



NEWS RELEASE

Terex Corporation to Acquire Demag Mobile Cranes

5/17/2002

WESTPORT, Conn., May 17, 2002 (BUSINESS WIRE) -- Terex Corporation (NYSE: TEX) today announced that it has entered into an agreement to acquire Demag Mobile Cranes GmbH & Co. KG ("Demag").

Demag, which manufactures and distributes telescopic and lattice boom cranes, is one of the leading mobile crane producers worldwide, with 2001 revenues of approximately \$360 million. The transaction is subject to customary closing conditions, including regulatory approval, and is anticipated to close at the end of the second quarter or early in the third quarter of 2002.

"The acquisition of Demag is an excellent opportunity for us," commented Ronald M. DeFeo, Terex Chairman and Chief Executive Officer. "From a strategic perspective, it improves our position in the all-terrain crane market, which has been a growing market category over the past several years, and gives us a product offering that fills gaps in the current Terex crane product line. When combined with our rough terrain and truck crane businesses, it will give us a product offering in the mobile telescopic crane market second to none."

Mr. DeFeo continued, "Demag also has a leading market position in the 300-ton to 1,600-ton lattice-boom crane category, which compliments our existing product offering nicely and enables us to offer our customers a full line of lattice boom cranes with lifting capacities from 60 tons to 1,600 tons. The combination of Demag and Terex will create a worldwide crane company with one of the broadest geographic and product offerings in the industry. We expect the acquisition to add \$360 million in pro forma annual revenues and be accretive by \$.20 to \$.30 per share after planned cost reductions are implemented."

"The Demag acquisition provides Terex with access to leading technology and high-end product lines," commented Fil Filipov, Terex Executive Vice President, who will assume responsibility for the Terex crane business worldwide upon completion of the acquisition. "Demag is known in the market place for its product innovation, quality and

excellent after sales service. Demag will provide Terex with an all-terrain product offering that will enable us to compete effectively in the European market place, which is the largest all-terrain market. It also positions us to compete in the growing North American all-terrain market, where we think there is a real opportunity to be aggressive and grow share by leveraging Terex's strong market presence in mobile telescopic cranes in combination with Demag's outstanding technology and customer care."

Mr. Filipov noted, "The acquisition brings with it three production facilities, two in Zweibrücken, Germany and one in Pécs, Hungary, with over 460,000 square meters of production capacity. We have targeted \$20 million in cost savings through the outsourcing of non-core activities, streamlining of the production process and improvements in purchasing. We will also be looking for ways to better leverage our German organization and take advantage of low cost production capabilities in Eastern Europe."

Mr. DeFeo added, "The Demag acquisition meets our internal criteria for acquisitions. It provides both geographic and product diversification that fills a strategic need within our product offering and solidifies our European franchise. Demag provides substantial opportunities for synergies and cost savings, and we believe it will be accretive to earnings in the first 12 months of ownership and achieve a 20% return on invested capital in year two of ownership. Although there is a lot of work to be done, we believe the Demag acquisition strengthens the Terex franchise, positions us to compete as a leading worldwide global crane company, and, most importantly, creates shareholder value."

Safe Harbor Statement

The above contains forward-looking information based on Terex's current expectations. Because forward-looking statements involve risks and uncertainties, actual results could differ materially. Such risks and uncertainties, many of which are beyond Terex's control, include among others: Terex's business is highly cyclical and weak general economic conditions may affect the sales of its products and its financial results; the sensitivity of construction and mining activity to interest rates, government spending and general economic conditions; the ability to successfully integrate acquired businesses; the retention of key management personnel; foreign currency fluctuations; Terex's businesses are very competitive and may be affected by pricing, product initiatives and other actions taken by competitors; the effects of changes in laws and regulations; Terex's business is international in nature and is subject to changes in exchange rates between currencies, as well as international politics; the ability of suppliers to timely supply Terex parts and components at competitive prices; the financial condition of suppliers and customers, and their continued access to capital; Terex's ability to timely manufacture and deliver products to customers; Terex's substantial amount of debt and its need to comply with restrictive covenants contained in Terex's debt agreements; compliance with applicable environmental laws and regulations; and other factors, risks, uncertainties

more specifically set forth in Terex's public filings with the SEC. Actual events or the actual future results of Terex may differ materially from any forward looking statement due to those and other risks, uncertainties and significant factors. The forward-looking statements herein speak only as of the date of this release. Terex expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement included in this release to reflect any changes in Terex's expectations with regard thereto or any changes in events, conditions, or circumstances on which any such statement is based.

Terex Corporation is a diversified global manufacturer based in Westport, Connecticut, with 2001 annual revenues in excess of \$1.8 billion. Terex is involved in a broad range of construction, infrastructure, recycling and mining-related capital equipment under the brand names of Advance, American, Amida, Atlas, Bartell, Bendini, Benford, Bid-Well, B.L. Pegson, Canica, Cedarapids, Cifali, CMI, Coleman Engineering, Comedil, CPV, Fermec, Finlay, Franna, Fuchs, Grayhound, Hi-Ranger, Italmacchine, Jaques, Johnson-Ross, Koehring, Lectra Haul, Load King, Lorain, Marklift, Matbro, Morrison, Muller, O&K, Payhauler, Peiner, P&H, Powerscreen, PPM, Re-Tech, RO, Royer, Schaeff, Simplicity, Square Shooter, Telelect, Terex, and Unit Rig. More information on Terex can be found at www.terex.com.

TEREX CORPORATION (NYSE: TEX)
CONFERENCE CALL
Friday, May 17, 2002
11:30 a.m. Eastern Time

You are invited by Terex Corporation to participate in a conference call to announce Terex's planned acquisition of Demag Mobile Cranes GmbH & Co. KG. The live call of the meeting will begin on Friday, May 17, at 11:30 a.m., Eastern Time. Ronald M. DeFeo, Terex Chairman and CEO, will host the call.

To access the call, call the MCI Conference Call Center at (888) 657-9406 on Friday, May 17, 2002 at least 10 minutes before the call is scheduled to begin and specify the following:

- Your name and company
- Password TEX

To accommodate our audiences in other time zones or anyone unable to listen, MCI will provide a replay of the

teleconference. The replay will be available immediately following the conclusion of the call and can be accessed until Wednesday, May 22, at 6:00 p.m., Eastern Time. To access the replay, please call (800) 568-3705, password: TEX or 839 on keypad.

International participants should call (773) 756-4804, password: TEX, at least 15 minutes before the start of the conference call. To access the replay, please call (402) 344-6840, password: TEX or 839 on keypad.

A simultaneous slide presentation along with a listen-only mode webcast of this conference call will be available on www.terex.com. Those who wish to view the slide presentation or listen to the conference call should visit the Investor Relations section of the company's Website at least 15 minutes prior to the event's broadcast. Then, follow the instructions provided to assure that the necessary audio applications are downloaded and installed. These programs can be obtained at no charge to the user.

For further information, please contact Elizabeth Gaal, Investor Relations Associate at (203) 222-5942.

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