

Edgar Filing: NETSOL TECHNOLOGIES INC - Form 8-K

NETSOL TECHNOLOGIES INC
Form 8-K
June 19, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): June 19, 2006 (June 15, 2006)

Commission file number: 0-22773

NETSOL TECHNOLOGIES, INC.
(Exact name of small business issuer as specified in its charter)

NEVADA
(State or other Jurisdiction of
Incorporation or Organization)

95-4627685
(I.R.S. Employer NO.)

23901 Calabasas Road, Suite 2072, Calabasas, CA 91302
(Address of principal executive offices) (Zip Code)

(818) 222-9195 / (818) 222-9197
(Issuer's telephone/facsimile numbers, including area code)

ITEM 2.03 CREATION OF DIRECT FINANCIAL OBLIGATION.

On June 15, 2006, NetSol Technologies, Inc. entered into an agreement to sell up to \$5,500,000 worth of convertible notes to 5 accredited investors and warrants to acquire 1,666,667 shares of common stock. The entire offering has an average weighted cost per share of \$1.77. The warrants are exercisable for a period of 5 years from the issuance date. The notes bear interest at the rate of 12% per annum and are due one year from their issuance, or June 15, 2007. The notes are convertible into shares of Series A 7% Cumulative Convertible Preferred Stock which are in turn are convertible into shares of common stock of NetSol Technologies, Inc. Provided, however, that the note may not convert and the warrants may not be exercised, without prior shareholder approval of such conversion, if such conversion would result in NetSol Technologies, Inc. issuing a number of shares of common stock which, when aggregated with other equity transactions pursuant to NASD MarketPlace Rule 4350, would be violative of such rule.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Edgar Filing: NETSOL TECHNOLOGIES INC - Form 8-K

NETSOL TECHNOLOGIES, INC.

Date: June 19, 2006

/s/ Naeem Ghauri

NAEEM GHAURI
Chief Executive Officer

Date: June 19, 2006

/s/ Tina Gilger

Tina Gilger
Chief Financial Officer

6px" noshade size=1.333>

EXECUTIVE OFFICERS

The following table sets forth, as of March 25, 2012, the respective names and ages of the Company's executive officers, indicating all positions and offices held by each such person. Each officer is elected by the Board to hold office for one year or until his or her successor is duly elected and qualified.

| <u>NAME</u> | <u>AGE</u> | <u>POSITIONS AND OFFICES WITH COMPANY</u> |
|------------------------|-------------------|---|
| Ronald M. De Feo | 60 | Chairman of the Board, Chief Executive Officer and Director |
| Phillip C. Widman | 57 | Senior Vice President and Chief Financial Officer |
| Eric I Cohen | 53 | Senior Vice President, Secretary and General Counsel |
| Brian J. Henry | 53 | Senior Vice President, Finance and Business Development |
| Kevin A. Barr | 52 | Senior Vice President, Human Resources |
| Douglas R. Friesen Jr. | 54 | Senior Vice President, Terex Business Systems |
| Timothy A. Ford | 50 | President, Terex Aerial Work Platforms |
| George Ellis | 51 | President, Terex Construction |
| Kevin Bradley | 49 | President, Terex Cranes |
| Kieran Hegarty | 45 | President, Terex Materials Processing |
| Aloysius Rauen | 55 | President, Terex Material Handling & Port Solutions |
| Stoyan (Steve) Filipov | 43 | President, Developing Markets and Strategic Accounts |
| Kenneth D. Lousberg | 44 | President, Terex China |

For information regarding Mr. De Feo, refer to the section above titled Election of Directors.

Phillip C. Widman was appointed Senior Vice President and Chief Financial Officer of the Company on September 16, 2002. Prior to joining the Company, Mr. Widman served as Executive Vice President, Chief Financial Officer of Philip Services Corporation (Philip Services), an industrial outsourcing and metal services company, from 1998 to 2001, and as an independent consultant from 2001 to 2002. Prior to joining Philip Services, Mr. Widman worked at Asea Brown Boveri Ltd. (ABB) for 11 years in various financial and operational capacities in the transportation, power generation and power distribution businesses. During his last two years at ABB, he served as Vice President, Chief Financial Officer and Supply Management of its diverse businesses in the United States. Additionally, Mr. Widman's experience includes 12 years with Unisys Corporation in a variety of financial roles. Mr. Widman serves as a director of Sturm, Ruger & Co., Inc. and served as a director of The Lubrizol Corporation from December 2008 until September 2011.

Eric I Cohen became Senior Vice President, Secretary and General Counsel of the Company on January 1, 1998. Prior to joining the Company, Mr. Cohen was a partner with the New York City law firm of Robinson Silverman Pearce Aronsohn & Berman LLP (which firm has since merged with Bryan Cave LLP) since January 1992 and was an

associate attorney with that firm from 1983 to 1992.

Brian J. Henry was appointed Senior Vice President, Finance and Business Development on October 18, 2002. Mr. Henry previously held the positions of Vice President, Finance and Business Development, Vice President-Finance and Treasurer, and Vice President-Corporate Development and Acquisitions. Mr. Henry also served as the Company's Director of Investor Relations. Mr. Henry has been employed by the Company since 1993. From 1990 to 1993, Mr. Henry was employed by KCS Industries, L.P. and its predecessor, KCS Industries, Inc., an entity that until December 31, 1993, provided administrative, financial, marketing, technical, real estate and legal services to the Company and its subsidiaries.

Kevin A. Barr was named Senior Vice President, Human Resources of the Company on January 3, 2006. Prior to that, Mr. Barr had been serving as Vice President, Human Resources of the Company since September 25, 2000. Prior to joining the Company, Mr. Barr served as Vice President-Human Resources at DBT Online since 1998. From 1995 to 1998, Mr. Barr was at Nabisco, Inc. as Vice President-Human Resources, Asia/Pacific. Prior to that, Mr. Barr served as Vice President-Human Resources, Asia/Pacific and Latin America with Dun and Bradstreet Corporation from 1990 to 1995, and in various human resources executive positions at Chase Manhattan Bank, N.A. from 1981 to 1990.

Douglas R. Friesen Jr. was named Senior Vice President, Terex Business System effective on April 1, 2011. Prior to that, Mr. Friesen led the Company's Cranes operations in Zweibrucken, Germany, as Vice President and Managing Director from September 2008 to March 2011. Mr. Friesen joined the Company in 2005 as Vice President and General Manager, North America, for Terex Cranes. Prior to joining the Company, Mr. Friesen held senior leadership roles with JCB Construction Equipment, General Motors Corporation and Toyota Corporation, and has extensive training and experience in implementing lean business processes.

