taxes The company utilizes the liability method to recognize deferred tax assets and liabilities for the expected future income tax consequences of events that have been recognized in the company’s financial statements. Under this method, deferred tax assets and liabilities are determined based on the temporary differences between financial statement carrying amounts and the tax

basis of assets and liabilities using enacted tax rates in effect in the years in which the temporary differences are expected to reverse.

Postretirement Benefits Other Than Pensions The expected cost of postretirement health care benefits is recorded during the years that the employees render service.

Research and Development Research and development costs are charged to expense as incurred and amount to \$6,876, \$4,704, and \$4,412 in 1999, 1998, and 1997, respectively.

Warranties Estimated warranty costs are provided at the time of sale of the warranted products, based on historical warranty experience for the related product.

Earnings Per Share Basic earnings per share is computed by dividing net earnings by the weighted average shares outstanding during each year/period. Diluted earnings per share is computed similar to basic earnings per share except that the weighted average shares outstanding is increased to include the number of additional shares that would have been outstanding if stock options were exercised and the proceeds from such exercise were used to acquire shares of common stock at the average market price during the year/period.

Cash Equivalents All short-term investments purchased with an original maturity of three months or less are considered cash equivalents.

Environmental Liabilities The company accrues for losses associated with environmental remediation obligations when such losses are probable and reasonably estimable. Such accruals are adjusted as information develops or circumstances change. Costs of future expenditures for environmental remediation obligations are not discounted to their present value.

2. **Property, Plant and Equipment** Property, plant and equipment at December 31 is summarized as follows:

	1999	1998
Land	\$ 3,440	\$ 3,207
Buildings	65,651	64,230
Drydocks and dock fronts	21,675	21,675
Machinery, equipment and tooling	117,542	118,230
Construction in progress	6,044	4,018
Total cost	214,352	211,360
Less accumulated depreciation	(122,329)	(117,777)
Property, plant and equipment—net	\$ 92,023	\$ 93,583

3. **Marketable Securities** Marketable securities at December 31, 1999 and 1998 included \$1.9 million and \$1.8 million, respectively, of securities which are available for sale. The difference between fair market value and cost for these investments was not significant in either year.

4. **Inventories** The components of inventories at December 31 are summarized as follows:

	1999	1998
Raw materials	\$ 39,134	\$ 32,564
Work-in-process	30,218	27,882
Finished goods	42,352	42,304
Total inventories at FIFO cost	111,704	102,750
Excess of FIFO cost over LIFO value	(20,267)	(20,772)
Total inventories	\$ 91,437	\$ 81,978

Inventories are carried at the lower of cost or market using the first-in, first-out (FIFO) method for 57% and 47% of total inventory for 1999 and 1998, respectively. The remainder of the inventories are costed using the last-in, first-out (LIFO) method.

5. **Accounts Payable and Accrued Expenses** Accounts payable and accrued expenses at December 31 are summarized as follows:

	1999	1998
Trade accounts payable	\$ 59,609	\$ 43,603
Profit sharing and incentives	26,974	24,851
Income taxes payable	6,877	4,905
Customer progress payments	3,518	7,209
Accrued product liability	8,219	10,167
Miscellaneous accrued expenses	36,712	32,799
Total	\$141,909	\$123,534

6. **Debt** Long-term debt at December 31 is summarized as follows:

	1999	1998
Notes payable	\$75,000	\$75,000
Industrial revenue bonds	4,712	5,323
Term loan payable	—	10,479
	79,712	90,802
Less current portion	489	10,968
	\$79,223	\$79,834

On April 6, 1999, the company amended and restated its existing Credit Agreement (Agreement) with a group of banks in order to increase the amount of funds available and extend the termination date to April 6, 2004. Currently, the Agreement provides for maximum borrowings of \$300 million under revolving loans and a letter of credit subfacility. There were \$32.3 million and \$48.5 million of borrowings outstanding under the revolving loan portion of the Agreement at December 31, 1999 and 1998, respectively.

The Agreement includes covenants, the most restrictive of which require the maintenance of various debt and net worth ratios. An annual commitment fee, calculated based upon the company’s consolidated leverage ratio, as defined by the Agreement, is due on the unused portion of the facility quarterly. The commitment fee in effect at the end of 1999 and 1998 on the unused portion of the available credit was 0.15% for both years. Borrowings under the Agreement bear interest at a rate equal to the sum of the base rate, or a Eurodollar rate, at the option of the company, plus an applicable percentage based on the company’s consolidated leverage ratio, as defined by the Agreement. The base rate is equal to the greater of the federal funds rate in effect on such day plus 0.5%, or the prime rate in effect on such day. Borrowings under the Agreement are not collateralized. The weighted average interest rate for the borrowings outstanding under the Agreement at December 31, 1999 and 1998 was 7.62% and 6.28%, respectively.

On April 2, 1998, the company privately placed \$50 million of Series A Senior Notes with Prudential Insurance Company. On October 31, 1998, the company issued, also with Prudential Insurance Company, \$25 million in principal amount of Senior Shelf Notes (collectively referred to as the “Notes”). The company used the proceeds from the sale of the Notes to pay down existing borrowings under the term loan and finance an acquisition.

The Notes are not collateralized and bear interest at the fixed weighted average rate of 6.53%. The Notes mature in 12 years after issuance and require equal principal payments annually beginning in 2006. The agreement between the company and Prudential Insurance Company pursuant to which the Notes were issued includes covenants, the most restrictive of which require the company to maintain certain debt ratios and levels of net worth. These covenants are no more restrictive than the covenants made by the company in connection with the aforementioned Credit Agreement.

The company has entered into interest rate swap agreements, which expire at various times through October 2002, to reduce the impact of changes in interest rates on its floating rate debt. At December 31, 1999, the company had outstanding two interest rate swap agreements with financial institutions, having a total notional principal amount of \$17.6 million. The effect of these agreements on the company's interest rates during 1999 was not significant. Interest expense has been adjusted for the net receivable or payable under these agreements. The fair value of these interest rate swap agreements was \$0.2 million at December 31, 1999. The company is exposed to credit loss in the event of non-performance by the financial institutions. However, management does not anticipate such non-performance.

Industrial revenue bonds relate to the company's obligations on two properties located in Tennessee and Indiana. These obligations are due in monthly or annual installments including principal and interest at rates varying from 5.7% to 10.0% at December 31, 1999. These obligations mature at various dates through 2004.