Timothy A. Ford became President, Terex Aerial Work Platforms on October 2, 2006. Prior to joining the Company, since 2005, Mr. Ford was Executive Vice President of The Toro Company, a lawn care and turf maintenance product and service provider. Previous to that, Mr. Ford held various senior executive positions with The Toro Company since 2001. Prior to that, he held various senior management positions with Honeywell International Inc. from 1998 through 2001. Mr. Ford began his career at General Electric Company in 1985.

George Ellis became President, Terex Construction on October 1, 2009. At that time, Mr. Ellis had been serving as Senior Vice President, Terex Business System, with additional responsibilities leading the Company's Roadbuilding, Manufacturing Services and Health Safety & Environment organizations. Prior to that, he was Vice President and General Manager of the Terex Utility group. Mr. Ellis joined Genie Industries as a site director in 2000 and after the Terex acquisition of Genie Industries in 2002, he became General Manager of the Southaven operation of Terex Construction. Prior to joining Genie Industries, Mr. Ellis held leadership positions at General Electric Company, the Pratt & Whitney division of United Technologies Corporation and PPG Industries, Inc.

Kevin Bradley was named President, Terex Cranes on January 4, 2011. At that time, Mr. Bradley had been serving as President of Terex Financial Services since August 2005. Prior to joining the Company, Mr. Bradley spent nine years each at General Electric Capital Corporation and AT&T Capital Corporation, holding positions of increasing responsibility.

Kieran Hegarty was named President, Terex Material Processing in March 2010. Prior to that, Mr. Hegarty had been serving as Vice President, Terex Material Processing since January 2006. Previously, he held various general management positions within the Powerscreen group of companies since 1992.

Aloysius Rauen became President, Terex Material Handling & Port Solutions on December 8, 2011, following the Company's earlier acquisition of a majority stake in Demag Cranes AG, a manufacturer of industrial cranes and port technology. Mr. Rauen has been serving as Chief Executive Officer of Demag Cranes since May 1, 2009. Prior to joining Demag Cranes, Mr. Rauen served as the Chief Executive Officer of Eurofighter Jagdflugzeug GmbH since 2004. Previous to that, Mr. Rauen held various senior management positions with EADS Deutschland GmbH since 2000, including serving as its Chief Executive Officer beginning in 2003. Prior to that, he held various senior management positions at Daimler-Benz Aerospace AG and DaimlerChrysler AG from 1992 through 2000. Mr. Rauen began his career at MBB GmbH in 1983.

Stoyan (Steve) Filipov was named President, Developing Markets and Strategic Accounts on January 16, 2008. Prior to that, Mr. Filipov had been serving as President, Terex Cranes since January 1, 2004. At that time, Mr. Filipov had been serving as President of the international operations for Terex Cranes since July 1, 2002. Prior to that, Mr. Filipov held various other positions with a number of the Company's international businesses. Mr. Filipov started with the Company on September 1, 1995 as Export Manager for one of the Company's crane operations in France.

Kenneth D. Lousberg was named President, Terex China on January 4, 2011. At that time, Mr. Lousberg had been serving as President, China Operations and Business Transformation since November 2009. Prior to that, Mr. Lousberg had been serving as Vice President and General Manager of Terex Cranes Europe since 2007. Previous to that, Mr. Lousberg had been serving as Vice President, Terex Business Systems for Terex Cranes since 2005. Mr. Lousberg joined Genie Industries in 1997 as Plant Manager of the scissor lift business. Mr. Lousberg took on further expanding roles with Genie Industries both before and after the Terex acquisition of Genie Industries. Prior to joining Genie Industries, Mr. Lousberg was an engineering manager for the Trane Company and principal consultant of lean manufacturing for Delta Point Consulting.

Code of Ethics and Conduct

The Company has adopted a code of ethics and conduct that applies to all of its directors and employees, including the Company's principal executive officer, principal financial officer and principal accounting officer, among others. This code of ethics and conduct is a set of written standards reasonably designed to deter wrongdoing and to promote: honest and ethical conduct; full, fair, accurate, timely and understandable disclosure; compliance with applicable governmental laws, rules and regulations; prompt internal reporting of code violations; and accountability for adherence to the code. The Company periodically reviews, updates and revises its code of ethics and conduct when it considers appropriate. A copy of the current code of ethics and conduct is available at the Company's website, www.terex.com, under About Terex Investor Relations Corporate Governance and Code of Ethics, a copy of the code of ethics and conduct is available in print, without charge, to any stockholder who requests this material from the Company.

COMPENSATION DISCUSSION AND ANALYSIS

Overview

The Compensation Committee of the Board (the Committee) continually reviews the compensation programs for the Named Executive Officers (as defined in the Executive Compensation section below) to ensure they achieve the desired goals of aligning the executive compensation structure with the Company's stockholders' interests and current market practices. The Company's executive compensation programs are based on the following core principles: (i) balance between short term and long term compensation and competitive with peers; (ii) pay for performance; (iii) stockholder alignment; and (iv) stockholder engagement.

The Company's results in 2011 and actions taken by the Committee since January 1, 2011 demonstrate the Committee's commitment to these principles and illustrate how the executive compensation program responds to business challenges and the marketplace. Key highlights include the following:

Strong correlation between the Company's after-tax return on invested capital (ROIC) and the compensation paid or provided to Mr. De Feo during the last five fiscal years.

* Total Compensation consists of base salary, non-equity incentive compensation, grant date fair values of equity awards and other compensation (as reported in the All Other Compensation column of the Summary Compensation Table). ROIC is the sum of the Company's net operating profit for continuing and discontinued operations after tax for each of the previous four quarters divided by the average of the sum of total stockholders' equity plus debt less cash

and cash equivalents for the previous five quarters. See Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operation in the Company's Annual Report on Form 10-K for the year ended December 31, 2011 for further detail on the Company's calculation of ROIC.

Strong correlation between the Company's total stockholder return and the total realized compensation of Mr. De Feo during the last five fiscal years.

* Total Realized Compensation represents: Total compensation, as determined under applicable SEC rules, minus (1) the aggregate grant date fair value of performance-based restricted stock awards that have either been forfeited or whose performance has not yet been achieved and (2) the year-over-year change in pension value and nonqualified deferred compensation earnings. The Committee believes it is important to compare the Company's performance with Mr. De Feo's total realized compensation because the total compensation amount included in the Summary Compensation Table includes several items that are driven by accounting and actuarial assumptions, which are not necessarily reflective of compensation actually realized.

While annual net sales in 2011 increased approximately \$2.1 billion versus 2010, or approximately 33% excluding acquisitions, and results from continuing operations improved by approximately \$250 million in 2011 versus 2010, as 2011 operating results were below the Company's expectations, bonus payouts for 2011 were below the bonus target amount.

The bonus payouts to the Named Executive Officers for 2009 and 2010 were below the 50th percentile of bonus target percentage ranges for the Benchmark Companies (as defined below) as a result of the Company's performance falling below the Committee's expectations for these time periods.

The long-term compensation awards granted in 2011 to the Named Executive Officers were granted exclusively in the Company's equity and the majority was performance-based, with Messrs. De Feo's and Widman's award being approximately 85% performance-based.

Approximately \$6.7 million in stock awards granted in 2008 and 2009 were forfeited in 2011 by Mr. De Feo and approximately \$4.2 million in stock awards granted in 2008 and 2009 were forfeited in 2011 by the other Named Executive Officers as a result of the Company's failure to achieve performance targets set by the Committee.

Approximately \$1.1 million in stock awards granted in 2009 and 2011 were forfeited in 2012 by Mr. De Feo and approximately \$0.7 million in stock awards granted in 2009 and 2011 were forfeited in 2012 by the other Named Executive Officers as a result of the Company's failure to achieve performance targets set by the Committee.

Mr. De Feo and the Committee agreed that his target bonus opportunity for 2012 would be reduced from 200% of base salary to 125% of base salary.

All of the Company's stockholders were given the opportunity to participate in a virtual stockholder forum on compensation matters prior to last year's annual meeting of stockholders and will be given that opportunity again this year before the Meeting to ask questions of the Committee's chairperson and provide feedback on the Company's executive compensation program.

Executive Compensation Program

The Committee is comprised solely of independent directors committed to applying sound governance practices to compensation decisions. The Committee considers a variety of reports and analyses, such as market survey data, compensation tally sheets and compensation data of peer companies, when making decisions regarding target compensation opportunities and the delivery of awards to the Company's executives, including the Named Executive Officers.

The Committee has the sole authority to hire and dismiss the outside compensation consultants to the Committee. For 2011, the Committee retained Meridian Compensation Partners, LLC (Meridian), an independent, outside consultant, to support it in determining the compensation of the Company's executive officers. Meridian was not given a narrow list of instructions, but rather was engaged to provide the Committee with any and all information and advice that might assist the Committee in performing its duties and analyzing executive pay packages. In accordance with the Guidelines, the Committee's compensation consultant did not provide the Company with any other services.

In 2011, Meridian performed a comprehensive analysis of the compensation practices of the Benchmark Companies and provided the Committee with compensation data, including updates regarding trends in executive compensation that the Committee utilized in making its decisions. The comprehensive analysis performed by Meridian indicated that the Committee's mix of target total compensation is in line with typical market practice. In addition, the target total cash, target long-term incentives and target total compensation provided to the Company's executives, in the aggregate, were within the range of competitive market practice.

Compensation Objectives and Principles: The objectives of the Company's executive compensation program are to: (i) attract and retain executives with the skills critical to the long-term success of the Company; (ii) motivate and reward individual and team performance in attaining business objectives and maximizing stockholder value; and (iii) link a significant portion of compensation to achieving performance goals and appreciation in the total stockholder return of the Company, so as to align the interests of the executives with those of the stockholders.

The Committee believes that its objectives of pay for performance and retention should be appropriately competitive with the Company's peers and competitors and balanced, so that successful, high-achieving executives will remain motivated and committed to the Company during all phases of the business cycle. The Committee also believes that generally more than half of an executive's total compensation opportunity should be aligned with the performance of the Company. As executives progress to higher levels in the Company, an increasing proportion of their pay is linked to Company performance and stockholder returns, because in these roles the executives have a greater ability to affect the Company's results. Annual and long-term incentive compensation opportunities should provide the appropriate focus on short- and long-term individual and corporate strategic business results. Long-term stock-based compensation opportunities should represent a larger proportion of total compensation for Named Executive Officers than short-term cash-based opportunities. Difficult but achievable annual objectives should be compatible with sustainable long-term performance. The allocation in compensation between current and long-term compensation is

based on employment market conditions with an emphasis on attraction and retention, as well as attempting to motivate executive officers to achieve excellent results.

Stockholder engagement: Engagement with its stockholders is a key component of the Company's corporate governance and the Committee believes stockholder engagement is of vital importance in the area of executive compensation as well. The Committee seeks and is open to input from its stockholders regarding the Company's executive compensation program. The Committee also believes it is important for all stockholders to have the ability to voice their comments or concerns on the Company's executive compensation practices. Accordingly, in 2011 the Company held a stockholder forum (live and via the Internet) on compensation matters prior to last year's annual meeting of stockholders giving all stockholders the ability to ask questions of the Committee's chairperson and provide feedback on the Company's executive compensation program. The Company held its first say-on-pay vote on the compensation of its Named Executive Officers in 2011 as required under the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank). In anticipation of the Company's second say-on-pay vote and in an effort to better understand the thoughts of the Company's stockholders, the Committee Chairman and one of the Committee members met with seven of the Company's largest stockholders (accounting for approximately 23% of the Company's outstanding shares) in the first quarter of 2012 to discuss the Company's executive compensation program. Based on these discussions, the Company learned that its stockholders generally approve of the Company's overall executive compensation program and generally understand the performance oriented nature of the Company's executive compensation program. The stockholders also offered comments and suggestions about some of the elements of and performance metrics used in the Company's executive compensation program. The Committee will take this feedback into consideration in its ongoing efforts to improve the Company's executive compensation program and the quality of its compensation disclosures. The Company will be hosting a stockholder forum on compensation again this year prior to the Meeting in a further effort to engage with its stockholders on compensation matters. See page 1 of this Proxy Statement for more information on the Compensation Forum.