The aggregate scheduled maturities of long-term debt and industrial revenue bond obligations in subsequent years are as follows:

2000	\$	489
2001		851
2002		222
2003		250
2004		2,900
Thereafter		75,000
	\$	79,712

On May 28, 1999, the company entered into an accounts receivable sales arrangement with a bank. The company has sold \$67.2 million in accounts receivable to the bank during 1999 under this arrangement. At December 31, 1999, the company had outstanding \$8.4 million of accounts receivable which have been sold to the bank but for which the customers' cash has not yet been collected. The cash flow impact of this arrangement is reported as cash flows from operations in the 1999 Consolidated Statements of Cash Flows. Under this arrangement, the company is required to repurchase from the bank the first \$0.5 million and amounts greater than \$1.0 million of the aggregate uncollected accounts receivable during a twelve month period.

7. Income Taxes Components of earnings before income taxes are as follows:

For the Years Ended	1999	1998	1997
Earnings (loss) before income taxes:			
Domestic	\$106,234	\$81,081	\$58,706
Foreign	(228)	331	(889)
Total	\$106,006	\$81,412	\$57,817

The provision for taxes on income is as follows:

For the Years Ended	1999	1998	1997
Current:			
Federal	\$ 36,715	\$ 32,251	\$ 22,307
State	3,291	3,424	1,973
Foreign	(192)	105	286
Total current	39,814	35,780	24,566
Deferred—federal and state	(592)	(5,748)	(3,172)
Provision for taxes on income	\$ 39,222	\$ 30,032	\$ 21,394

The Federal statutory income tax rate is reconciled to the company's effective income tax rate as follows:

For the Years Ended	1999	1998	1997
Federal income tax at statutory rate	35.0%	35.0%	35.0%
State income taxes, net of federal income tax benefit	2.2	2.6	2.2
Non-deductible goodwill amortization	1.4	1.1	1.4
Tax-exempt FSC income	(1.2)	(1.1)	(1.9)
Adjustments to prior years' income tax accruals	—	—	(1.1)
Provision for tax on foreign income, net of foreign tax credit	(0.1)	—	1.5
Elimination of valuation allowance	—	(1.0)	—
Other	(0.3)	0.3	(0.1)
Provision for taxes on income	37.0%	36.9%	37.0%

The deferred income tax accounts reflect the impact of temporary differences between the basis of assets and liabilities for financial reporting purposes and their related basis as measured by income tax regulations. A summary of the deferred income tax accounts at December 31 is as follows:

	1999	1998
Current deferred tax assets:		
Inventories	\$ 4,365	\$ 3,559
Accounts receivable	925	793
Product warranty reserves	5,339	4,567
Product liability reserves	3,165	3,988
Environmental reserves	186	194
Future customer discount reserves	425	742
Other employee-related benefits and allowances	5,124	4,616
Property, plant and equipment	1,016	1,205
Other	1,983	2,018
Future income tax benefits, current	\$ 22,528	\$ 21,682
Non-current deferred tax assets (liabilities):		
Property, plant and equipment	\$(11,753)	\$(10,040)
Postretirement benefits other than pensions	7,775	7,694
Deferred employee benefits	4,782	3,034
Severance benefits	1,106	1,167
Product warranty reserves	1,130	1,057
Environmental reserves	399	458
Net operating loss carryforwards	1,874	2,186
Other	—	11
Net future income tax benefits, non-current	\$ 5,313	\$ 5,567

The company does not provide for taxes which would be payable if undistributed earnings of foreign subsidiaries were remitted because the company either considers these earnings to be invested for an indefinite period or anticipates that when such earnings are distributed, the U.S. income taxes payable would be substantially offset by foreign tax credits.

As of December 31, 1999, the company has approximately \$16.7 million of state net operating loss carryforwards, which are available to reduce future state tax liabilities. The company also has acquired federal net operating

losses of \$4.8 million available to reduce federal taxable income. These loss carryforwards expire in varying amounts through 2012. A valuation allowance was recorded at December 31, 1997, to reflect the estimated amount of deferred assets which may not be realized due to the pos-

sible limitation on the future use of certain state tax net operating loss carryforwards. During 1998, the company eliminated the valuation allowance to reflect certain tax strategies designed to utilize these net operating loss carryforwards.

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

	Shares	Per Share Amount	Shares	Per Share Amount	Shares	Per Share Amount
For the Years Ended	1999	1999	1998	1998	1997	1997
Basic EPS	25,991,711	\$2.57	25,932,356	\$1.98	25,900,682	\$1.41
Effect of dilutive securities—stock options	208,955		192,711		195,847	
Diluted EPS	26,200,666	\$2.55	26,125,067	\$1.97	26,096,529	\$1.40

9. Stockholders' Equity Authorized capitalization consists of 75 million shares of \$.01 par value common stock and 3.5 million shares of \$.01 par value preferred stock. None of the preferred shares have been issued. Pursuant to a Rights Agreement dated August 5, 1996, each common share carries with it four-ninths of a Right to purchase additional stock. The Rights are not currently exercisable and cannot be separated from the shares unless certain specified events occur, including the acquisition of 20% or more of the common stock by a person or group, or the commencement of a tender offer for 20% or more of the common stock. In the event a person or group actually acquires 20% or more of the common stock, or if the company is merged with an acquiring person, subject to approval by the board of directors, each full Right permits the holder to purchase one share of common stock for \$100. The Rights expire on September 18, 2006 and may be redeemed by the company for \$.01

10. Stock Options The company maintains two stock plans, The Manitowoc Company, Inc. Stock Plan and The Manitowoc Company, Inc. Non-Employee Director Stock Plan, for the granting of stock options as an incentive to certain employees and to non-employee members of the board of directors. Under these plans, stock options to acquire up to 1.125 million (employees) and 0.125 million (non-employee directors) shares of common stock, in the

per Right (in cash or stock) under certain circumstances. On February 17, 1999, the company's board of directors authorized a three-for-two stock split of the company's shares in the form of a 50% stock dividend payable on April 1, 1999, to shareholders of record on March 1, 1999. As a result of the stock split, 8,652,289 shares were issued. All references in the financial statements to average number of shares outstanding, earnings per share amounts, and market prices per share of common stock have been restated to reflect this split. The company also split its common stock on a three-for-two basis on June 30, 1997. On October 19, 1999, the board of directors authorized the company to repurchase up to 1.5 million shares of common stock. Such repurchases will be in the open market as the company may determine from time to time. As of December 31, 1999, no shares had been repurchased pursuant to this authorization.

aggregate, may be granted under a time-vesting formula at an exercise price equal to the market price of the common stock at the date of grant. The options become exercisable in equal 25% increments beginning on the second anniversary of the grant date over a four year period and expire ten years subsequent to the grant date. Stock option transactions under these plans for the years ended December 31, 1999, 1998, and 1997 are summarized as follows:

	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
For the Years Ended	1999	1999	1998	1998	1997	1997
Options outstanding, beginning of year	610,006	\$18.63	608,181	\$13.66	322,650	\$ 8.97
Options granted	221,557	\$25.58	209,400	\$30.54	290,475	\$18.78
Options exercised	(144,177)	\$11.50	(59,541)	\$ 8.33	(4,944)	\$ 7.78
Options forfeited	(75,505)	\$25.84	(148,034)	\$19.19	—	—
Options outstanding, end of year	611,881	\$21.94	610,006	\$18.63	608,181	\$13.66
Options exercisable, end of year	47,444	\$15.58	54,134	\$ 9.02	31,083	\$ 7.78

The outstanding stock options at December 31, 1999, have a range of exercise prices of \$7.78 to \$30.54 per option. The following shows the options outstanding and exercisable by range of exercise prices at December 31, 1999:

	Options Outstanding		Options Exercisable	
Range of Exercise Prices	Outstanding	Weighted Average Remaining Contractual Life (Years)	Exercisable	Weighted Average Exercise Price
\$7.78–\$9.93	106,625	6.0	20,724	\$ 9.32
\$18.78–\$25.58	366,052	8.1	22,970	\$18.78
\$30.54	139,204	7.6	3,750	\$30.54
	611,881	7.6	47,444	\$15.58

The weighted average fair value at date of grant for options granted during 1999, 1998, and 1997 was \$9.56, \$11.77, and \$6.29 per option, respectively. The fair value of options at date of grant was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	1999	1998	1997
Expected life (years)	7	7	7
Risk-free interest rate	5.0%	5.8%	6.7%
Expected volatility	30.9%	31.9%	27.6%
Expected dividend yield	1.3%	1.5%	2.3%

The company applies Accounting Principles Board Opinion No. 25, under which no compensation cost has been recognized in the statements of earnings. Had compensation cost been determined under an alternative method suggested by FAS No. 123, "Accounting for Stock-Based Compensation," net income would have decreased \$877, \$547, and \$263 in 1999, 1998, and 1997, respectively; and diluted earnings per share would have been \$2.52, \$1.95, and \$1.38 in 1999, 1998, and 1997, respectively.

11. Acquisitions On January 11, 1999, the company acquired all of the issued and outstanding shares of Purchasing Support Group LLC (PSG), a four-member beverage service organization. The new operation, renamed Manitowoc Beverage Systems, Inc. (MBS), provides full-service parts, components, and dispenser systems support to bottlers in the beverage industry. MBS is made up of companies that have been serving soft-drink bottling operations throughout the United States since the 1960s with a variety of equipment services for beverage dispensing systems. MBS operates in the Northeast, Atlantic Coast, Southeast, Central and Western United States.

The aggregate consideration paid by the company for the issued and outstanding shares of the four-member companies of PSG was \$43,686, which is net of cash acquired of \$764 and includes direct acquisition costs of \$538, assumed liabilities of \$5,912, and the receipt of a post-closing net worth adjustment in January 2000 of \$141.

The acquisition of MBS has been recorded using the purchase method of accounting. The cost of the acquisition has been allocated on the basis of the estimated fair values of the assets acquired and the liabilities assumed. The excess of the cost over the fair value of the net assets acquired is \$34,019 and is being amortized over a weighted average life of 38 years. The results of MBS's operations subsequent to the date of acquisition are included in the Consolidated Statement of Earnings for the year ended December 31, 1999.

On April 9, 1999, the company acquired all of the issued and outstanding shares of Kyees Aluminum, Inc., a leading supplier of cooling components for the major suppliers of fountain soft-drink beverage dispensers. The aggregate consideration paid by the company was \$28,471 which is net of cash acquired of \$1,010 and includes direct acquisition costs of \$319, assumed liabilities of \$2,151, and the payment of a post-closing net worth adjustment during the third quarter of \$1,263 to the former owners of the company. Kyees' aluminum cold plates are a key component used to chill soft-drink beverages in dispensing equipment. Located in La Mirada, California, Kyees is a technology leader in manufacturing cold plate equipment, in both quality and engineering design.

The acquisition of Kyees has been recorded using the purchase method of accounting. The cost of the acquisition has been allocated on the basis of the estimated fair values of the assets acquired and the liabilities assumed. The preliminary estimate of the excess of the cost over the fair value of the net assets acquired of \$24,024 is being amortized over a weighted average life of 38 years. The results of Kyees' operations subsequent to the date of acquisition are included in the Consolidated Statement of Earnings for the year ended December 31, 1999.

Pro forma results of operations for MBS and Kyees are not presented, as the amounts do not differ significantly from the actual results of the company.

On November 3, 1998, the company acquired substantially all of the net assets and business of U.S. Truck Crane, Inc. (USTC), from a subsidiary of UK-based Powerscreen International PLC. Located in York, Pennsylvania, USTC builds three proprietary product lines, including boom trucks, rough terrain forklifts, and other types of material-handling equipment.

The aggregate consideration paid by the company for the net assets of USTC was \$51,478 which includes direct acquisition costs of \$478, assumed liabilities of \$7,425, and the receipt of a post-closing net worth adjustment in July 1999 of \$2,053.

The acquisition of USTC has been recorded using the purchase method of accounting. The cost of the acquisition has been allocated on the basis of the estimated fair values of the assets acquired and the liabilities assumed. The excess of the cost over the fair value of the net assets acquired is \$38,039, and is being amortized over a weighted average life of 38 years. The results of USTC's operations subsequent to the date of acquisition are included in the Consolidated Statements of Earnings for the years ended December 31, 1999 and 1998.