Executive Compensation Practices

Peer Group: The Committee designs the Company's total compensation program to be motivational and competitive with the programs of other corporations of comparable revenue size, corporations in the same industry, corporations with which the Company competes for executives, and other manufacturing corporations that may not be in the same industry as the Company but that provide similar returns to their stockholders (the Benchmark Companies). In keeping with current best practices, when conducting its annual review of the Company's peer group, the Committee determined that the peer group should be comprised of companies whose revenues are between one-third and three times the Company's revenue. As a result of this criteria and based on the Committee's overall assessment of the Benchmark Companies, the following changes were made to the Benchmark Companies during 2011:

| <u>Prior Peer Group</u> | <u>Removed</u> | <u>Added</u> | <u>Current Peer Group</u> |
|--------------------------------|---|------------------------------------|----------------------------------|
| 3M Company | 3M Company | | AGCO Corporation |
| AGCO Corporation | General Electric Company* | Carlisle Companies Inc. | Cameron International Corp. |
| Astec Industries, Inc. | Masco Corporation | Crane Company | Carlisle Companies Inc. |
| Bucyrus International, Inc. | Astec Industries, Inc. | Flowsolve Corporation | Crane Company |
| Caterpillar Inc. | Honeywell International Inc.* | Hubbell Inc. | Cummins Inc. |
| Cameron International Corp. | Stanley Black & Decker, Inc. | Lennox International Inc. | Danaher Corporation |
| Cummins Inc. | Bucyrus International, Inc. | Meritor Inc. | Dover Corporation |
| Danaher Corporation | ITT Corporation | Nacco Industries Inc. | Eaton Corporation |
| Deere & Company | Sauer-Danfoss Inc. | Navistar International Corporation | Flowsolve Corporation |
| Dover Corporation | Caterpillar Inc. | Pall Corporation | FMC Technologies, Inc. |
| Eaton Corporation | Johnson Controls, Inc.* | Roper Industries Inc. | Hubbell Inc. |
| FMC Technologies, Inc. | United Technologies Corp.* | SPX Corporation | Illinois Tool Works Inc. |
| General Electric Company* | Deere & Company | Thomas & Betts Corporation | Ingersoll-Rand plc |
| Honeywell International Inc.* | * The companies that are denoted with an asterisk are companies that previously were used to benchmark the compensation of the heads of | Timken Company | Lennox International Inc. |
| Illinois Tool Works Inc. | | | Meritor Inc. |
| Ingersoll-Rand plc | | | Nacco Industries Inc. |

| | | |
|------------------------------|--|------------------------------------|
| ITT Corporation | certain of the Company's business units. | Navistar International Corporation |
| Johnson Controls, Inc.* | | Oshkosh Corporation |
| Joy Global Inc. | | PACCAR Inc. |
| Masco Corporation | | Pall Corporation |
| Oshkosh Corporation | | Parker-Hannifin Corporation |
| PACCAR Inc. | | Rockwell Automation, Inc. |
| Parker-Hannifin Corporation | | Roper Industries Inc. |
| Rockwell Automation, Inc. | | SPX Corporation |
| Stanley Black & Decker, Inc. | | Textron Inc. |
| Sauer-Danfoss Inc. | | The Manitowoc Company, Inc. |
| Textron Inc. | | Thomas & Betts Corporation |
| The Manitowoc Company, Inc. | | Timken Company |
| United Technologies Corp.* | | |

Compensation Recoupment Policy: The Board and Committee included a clawback provision in the Company's 2009 Omnibus Incentive Plan (the Omnibus Plan) that allows the Company to recover all or a portion of any award granted or paid to an executive in the event the award is affected by a restatement of the Company's financial results caused by errors, omissions or fraud.

Internal Pay Equity: As is the case with many companies, the Company relies more heavily on the management and leadership skills of its Chairman and CEO than its other named executive officers. Mr. De Feo has been with the Company since 1992, has been CEO since 1995 and Chairman since 1998, and has overseen the transformation of Terex during that time. As a result, Mr. De Feo receives a significantly greater amount of compensation than the other Named Executive Officers.

Stock Ownership Guidelines: The Company adopted stock ownership guidelines in March 2011 to encourage acquisition and retention of the Company's common stock, thereby aligning the executives' interests with the long-term interests of the Company's stockholders. These ownership guidelines are based on a multiple of each executive's base salary. The following table shows the named executive officers' ownership levels and their achievement of the relevant target levels as of January 31, 2012:

| Named Executive Officer | Total Stock | | Target Ownership Level | |
|--------------------------------|-----------------------|---------------------------|---|--|
| | Ownership (\$) | Annual Salary (\$) | Ownership versus Annual Salary (#) | Guideline (# times base salary) |
| Ronald M. De Feo | \$18,374,657 | \$1,250,000 | 14.7 times | 6 times |
| Phillip C. Widman | \$4,624,468 | \$618,000 | 7.5 times | 3 times |
| Steve Filipov | \$1,585,426 | \$493,370 | 3.2 times | 2.5 times |
| Kevin Bradley | \$1,596,058 | \$450,000 | 3.5 times | 2.5 times |
| Timothy Ford | \$2,023,699 | \$512,940 | 3.9 times | 2.5 times |

(1) Total Stock Ownership includes (i) shares owned outright and indirectly and (ii) shares that will vest as a result of time without further performance requirements.

Deductibility of Executive Compensation: Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code), limits to \$1 million a year the deduction that a publicly held corporation may take for compensation paid to its chief executive officer and the three other most highly compensated employees other than the chief financial officer, unless the compensation is performance-based. Performance-based compensation must be based on the achievement of pre-established, objective performance goals under a plan approved by stockholders.

In order to reduce or eliminate the amount of compensation that would not qualify for a tax deduction should the compensation of the CEO or any other executive officer exceed \$1 million in any year, the Omnibus Plan and 2000 Incentive Plan (the 2000 Plan) were submitted to and previously approved by the Company s stockholders, so that amounts earned thereunder by certain employees will qualify as performance-based. Although the Committee attempts to establish and maintain compensation programs that optimize the tax deductibility of compensation, the Committee retains discretion to authorize payment of compensation that may not be fully tax deductible when it believes such payouts would be in the best interest of the Company.

Executive Compensation Components

The executive compensation program has three principal components: short-term compensation (salary and annual bonus), long-term incentive compensation and post-employment compensation, each of which is described below. While the components of compensation are considered separately, the Committee takes into account the full compensation package afforded by the Company to the individual executive.