The following unaudited information presents, on a pro-forma basis, the USTC acquisition as if it had occurred at the beginning of 1998:

Net sales	\$723,178
Net earnings	\$ 52,476
Basic earnings per share	\$ 2.02
Diluted earnings per share	\$ 2.01

On October 31, 1997, the company acquired substantially all of the net assets and business operated by SerVend International, Inc. (SerVend) from SerVend and its affiliate, Fischer Enterprises, Ltd. SerVend is one of the world's largest manufacturers of ice/beverage dispensers and dispensing valves for the soft drink industry. Its customers include many of the major quick-service restaurant chains, convenience stores, and soft-drink bottlers in the nation.

The aggregate consideration paid by the company for the net business assets of SerVend was \$72,946 which is net of cash acquired of \$119, and includes direct acquisition costs of \$1,167 and assumed liabilities of \$6,250.

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 values of the assets acquired and the liabilities assumed. The excess of the cost over the fair value of the net assets acquired of \$57,596 is being amortized over a weighted average life of 36 years. The results of SerVend's operations subsequent to

the date of acquisition are included in the Consolidated Statements of Earnings for the years ended December 31, 1999, 1998 and 1997.

On January 14, 2000, the company acquired certain assets of Pioneer Holdings LLC, a manufacturer of hydraulic boom trucks, from Mega Manufacturing. The acquisition complements the company's Manitex and USTC product lines.

On February 10, 2000, the company acquired all the outstanding common stock of Beverage Equipment Supply Company (BESCO), a leading Midwest wholesale distributor of beverage dispensing equipment. BESCO was integrated with the company's MBS operation.

12. Assets Held for Sale The company holds assets for sale which include land and improvements, buildings, and certain machinery and equipment at the "Peninsula facility" located in Manitowoc, Wisconsin, and land and building located in Scotts Hill, Tennessee. The current carrying value of these assets, determined through independent appraisals, is \$3,287 and is included in other assets on the Consolidated Balance Sheet at December 31, 1999. The company has reserved for the future holding costs, which are included in accounts payable and accrued expenses, consisting primarily of utilities, security, maintenance, property taxes, and insurance. The company has also recorded reserves for potential environmental liabilities on the Peninsula location. During the year ended December 31, 1999, \$363 was charged against these reserves. Charges against these reserves in 1998 and 1997 were insignificant.

13. Contingencies 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.

Approximately 150 PRPs have been identified as having shipped substances to the Site. 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 the Wisconsin Department of Natural Resources to settle the potential liability at the Site and fund the cleanup.

Recent estimates indicate that the total costs to clean up the Site are approximately \$30,000. Although liability is joint and several, the company's percentage share of liability is estimated to be 11% of the total cleanup costs. Prior to December 31, 1996, the company accrued \$3,300 in connection with this matter. Expenses recorded in 1999, 1998 and 1997 were insignificant. Remediation work at the Site has been completed, with only long-term pumping and treating of groundwater and Site maintenance remaining. The remaining estimated liability for this matter, included in other current and noncurrent liabilities at December 31, 1999, is \$1,100.

As of December 31, 1999, 29 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 \$5,500 self-insured retention with a \$10,000 limit on the insurer's contribution in 1990, to the current \$1,000 self-insured retention for Cranes and Marine cases (\$100 for Foodservice cases) and \$50,000 limit on the insurer's contribution.

Product liability reserves included in accounts payable and accrued expenses at December 31, 1999 are \$8,219; \$2,602 reserved specifically for the 29 cases referenced above, and \$5,617 for claims incurred but not reported. These reserves were estimated using actuarial methods. The reserves for the two uninsured claims are insignificant. The highest current reserve for an insured claim is \$985. 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 and insured claims. Any recoveries from insurance carriers are dependent upon the legal sufficiency of claims and the solvency of insurance carriers.

It is reasonably possible that the estimates for environmental remediation and product liability costs may change in the near future based upon new information which may arise. Presently, there is no reliable means to estimate the amount of any such potential changes.

The company is also involved in various other legal actions arising in the normal course of business. After taking into consideration legal counsels' 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 of the company.

14. Retirement and Health Care Plans The company provides retirement benefits through noncontributory deferred profit sharing plans covering substantially all employees. Company contributions to the plans are based upon formulas contained in such plans. The company also has a defined contribution plan in which the company matches 25% of participant contributions up to a maximum of 5% of a participant's compensation. Total costs incurred under these plans were \$14,271, \$12,909, and \$10,371, in 1999, 1998, and 1997, respectively.

The company also provides certain health care benefits for eligible retired employees. Substantially all of the company's domestic employees hired before January 1, 1990, may become eligible for these benefits if they reach a normal retirement age while working for the company and satisfy certain years-of-service requirements.

The components of the periodic postretirement health benefit cost are as follows:

For the Years Ended	1999	1998	1997
Service cost—benefits earned during the year	\$ 395	\$ 296	\$ 260
Interest cost on accumulated postretirement health benefit obligation	1,325	1,144	1,088
Amortization of actuarial gain	—	(127)	(197)
Net periodic postretirement health benefit cost	\$1,720	\$1,313	\$1,151

The following is a reconciliation of the change in the accumulated periodic postretirement health benefit obligation from January 1, 1998, through December 31, 1999, and a reconciliation of the postretirement benefit obligation to the accrued amount at December 31, 1999 and 1998:

	1999	1998
Benefit obligation, beginning of year	\$16,948	\$15,712
Service cost	395	296
Interest cost	1,325	1,144
Participant contributions	810	818
Actuarial loss	1,946	1,093
Benefits paid	(2,333)	(2,115)
Benefit obligation, end of year	\$19,091	\$16,948
Status of the plan, unfunded	\$19,091	\$16,948
Unrecognized net gain	821	2,757
Accrued benefit, end of year	\$19,912	\$19,705

The health care cost trend rate assumed in the determination of the accumulated postretirement benefit obligation is 5%. Increasing the assumed health care cost trend rate by one percentage point in each year would increase the accumulated postretirement health benefit obligation by \$2,699 at December 31, 1999, and the aggregate of the service and interest cost components of net periodic postretirement health benefit cost by \$298 for 1999. Decreasing the assumed health care cost trend rate by one percentage point in each year would decrease the accumulated postretirement health benefit obligation by \$2,208 at December 31, 1999, and the aggregate of the service and interest cost components of net periodic postretirement health benefit cost by \$240 for 1999.

The discount rate used in determining the accumulated postretirement health benefit obligation is 7.25% for 1999 and 7.00% for 1998. The plan is unfunded.

It is reasonably possible that the estimate for future retirement and health care costs may change in the near future based upon changes in the health care environment or changes in interest rates which may arise. Presently, there is no reliable means to estimate the amount of any such potential changes.

15. Leases The company leases various property, plant and equipment. Terms of the leases vary, but generally require the company to pay property taxes, insurance premiums, and maintenance costs associated with the leased property. Rental expense attributable to operating leases was \$4,847, \$2,848, and \$3,390 in 1999, 1998, and 1997, respectively. Future minimum rental obligations under noncancelable operating leases as of December 31, 1999 are payable as follows:

2000	\$ 5,748
2001	\$ 5,191
2002	\$ 4,566
2003	\$ 4,120
2004	\$ 3,399
Thereafter	\$11,399

16. Business Segments The company identifies its segments using the “management approach” which designates the internal organization that is used by management for making operating decisions and assessing performance as the source of the company’s reportable segments.

The company has three reportable segments: Foodservice Equipment (Foodservice), Cranes and Related Products (Cranes), and Marine.

Foodservice products consist primarily of commercial ice cube machines, dispensers, and related accessories, as well as commercial refrigerators and freezers and beverage dispensers. Foodservice distributes its products primarily in the United States, Southeast Asia, and Europe. Foodservice products serve the lodging, restaurant, health care, convenience store, and soft-drink bottling markets which are impacted by demographic changes and business cycles.

Cranes products consist primarily of crawler and truck-mounted lattice boom and hydraulic cranes and excavators which serve the construction, energy, and mining industries. Cranes distributes its products primarily in the U.S., Europe, Southeast Asia, and Middle East. Cranes operations are tied most closely to energy and infrastructure projects throughout the world.

Marine provides ship-repair and construction services to foreign and domestic vessels operating on the Great Lakes and Eastern Seaboard. Marine serves the Great Lakes maritime market consisting of both U.S. and Canadian fleets, inland waterway operators, and oceangoing vessels that transit the Great Lakes and St. Lawrence Seaway.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies except that certain expenses are not allocated to the segments. These unallocated expenses are corporate overhead, intangible asset amortization, interest expense, and income taxes. The company evaluates segment performance based upon profit or loss before the aforementioned expenses.

The company is organized primarily on the basis of products and is broken down into 19 business units. Nine of the business units have been aggregated into the Foodservice Segment; seven of the business units have been aggregated into the Cranes Segment; and three of the business units make up the Marine Segment.

Information about reportable segments and a reconciliation of total segment assets to the consolidated totals as of December 31, 1999 and 1998, and total segment sales and profits to the consolidated totals for the years ending December 31, 1999, 1998, and 1997 are summarized on page 30.

The following is sales and long-lived asset information by geographic area as of and for the years ended December 31:

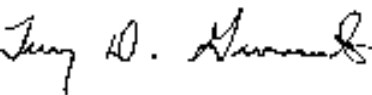
	Sales			Long-Lived Assets	
	1999	1998	1997	1999	1998
United States	\$718,768	\$616,129	\$459,704	\$331,758	\$282,747
Other North America	25,213	16,881	8,309	—	—
Europe	32,246	36,917	23,345	5,479	5,548
Asia	11,174	12,920	27,235	2,005	1,842
Middle East	2,113	5,610	3,289	—	—
Central & South America	4,073	1,949	14,766	—	—
Africa	5,890	1,774	663	—	—
South Pacific & Caribbean	6,014	2,642	8,553	—	—
	\$805,491	\$694,822	\$545,864	\$339,242	\$290,137

Foreign revenue is based upon the location of the customer. Revenue from no single foreign country was material to the consolidated sales of the company.

Management’s Report on Consolidated Financial Statements

Company management is responsible for the integrity of this annual report’s consolidated financial statements. Those statements were prepared in accordance with generally accepted accounting principles. Where necessary, amounts are based on judgments and estimates by management. All financial information in this report matches the financial statements.

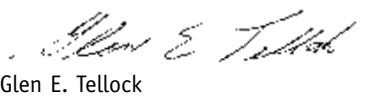
The company maintains an internal accounting system designed to provide reasonable assurance that assets are safeguarded and that books and records reflect only authorized transactions.



Terry D. Growcock
President & Chief Executive Officer

To further safeguard assets, the company has established an audit committee composed of directors who are neither officers nor employees of the company. The audit committee is responsible for reviewing the company’s financial reports and accounting practices and meets periodically with the company’s independent accountants.

The company’s independent accountants provide an objective examination of the company’s financial statements. They evaluate the company’s system of internal controls and perform tests and other procedures necessary to express an opinion on the fairness of the presentation of the consolidated financial statements.



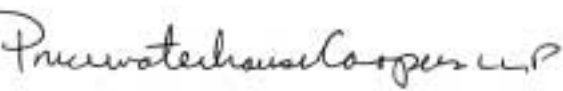
Glen E. Tellock
Vice President & Chief Financial Officer

Report of Independent Public Accountants

To the Stockholders and Board of Directors of
The Manitowoc Company, Inc. and Subsidiaries

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of earnings, stockholders’ equity and comprehensive income, and cash flows present fairly, in all material respects, the financial position of The Manitowoc Company, Inc. and its Subsidiaries at December 31, 1999 and 1998, and the results of their operations and their cash flows for the years ended December 31, 1999, 1998, and 1997, in conformity with accounting principles generally accepted in the United States. These financial statements are the responsibility of the company’s management; our responsibility is to express an opinion on these financial state-

We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.



Milwaukee, Wisconsin
January 25, 2000, except for information in
Note 11, for which the date is February 10, 2000

Supplemental Quarterly Financial Information (unaudited)

The table below presents unaudited quarterly data for the years ended December 31, 1999 and 1998.