Base Salary: Base salary is determined by evaluating the responsibilities of the position held, the individual s past experience in his/her current position, current performance, future potential and the competitive marketplace for executive talent. The Company s objective is to provide its executive officers with competitive base salaries that are, on average, at the median of the Benchmark Companies (prior to 2012 the objective was to be at or slightly below the median). Base salaries are reviewed annually to ensure that strong performance is reflected in any increase in an executive s base salary level. In March 2011, the Committee approved the following annual base salary levels for the Named Executive Officers, effective April 1, 2011.

| Named Executive Officer | Base Salary Effective April 1, 2011 | Prior Base Salary |
|--------------------------------|--|--------------------------|
| Ronald M. De Feo | \$1,250,000 | \$1,250,000 (1) |
| Phillip C. Widman | \$618,000 | \$600,000 |
| Steve Filipov | \$493,370 | \$479,000 |
| Kevin Bradley | \$450,000 | \$391,010 |
| Timothy Ford | \$512,940 | \$498,000 |

(1) Reflects salary restoration effective January 1, 2011 of 10% salary reduction implemented in 2009.

The Committee believed the 3% salary increases to Messrs. Widman, Ford and Filipov were appropriate as this increase was within the range of base salary increases provided by the Benchmark Companies. In addition, the Committee considered that they had not received a salary increase since April 2008. Mr. Bradley received a 15% salary increase as this increase also reflected his promotion to the position of President, Terex Cranes in January 2011. Mr. De Feo did not receive a salary increase.

The Committee believes that base salary ranges in 2011 for the Company's executive officers were, in the aggregate, at or slightly above the 50th percentile of the Benchmark Companies. In part, this was due to an adjustment in base salaries to adjust for the elimination of executive perquisites. Mr. De Feo's approximately 17 year tenure as CEO of the Company, significantly above the average tenure of a CEO, is also a principal cause of Mr. De Feo's base salary being above the 50th percentile of the Benchmark Companies.

Annual Cash Bonus: In addition to base salary, each executive officer is eligible for an annual cash bonus under the Omnibus Plan, which was adopted by the Board and the stockholders of Terex in 2009. The Committee's objective is to provide the Company's executive officers with a competitive bonus opportunity that is at the median of bonus target percentage ranges for the Benchmark Companies (prior to 2012 the objective was to be between the 50th and 75th percentiles). The goal of the management annual incentive bonus program is to provide bonus opportunity and reward executives when their actions drive the overall performance of the Company. While there is downside risk to the executive in having a performance component that can result in no bonus, there is also an upside opportunity if the Company and the individual both perform well. This meets the Committee's objective that superior performance that adds value to the Company should be rewarded and performance that does not meet expectations should have negative consequences. The Committee, in its sole discretion, may increase, decrease or eliminate the payment of a bonus to any executive officer who is not a Covered Employee (as defined in Section 162(m) of the Code) under certain extraordinary events in accordance with the bonus plan.

Bonus payouts are based upon the Company's performance and the executive's individual performance, both measured against previously determined targets. The individual targets include both financial and non-financial metrics, and contain individual and Company performance measures. The CEO's bonus target for 2011 was two times his base salary and the bonus targets of the other executive officers generally range from 50% - 75% of their base salary.

The Committee believes that bonus target percentage ranges for the Company's executive officers, excluding Mr. De Feo, were generally below the 50th percentile of bonus target percentage ranges for the Benchmark Companies. The Committee believes that the bonus target percentage for Mr. De Feo in 2011 was above the 75th percentile of bonus target percentage ranges for the Benchmark Companies. However, in an effort to more closely align Mr. De Feo's bonus target percentage with the bonus target percentage ranges for the Benchmark Companies, Mr. De Feo and the Committee agreed that his target bonus opportunity for 2012 would be reduced from 200% of base salary to 125% of base salary. Due to the Company's financial performance in 2011, the actual 2011 bonus payouts for each of the named executive officers, except for Mr. De Feo, were below the third quartile of bonus target percentage ranges for the Benchmark Companies. The Committee further believes that the bonus payouts in 2009 and 2010 are also consistent with its longstanding compensation philosophy of paying for performance, as the actual bonus payouts for 2009 and 2010 were below the 50th percentile of bonus target percentage ranges for the Benchmark Companies as a result of the Company's performance falling below the Committee's expectations for those time periods.

In 2011, 70% of the bonus target for each of the Named Executive Officers was based upon an ROIC measurement determined at the overall Terex level and the other 30% was based on individual performance areas. For 2011, the Committee determined to reduce the maximum possible payout for achievement of individual performance targets from 150% to 100% and increased the maximum possible payout for achievement of Company performance targets from 150% to 200%. This was done in an effort to increase the alignment of the executives' interests and the Company's stockholders. However, the Committee also determined that no bonuses would be paid if the Company did not have positive net income in 2011 so that an executive would not have received any bonus for 2011 even if he exceeded his individual performance targets.

Named Executive Officer (Other than CEO) Bonus Targets:

Quantitative Targets: The Committee historically has used ROIC as one of the primary measures to assess operational performance, as it measures how effectively the Company uses money invested in its operations, and the Committee believes this is a metric that is strongly aligned to stockholder interests. ROIC highlights the level of value creation when compared to the Company's cost of capital. The after tax measurement of ROIC is important because the Committee believes tax planning and management are important components of the Company's overall performance.

For 2011, the targeted ROIC value was 3.0%, which was based upon the 2011 budgeted operating forecast of the Company, approved by the Board in December 2010, as adjusted to reflect certain unusual and unforeseeable items. The following table indicates the correlation between the Company's ROIC and the payout percentage of the quantitative portion of the bonus target:

| <u>2011 ROIC</u> | <u>Payout Percentage</u> |
|------------------|--------------------------|
| Below 1.0% | 0% |
| 1.0% | 50% |
| 2.0% | 75% |
| 3.0% | 100% |
| 4.0% | 125% |
| 5.0% | 150% |
| 6.0% | 175% |
| 7.0% or greater | 200% |

Qualitative Targets: Individual performance for each of the executive officers can include all or any combination of segment performance, business unit performance, personal goals, as well as other financial and non-financial measurements. The CEO is responsible for determining individual performance measurements for each of his direct reports. The individual performance calculation for the executive officers, other than the CEO, is done on a holistic basis in evaluating the achievement of such goals rather than based upon a rigid formula. The difficulty in achieving the targeted goals depends on a variety of factors, some of which are in the executive's control and some of which are not. These targets are established annually based on the business plan of the Company for the coming year and in conjunction with the executive's annual review by the CEO. If the Company achieves its business plan objectives for the year, the Committee believes the goals are attainable.