	1999				1998			
(Thousands of dollars, except per share data)	First	Second	Third	Fourth	First	Second	Third	Fourth
Net sales	\$184,189	\$226,342	\$213,898	\$181,062	\$154,139	\$188,899	\$184,023	\$167,761
Gross profit	52,560	65,718	62,515	52,919	43,472	53,094	53,280	45,775
Net earnings	12,428	20,986	19,378	13,992	9,337	15,408	15,203	11,432
Per share amounts:*								
Basic earnings per share	.48	.81	.75	.54	.36	.59	.59	.44
Diluted earnings per share	.47	.80	.74	.53	.36	.59	.58	.44
Dividends per common share	.075	.075	.075	.075	.075	.075	.075	.075

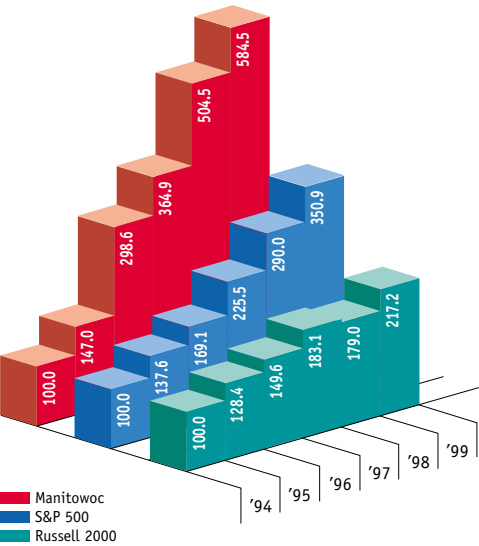
*Per share data adjusted to reflect the April 1, 1999 three-for-two stock split.

Quarterly Common Stock Price Range

	Year Ended December 31, 1999			Year Ended December 31, 1998			Year Ended December 31, 1997		
	High	Low	Close	High	Low	Close	High	Low	Close
1st Quarter	\$30.33	\$24.21	\$27.92	\$26.75	\$19.42	\$25.75	\$17.78	\$14.89	\$16.06
2nd Quarter	42.00	27.00	41.63	31.21	25.40	26.87	21.11	15.33	20.78
3rd Quarter	43.75	32.56	34.13	27.92	16.33	20.09	26.63	21.13	23.79
4th Quarter	35.63	26.00	34.00	29.59	16.46	29.59	25.46	19.67	21.67

The company's common stock is traded on the New York Stock Exchange.
The share prices shown above have been adjusted for the 1999 and 1997 three-for-two stock splits.

Total Return
(Percent)



Since 1994, Manitowoc’s common stock has generated a total return of 584.5%, easily outpacing several well-known indices.

Financial Terms

Backlog – Firm, unfilled orders. An indicator of future sales.

Book Value – Another term for shareholder equity, most often shown on a per-share basis.

Capitalization – The total market value of a company's outstanding stock—that is, the stock price multiplied by the number of shares.

Cash Flow – Funds generated by a company to operate the business, make capital investments, repay debt, pay dividends, repurchase stock, and make acquisitions.

Cost of Capital – A weighted average of the after-tax cost of equity and borrowed funds used to invest in operating capital for a business.

Current Ratio – Current assets divided by current liabilities, an indicator of liquidity.

Economic Value-Added (EVA)® – A measure to determine if a company is creating or destroying value for its shareholders. EVA is calculated by taking after-tax operating profits and subtracting the cost of capital. Manitowoc uses this measure to evaluate its performance, to drive its decision-making, to incentivize management, and to evaluate acquisition opportunities.

Industry Terms

Backhoe Dredge – Excavates underwater material ranging from clay and sand to blasted and unblasted rock from a channel or harbor one bucketful at a time. The dredge hull is usually unpowered and must be towed to the digging site. Most backhoe dredges are equipped with hydraulic excavators capable of digging at depths to 75 feet.

Backroom Beverage Equipment – Refers to the backroom support equipment necessary to deliver syrup, carbonated water, and pre-mixed soft drinks from their storage containers to the dispensing device. This equipment would include pre-chillers, carbonators, regulators, pumps, valves, tubing, and fabricated box racks.

Boom Truck – A hydraulic telescopic crane mounted to a commercial truck chassis. A boom truck differs from a truck crane because it can haul up to several thousand pounds of payload on its cargo deck.

Cold Plate – An integral component of an ice/beverage dispenser that consists of a cast aluminum block and stainless steel tubing that cools syrup and carbonated water to an ideal serving temperature as these liquids flow through the cold plate to the beverage dispensing valve.

Crawler Crane – Usually refers to lattice-boom cranes that are mounted on crawlers rather than a truck chassis. This method of mounting significantly reduces ground-bearing pressures and enables the crane to pick-and-carry virtually any rated load.

Five-Year Survey – A thorough ship inspection and maintenance process that must be performed every five years to satisfy stringent maritime regulations developed by the U.S. Coast Guard, the American Bureau of Shipping, and other regulatory agencies.

Graving Dock – An in-ground concrete structure in which ships can be built or repaired. Because a graving dock is equipped with pumps and watertight gates, it can be flooded so ships can float in, then be pumped dry so crews can work on parts of the ship that normally are underwater.

Hopper Dredge – A fully powered vessel that excavates underwater material using powerful suction devices. Dredged material is then stored onboard the vessel for transportation to an approved disposal site, or can be pumped onboard dump scows or split-hull barges.

Outsourcing – Contracting with an external supplier to provide a product or function deemed to be a non-core operation.

Price to Earnings Ratio – The price of a stock, divided by its earnings per share. Also known as P/E, multiple, or valuation. This measure tells investors how much they are paying for a company's earnings.

Return on Equity – Net earnings divided by stockholders' equity, a measurement of the amount earned on the shareholders' investment.

Return of Invested Capital – An EVA measurement of operating profit after-tax divided by invested capital, an indicator of how efficiently the company employs its assets.

Stock Repurchase Plan – A systematic approach in which a company repurchases its stock. The result of this action increases the percent of ownership each remaining shareholder has in the company.

Total Return – Return on an investment that includes any dividends or interest as well as price appreciation.

Ice/Beverage Dispenser – A foodservice appliance that dispenses ice and soft drinks for self-serve applications in quick service restaurants and convenience stores.

Kiosk – A limited-menu, walk-up quick service restaurant that sells food which usually is prepared elsewhere.

Lattice Boom – A fabricated, high-strength steel structure that usually has four chords and tubular lacings. Lattice booms typically weigh less and provide higher lifting capacities than telescopic booms of similar length.

Luffing Jib – A fabricated structure similar to, but smaller than, a lattice boom. Mounted at the tip of a lattice boom, a luffing jib easily adjusts its angle of operation—a capability that is not possible with a conventional fixed-jib attachment.

Reach-in – A refrigerated cabinet, typically used in foodservice applications, for short-term storage of perishable items at safe temperatures prior to preparation or serving.

Self-Unloading Vessel – The fleet of ships operating on the Great Lakes that are equipped with cargo-hold conveyors and lattice discharge booms. This equipment enables vessels to offload their bulk cargoes, such as iron ore, coal, or limestone, without requiring dockside assist equipment.

Telescopic Boom – A box-section boom, made of several overlapping sections that are extended or retracted to a desired length, using hydraulic or mechanical means.

Truck Crane – Can refer to either a hydraulic telescopic or lattice-boom crane that is mounted on a rubber-tired carrier and is capable of traveling at highway speeds from one project to the next.

Tug/Barge – A new form of Great Lakes bulk cargo transportation that uses a non-powered notch barge that is pushed by a high horsepower diesel tugboat.

Walk-in – A large, foamed-in-place, refrigerated structure, often found in restaurants, that can be equipped with cooling or freezing systems for long-term storage of foodservice items before preparation.



Left to right: Glen E. Tellock, Terry D. Growcock, Thomas G. Musial, Maurice D. Jones, James P. McCann, Robert S. Throop, Robert C. Stift, Guido R. Rahr, Jr., Gilbert F. Rankin, Jr., George T. McCoy, Dean H. Anderson

▲ **Dean H. Anderson**, 59, senior vice president - strategic development of ABB Vetco Gray Inc., since 1997, an oil field equipment manufacturer headquartered in Houston, TX. Previously, president (1990) of Foster Valve Corporation; also president and chief executive officer (1988) of Steego Corporation. Elected to Manitowoc's board in 1992. (1), (2)

▲* **Terry D. Growcock**, 54, president and chief executive officer since 1998. Previously, president and general manager of Manitowoc Ice, Inc., (1996); also executive vice president of Manitowoc Equipment Works (1994). Prior to joining Manitowoc, Mr. Growcock served in numerous management and executive positions with Siebe plc and United Technologies. (3)

* **Maurice D. Jones**, 40, general counsel and secretary since 1999. Prior to joining Manitowoc, Mr. Jones was a partner in the law firm of Davis & Kuelthau, S.C., and served as legal counsel for Banta Corporation.

▲ **James P. McCann**, 69, former vice chairman, president, and chief operating officer of Bridgestone/Firestone, Inc., a tire and rubber manufacturer headquartered in Nashville, TN. Previously, executive vice president (1989) of North American Tire for Bridgestone/Firestone, Inc.; former president and chief executive officer (1988) of Bridgestone U.S.A., Inc. Elected to Manitowoc's board in 1990. (3), (4)

▲ **George T. McCoy**, 79, former chairman and chief executive officer of Guy F. Atkinson Co., a diversified construction services company headquartered in San Bruno, CA. Elected to Manitowoc's board in 1986. (1), (2), (3)

* **Thomas G. Musial**, 48, vice president of human resources and administration since 1995. Previously, manager of human resources (1987) and personnel/industrial relations specialist (1976).

Committees

(1) **Audit Committee**
a committee of non-company directors who review the scope and timing of the company's audit as performed by its independent public accountants. Also reviews the company's management policies and procedures that relate to internal auditing and accounting controls.

(2) **Compensation & Benefit Committee**
determines the compensation of the company's officers, reviews management's recommendations for compensation of other key personnel, and administers the company's EVA® Plan.

(3) **Executive Committee**
discharges certain responsibilities of the board of directors when the board is not in session. Is also charged with reviewing and making recommendations concerning proposed corporate transactions.

(4) **Nominating Committee and Corporate Governance Subcommittee**
provides the methodology for selection of new members of the board of directors and for nomination and selection of candidates, including the specifications, for the position of chief executive officer of the corporation.

▲ **Guido R. Rahr, Jr.**, 71, chairman of the board of Rahr Malting Co., since 1993, a producer of barley malt headquartered in Minneapolis, MN. Previously served as Rahr's chairman and chief executive officer (1987). Elected to Manitowoc's board in 1980. (1)

▲ **Gilbert F. Rankin, Jr.**, 67, former administrative director, College of Engineering, Cornell University, Ithaca, NY. Elected to Manitowoc's board in 1974. (1), (4)

▲ **Robert C. Stift**, 58, chairman and chief executive officer, since 1999, of USI Diversified's Lighting Corporation of America subsidiary, Hagerstown, MD, a manufacturer of commercial, industrial, and residential lighting products. Previously, chairman and chief executive officer (1998) of USI Diversified, Hagerstown, MD; and chairman and chief executive officer of Grove Worldwide, (1992). Elected to Manitowoc's board in 1998. (1), (4)

* **Glen E. Tellock**, 38, vice president and chief financial officer since 1999. Previously, vice president of finance and treasurer (1998), corporate controller (1992), and director of accounting (1991). Prior to joining Manitowoc, Mr. Tellock served as financial planning manager with the Denver Post Corporation and as audit manager for Ernst and Whinney.

▲ **Robert S. Throop**, 62, former chairman and chief executive officer of Anthem Electronics, Inc., a manufacturer and distributor of electronic products headquartered in San Jose, CA. Also a director of Arrow Electronics, Inc., Melville, NY, and The Coast Distribution System, San Jose, CA. Elected to Manitowoc's board in 1992. (2), (3), (4)

* Officer
▲ Board Member

Foodservice Equipment

Manitowoc Ice, Inc.
Manitowoc, WI
Tim Kraus
Executive Vice President & General Manager

Kyees Aluminum
La Mirada, CA
Rick Kyees
Vice President & General Manager

Kolpak
Franklin, TN
Denny Romer
Executive Vice President & General Manager

SerVend International, Inc.
Sellersburg, IN
Ed Murphy
Executive Vice President & General Manager

Hangzhou Wanhua Refrigeration Co., Ltd.
Hangzhou, PRC
Ning Wen
Executive Vice President & General Manager

McCall Refrigeration
Franklin, TN
Denny Romer
Executive Vice President & General Manager

Manitowoc Beverage Systems
Danbury, CT
John Barber
Executive Vice President & General Manager

F.A.G.
Milan, Italy
Philip Keener
Managing Director

Diversified Refrigeration, Inc.
Selmer, TN
Ron Jester
Executive Vice President & General Manager