The Company's ROIC performance for 2011 was 1.9%, which resulted in a payout of 71.1% of the quantitative target. The following table shows the total 2011 bonus payout under the Omnibus Plan, and details the bonus amount that was earned for the quantitative and qualitative portions of the 2011 bonus for each of the Named Executive Officers other than the CEO.

| Name | Bonus Amount for Achievement of Quantitative Targets | Bonus Amount for Achievement of Qualitative Targets | Total Bonus |
|-------------------|--|---|-------------|
| Phillip C. Widman | \$229,027 | \$124,246 | \$353,273 |
| Steve Filipov | \$182,840 | \$110,211 | \$293,051 |
| Kevin Bradley | \$167,974 | \$91,125 | \$259,099 |
| Timothy Ford | \$189,955 | \$103,050 | \$293,005 |

CEO Bonus Targets:

Quantitative Targets: Consistent with the other Named Executive Officers, the 2011 quantitative financial performance measure was ROIC for Mr. De Feo and represented 70% of his bonus target. Unlike the other Named Executive Officers, Mr. De Feo's maximum bonus opportunity for ROIC performance was capped at 150% of target instead of 200%. The Committee determined to limit the upside bonus opportunity related to the financial goal for Mr. De Feo since his target bonus opportunity was above the median of Benchmark Companies.

Qualitative Targets: The following table provides a detailed listing of the qualitative performance measures that were considered by the Committee and their percentage weighting:

| Performance Measure | Weighting (%) | Goals |
|------------------------|---------------|---|
| Management Development | 12.0% | Continue succession planning efforts. Continue with diversity and inclusion target of having 75% of open management positions consider at least one non-majority candidate. |
| Marketing and Sales | 6.0% | Grow global market share in the majority of the Company's product categories. Complete new product launches for skid steers and continue new product development in each segment per existing plans. Implement action plans to improve customer responsiveness. |
| Business Development | 12.0% | Clarify and solidify joint ventures in China to accelerate market progress. Complete Russian and Brazilian transactions to enhance developing markets presence. |

Continue to pursue transformative transactions.

The following tables detail the quantitative and qualitative portions of Mr. De Feo's 2011 bonus amount:

| | Quantitative Bonus Goal | Quantitative Bonus Target Amount | Bonus Amount for Achievement of Quantitative Targets |
|--------------|--------------------------------|---|---|
| ROIC | | \$1,750,000 | \$1,244,250 |
| Total | | \$1,750,000 | \$1,244,250 |

| | Qualitative Bonus Goal | Qualitative Bonus Target Amount | Bonus Amount for Achievement of Qualitative Targets |
|------------------------|-------------------------------|--|--|
| Management Development | | \$300,000 | \$225,000 |
| Marketing and Sales | | \$150,000 | \$112,500 |
| Business Development | | \$300,000 | \$255,000 |
| Total | | \$750,000 | \$592,500 |

Benefits and Perquisites: The Company eliminated substantially all perquisites that applied only to its executive officers other than benefits which are also provided generally to all other U.S.-based salaried employees, such as Company-paid life insurance and matching contributions in the Company's 401(k) Plan and Employee Stock Purchase Plan, medical, dental and vision plans, flexible spending accounts, long and short-term disability coverage and relocation reimbursements and payments. In addition, executive officers, as well as certain other middle management team members of the Company, may elect to defer compensation and receive matching contributions in the Company's deferred compensation plan.

Long-Term Incentive Compensation: One of the primary components of the Company's long-term incentive compensation is the granting of restricted stock awards to executive officers, including awards which have a performance-based component. In this way, the stock awards have the dual objective of helping to build stockholder value while also serving to retain and motivate the Company's senior leadership. Long-term incentive compensation is designed to provide wealth creation for executives if stockholder value is created.

The Company's objective is to provide its executive officers with long-term incentive awards that are generally within the third quartile of the award level at the Benchmark Companies. Long-term incentive awards may include cash and non-cash components. When determining the size of equity awards, the Committee also believes that there is merit in taking into account the amount of equity that an executive owns in the Company, and the Committee undertook an extensive review in 2011 of the equity ownership in the Company of each of the executives. However, the overriding factor in determining the size and amount of equity grants is ensuring that grants are motivational and measurable, while providing competitive equity grants that are determined based on grant date economic value. In 2011, the long-term incentive awards to the Named Executive Officers were, in the aggregate, below the 50th percentile of the award level at the Benchmark Companies.

For each of the executive officers, other than Messrs. De Feo and Widman, the economic value of the time and performance based components of the restricted stock awards granted in 2011 were intended to each be approximately 50% of the total restricted stock award value. The restricted stock awards for Messrs. De Feo and Widman were more heavily performance-based than that of the other executives because the Committee believes that they are the two executives with the highest level of decision-making in the Company and, therefore, have the greatest potential impact on the Company's overall performance. As a result, the Committee believes their compensation should be more heavily weighted to the Company's overall performance than that of the other executive officers.

2011 Stock Awards: The Company's policy is to make grants of stock awards in the first quarter of each calendar year, which is soon after the Company's prior year's results are finalized and released publicly, as well as after the Company's budget has been finalized for the coming year.

Following that policy, in March 2011, the executive officers were granted restricted stock awards. The restricted stock grants for the executives contained both time-based awards and performance-based awards. Each time-based award will vest solely on the passage of time over a three-year period, with one-third of the time-based award vesting on March 22 of each of 2012, 2013 and 2014, to the extent the executive is still employed with the Company.