Roberto Adamo
Managing Director

Cranes and Related Products

Manitowoc Cranes, Inc.
Manitowoc, WI
Ron Schad
Executive Vice President & General Manager

USTC, Inc.
York, PA
Scott Rolston
Vice President & General Manager

Manitowoc Remanufacturing, Inc.
Bauxite, AR
Kevin Gretz
General Manager

Manitex, Inc.
Georgetown, TX
Joe Conway
Executive Vice President & General Manager

Femco Machine Company
Punxsutawney, PA
Randy LaCrosse
Vice President & General Manager

North Central Crane & Excavator Sales Corp.
Mokena, IL
Bill O'Rourke
Executive Vice President & General Manager

Manitowoc Europe Ltd.
Northampton, England
James Buggy
Managing Director

Marine Operations

Bay Shipbuilding Co.
Sturgeon Bay, WI
Bruce Shaw
President & General Manager

Cleveland Shiprepair Co.
Cleveland, OH
Doug Huff
Vice President & General Manager

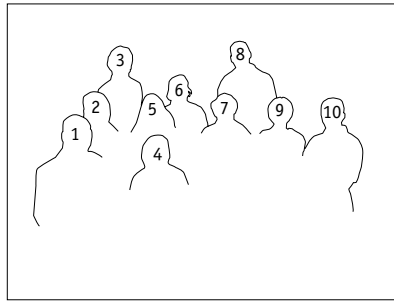
Toledo Shiprepair Co.
Toledo, OH
Doug Huff
Vice President & General Manager



At Manitowoc, quality is a long-term, continuous commitment. In 1999, we achieved another milestone, when SerVend's Workplace Excellence Team won the prestigious Rochester Institute of Technology/*USA Today* Quality Cup Award in the small business category.

Jointly sponsored by the College of Business at the Rochester Institute of Technology and *USA Today*, the Quality Cup recognizes teams of people who have made significant quality improvements within their organizations. SerVend's ten-member Workplace Excellence Team, which worked to improve the company's human resource operations, was credited with helping the company achieve a 70% reduction in turnover among the company's 280-person staff. Since the Team began its work in the mid-90s, SerVend's productivity per employee also has increased by nearly 70%, while its revenues have nearly tripled. Across our businesses, higher quality means higher growth.

Members of SerVend's award-winning Workplace Excellence Team were:



1. Brian Terry
2. Kent Nash
3. Elaine Gravatte
4. Mary Ann Ramser
5. Kim Wray
6. Linda Rounds
7. Darrel Miles
8. Charlie Sparks
9. Debbie McIlvoy
10. Kevin Ramsey

Corporate Headquarters

The Manitowoc Company, Inc.
500 South 16th Street
P.O. Box 66
Manitowoc, WI 54221-0066
Telephone: 920-684-4410
Telefax: 920-683-8129

Independent Public Accountants

PricewaterhouseCoopers LLP
100 East Wisconsin Avenue
Suite 1500
Milwaukee, WI 53202

Stock Transfer Agent and Registrar

First Chicago Trust Company of New York
P.O. Box 2500
Jersey City, NJ 07303-2500

Annual Meeting

The annual meeting of Manitowoc shareholders will be held at 9:00 am, CDT, Tuesday, May 2, 2000, in the ballroom of the Holiday Inn at 4601 Calumet Avenue, Manitowoc, WI. We encourage shareholders to participate in this meeting in person or by proxy.

Stock Listing

Manitowoc's common stock is traded on the New York Stock Exchange and is identified by the ticker symbol MTW. Current trading volume, share price, dividends, and related information can be found in the financial section of most daily newspapers.

Quarterly common stock price information for our three most recent fiscal years can be found on page 44 of this annual report.

Manitowoc Shareholders

On December 31, 1999, there were 26,088,369 shares of Manitowoc common stock outstanding. At such date, there were 2,746 shareholders of record.

Form 10-K Report

Each year Manitowoc files its Annual Report on Form 10-K with the Securities and Exchange Commission. Most of the financial information contained in that report is included in the Annual Report to Shareholders.

A copy of Form 10-K, as filed with the Securities and Exchange Commission for 1999, may be obtained by any shareholder, without charge, upon written request to:

Maurice D. Jones
General Counsel and Secretary
The Manitowoc Company, Inc.
P.O. Box 66
Manitowoc, WI 54221-0066

Dividends

Common stock dividends are usually considered in conjunction with the quarterly meetings of Manitowoc's board of directors. Manitowoc has paid quarterly dividends, without interruption, since 1971.

Dividend Reinvestment and Stock Purchase Plan

The Dividend Reinvestment and Stock Purchase Plan provides a convenient method to acquire additional shares of Manitowoc stock through the investment of quarterly dividends. Shareholders may also purchase shares by investing cash as often as once a month in varying amounts from \$10 up to a maximum of \$60,000 each calendar year.

Participation is voluntary, and all fees associated with stock purchases under these plans are paid for by Manitowoc.

To receive an information booklet and enrollment form, please contact our stock transfer agent and registrar, First Chicago Trust Company of New York.

Investor Inquiries

Security analysts, portfolio managers, individual investors, and media professionals seeking information about Manitowoc are encouraged to contact the following:

Analysts & Portfolio Managers

Glen E. Tellock
Vice President & Chief Financial Officer
Telephone: 920-683-8122
Telefax: 920-683-8138

Media Inquiries

Steven C. Khail
Director of Investor Relations & Corporate Communications
Telephone: 920-683-8128
Telefax: 920-683-8138

General Inquiries

Joan Risch
Shareholder Relations
Telephone: 920-683-8150
Telefax: 920-683-8138

Quarterly Earnings

Manitowoc is planning to announce its quarterly earnings for calendar 2000 according to the following schedule:

- 1st Quarter – April 13, 2000
- 2nd Quarter – July 13, 2000
- 3rd Quarter – October 12, 2000
- 4th Quarter – To be announced

Join MTW on the Internet at www.manitowoc.com

Manitowoc provides a variety of information about its businesses, products, and markets at its website address: www.manitowoc.com

Equal Opportunity

Manitowoc believes that a diverse workforce is required to compete successfully in today's global markets. The company provides equal employment opportunities in its global operations without regard to race, color, age, gender, religion, national origin, or physical disability.

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