Each equity grant also included two performance-based awards. The first performance-based restricted stock award (the EPS Shares) is contingent upon the Company achieving a targeted EPS in each of 2011, 2012 and 2013 (the EPS Target). For each of 2011, 2012 and/or 2013, the proportionate target shares will be received if the Company achieves its EPS Target for such year, with the amount subject to increase or decrease for attainment above or below the EPS Target for such year. The EPS Target for 2011 was \$0.64 per share, as adjusted to reflect certain unusual and

unforeseeable events. As the Company's EPS was \$0.36 in 2011, the 2011 portion of the performance-based award was not earned. The EPS Target for 2012 is \$1.75 per share for the year, excluding any impact from restructuring or unusual items. The EPS Target for 2013 will be based upon the budget approved by the Board for that year. The executive will receive 100% of the EPS Shares for a particular year if the Company achieves the EPS Target for such year. For performance that fails to meet the EPS Target, less than 100% of the EPS Shares will be received, with the actual payment amount corresponding directly with the level of achievement under the target (e.g., 90% achievement would result in a 75% payment, 80% achievement would result in a 50% payment and less than 80% achievement would result in no payment). Alternatively, for performance that exceeds the EPS Target, greater than 100% of the EPS Shares will be received, with the actual payment amount corresponding directly with the level of achievement in excess of the target (e.g., 110% achievement would result in a 125% payment, 120% achievement would result in a 150% payment and greater than 120% achievement is capped at a payment of 150%).

The second performance-based restricted stock award (the TSR Shares) is contingent upon the Company achieving a percentile rank of 60th (the TSR Target) against the Benchmark Companies for three year annualized total stockholder return (TSR) for the period January 1, 2011 through December 31, 2013. TSR combines share price appreciation and dividends paid to measure the total return to shareholders. TSR is calculated by adding the change in a company's stock price during a specified time period to any dividends paid by such company during the time period and dividing that sum by the stock price of such company at the beginning of the period. The executive will receive 100% of the TSR Shares if the Company achieves the TSR Target. For each percentile increase or decrease in attainment above or below the TSR Target, the amount of shares to be received will increase or decrease by 2.5%. For attainment at or above the 80th percentile, the amount of shares to be received will be capped at 150% of the TSR Shares. If attainment is at the 40th percentile, the amount of shares to be received will be 50% of the TSR Shares. For performance below the 40th percentile, no shares will be received.

The Committee believes that the three year measurement period for these awards and these performance metrics helps motivate long-term decision making and better aligns the interests of the executives and the Company's stockholders.

Post-Employment Compensation

Retirement Plans and Life Insurance: The Company offers a variety of mechanisms for its executive officers to plan for their retirement. These plans are offered to attract and retain executive officers by offering them benefits similar to those offered by the Benchmark Companies. The retirement plans offered by the Company to its executive officers generally include a 401(k) plan, which is also offered to most of the Company's U.S. based employees, a deferred compensation plan, a defined benefit supplemental executive retirement plan (DB SERP), a defined contribution supplemental executive retirement plan (DC SERP), and together with the DB SERP, the SERPs) and, for the CEO, a defined benefit pension plan which has been frozen since 1993. The DB SERP is closed to new participants. A senior executive participating in the DB SERP is not eligible to participate in the DC SERP. See Pension Benefits for a description of the SERPs and Nonqualified Deferred Compensation for a description of the Company's deferred compensation plan.

In addition, each executive officer receives a life insurance benefit that provides his or her family with a core level of security in case of the premature death of the executive officer. The Company provides each executive officer with a group life insurance benefit that is approximately two times his or her base salary. In addition, the Company owns a universal life insurance policy on the life of Mr. De Feo in the amount of \$10,000,000. Pursuant to the terms of this arrangement, the Trustee of the Ronald M. De Feo 1996 Life Insurance Trust has the right to designate a beneficiary or beneficiaries to receive the insurance proceeds from this policy on Mr. De Feo's death, subject to the Company's right to first receive a certain portion of the insurance proceeds.

Termination of Employment and Change in Control Arrangements: Each of the Named Executive Officers, other than Mr. De Feo, was a party to a Change in Control and Severance Agreement with the Company that was entered into in April 2008 or June 2009 (collectively, the Executive Agreements). The Executive Agreements for Messrs. Widman, Bradley, Ford and Filipov were amended and restated in March 2011 to remove the provision providing for a gross up payment if an excise tax is imposed on the change of control payments and benefits under Sections 280G and 4999 of the Code. This change was consistent with the Committee's determination in December 2009 that any Change in Control and Severance Agreements that the Company enters into in the future will not contain any excise tax gross up payments. In addition, certain other minor changes were made including clarifying the calculation of payments for past service. The Company and Mr. De Feo entered into the De Feo Agreement that contains provisions regarding termination of employment and change in control circumstances.

These agreements provide the executive officers with a core level of assurance that their actions on behalf of the Company and its stockholders can proceed without the potential distraction of short-term issues that may affect the Company (e.g., merger, buyout, etc.) and helps ensure that they continue to act in the best interests of the Company. In addition, these agreements contain measures that protect the Company as well, such as confidentiality,

non-compete and non-solicitation provisions. The key terms of these agreements are generally customary provisions for agreements of this type and are described below in Potential Payments Upon Termination or Change in Control.

EXECUTIVE COMPENSATION

Summary Compensation Table

The Summary Compensation Table below shows the compensation for the three previous fiscal years of the Company's CEO, Chief Financial Officer and its three other highest paid executive officers who had 2011 total qualifying compensation in excess of \$100,000 (the Named Executive Officers).

| Name and Year | Salary | Bonus | Stock Awards | Option Awards | Non-Equity Incentive Plan Compensation | Change in Pension Value and Nonqualified Deferred Compensation Earnings | All Other Compensation | Total (\$) | |
|---|--------|-------------|--------------|---------------|--|---|------------------------|------------|-------------|
| Principal Position | (\$) | (\$) | (\$) | (\$) | (\$) | (\$) | (\$) | (\$) | |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | |
| Ronald M. De Feo | 2011 | \$1,250,000 | -0- | \$4,235,589 | -0- | \$2,085,500 | \$2,171,396 | \$181,073 | \$9,923,558 |
| | 2010 | \$1,135,000 | -0- | \$4,250,000 | -0- | \$436,000 | \$1,900,507 | \$178,623 | \$7,900,130 |
| Chairman and Chief Executive Officer | 2009 | \$1,058,958 | -0- | \$1,289,478 | -0- | \$782,000 | \$1,282,244 | \$287,300 | \$4,699,980 |
| Phillip C. Widman | 2011 | \$613,500 | -0- | \$1,781,537 | -0- | \$446,557 | \$511,382 | \$18,810 | \$3,371,786 |
| | 2010 | \$600,000 | -0- | \$1,716,581 | -0- | \$136,530 | \$218,289 | \$16,360 | \$2,687,760 |
| Senior Vice President and Chief Financial Officer | 2009 | \$492,646 | -0- | \$483,626 | -0- | \$150,000 | \$296,211 | \$61,409 | \$1,483,892 |
| Steve Filipov | 2011 | \$489,777 | -0- | \$867,511 | -0- | \$321,668 | \$595,774 | \$84,740 | \$2,359,470 |
| | 2010 | \$479,000 | -0- | \$929,810 | -0- | \$108,996 | \$137,161 | \$380,239 | \$2,035,206 |
| President, | | | | | | | | | |

Edgar Filing: NETSOL TECHNOLOGIES INC - Form 8-K

| | | | | | | | | |
|-----------------|-----------|-----|-----------|-----|----------|-----------|-----------|-------------|
| Developing 2009 | \$414,375 | -0- | \$137,286 | -0- | \$87,750 | \$363,300 | \$351,049 | \$1,353,760 |
|-----------------|-----------|-----|-----------|-----|----------|-----------|-----------|-------------|

Markets
and

Strategic

Accounts

| | | | | | | | | | |
|------------------|------|-----------|-----|-------------|-----|-----------|-----------|----------|-------------|
| Kevin P. Bradley | 2011 | \$449,773 | -0- | \$1,197,759 | -0- | \$283,983 | \$204,323 | \$18,255 | \$2,154,093 |
|------------------|------|-----------|-----|-------------|-----|-----------|-----------|----------|-------------|

President,

Terex
Cranes

| | | | | | | | | | |
|-----------------|------|-----------|-----|-------------|-----|-----------|---------|----------|-------------|
| Timothy A. Ford | 2011 | \$508,918 | -0- | \$1,000,937 | -0- | \$350,222 | \$1,796 | \$77,934 | \$1,939,807 |
|-----------------|------|-----------|-----|-------------|-----|-----------|---------|----------|-------------|

President,

Aerial
Work

Platforms

(1) See Note P "Stockholders' Equity" in the Company's Annual Report on Form 10-K for the year ended December 31, 2011 for a detailed description of the assumptions that the Company used in determining the dollar amounts recognized for financial statement reporting purposes of its stock awards.

(2) The amounts listed in the Stock Awards column are the aggregate grant date fair value amounts computed in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718. The amounts listed in the Stock Awards column include awards that are subject to performance conditions. For the 2011 awards, if the maximum performance is achieved, the stock award amounts for Messrs. De Feo, Widman, Filipov, Bradley, and Ford would be \$5,425,161, \$2,281,868, \$772,559, \$716,645, and \$891,405, respectively. Approximately \$6.7 million in stock awards granted in 2008 and 2009 were forfeited in 2011 by Mr. De Feo and approximately \$4.2 million in stock awards granted in 2008 and 2009 were forfeited in 2011 by the other Named Executive Officers as a result of the Company's failure to achieve performance targets set by the Committee. Approximately \$1.1 million in stock awards granted in 2009 and 2011 were forfeited in 2012 by Mr. De Feo and approximately \$0.7 million in stock awards granted in 2009 and 2011 were forfeited in 2012 by the other Named Executive Officers as a result of the Company's failure to achieve performance targets set by the Committee.

(3) The amounts in this column reflect annual incentive awards earned during fiscal years 2009 and 2010 under the Omnibus Plan. The amounts included in this column for 2011 are comprised of cash awards that were granted in 2009 under the Omnibus Plan and vested and became payable upon completion of the Company's Annual Report on Form 10-K for the year ended December 31, 2011 and the 2011 annual incentive award granted under the Omnibus Plan, as

detailed in the table below. The amount of the 2009 cash award that was earned by the executives was only 1/6 of the initial grant amount as the Company's performance in 2009, 2010 and 2011 were below the Committee's expectations.

| Name | 2009 Long-Term Cash Award | 2011 Annual Incentive Plan Bonus | Total |
|-------------------|--------------------------------------|---|--------------|
| Ronald M. De Feo | \$248,750 | \$1,836,750 | \$2,085,500 |
| Phillip C. Widman | \$93,284 | \$353,273 | \$446,557 |
| Steve Filipov | \$28,617 | \$293,051 | \$321,668 |
| Kevin P. Bradley | \$24,884 | \$259,099 | \$283,983 |
| Timothy A. Ford | \$57,217 | \$293,005 | \$350,222 |

(4) The amounts in this column for Messrs. De Feo, Widman, Filipov and Bradley reflect the actuarial increase in the present value of the Named Executive Officers' benefits under all defined benefit pension plans. No Named Executive Officer received preferential or above-market earnings on deferred compensation, except for Mr. Ford who received \$1,796 in earnings that were above-market or preferential.

(5) As part of its competitive compensation program, the Company in 2011 provided its Named Executive Officers with certain perquisites and other personal benefits. The amounts listed below are the aggregate incremental cost of the benefits and perquisites paid by the Company. The aggregate incremental cost to the Company is computed as the actual out-of-pocket cost to the Company of supplying such perquisite. For example, the amount listed under the Company Paid Life Insurance column is the amount that the Company paid to a third party as a result of providing the life insurance to the Named Executive Officer. As part of their compensation, each of the Named Executive Officers in 2011 received the benefits and perquisites listed in the table below:

| Name | Disability Premiums | 401(k) Matching Contributions | Employee Stock | Company | Other* | Total |
|----------------------|------------------------|-------------------------------------|---|------------------------|----------|-----------|
| | | | Purchase Plan Company Contributions | Paid Life Insurance | | |
| Ronald M. De Feo | \$2,539 | \$12,250 | \$1,800 | \$164,484 | -0- | \$181,073 |
| Phillip C. Widman | \$2,539 | \$12,250 | \$1,800 | \$2,221 | -0- | \$18,810 |
| Steve Filipov | \$2,539 | \$12,250 | -0- | \$1,868 | \$68,083 | \$84,740 |
| Kevin P. Bradley | \$2,539 | \$12,250 | \$1,598 | \$1,868 | -0- | \$18,255 |
| Timothy A. Ford | \$2,539 | \$12,250 | \$975 | \$1,038 | \$61,132 | \$77,934 |

* The amount shown for Mr. Filipov consists of \$66,709 for the reimbursement of Mr. Filipov's children's education and \$1,374 for payment of tax services, of which \$624 is for the reimbursement of taxes and the amount shown for Mr. Ford consists of the Company's contribution to the DC SERP.

Grants of Plan-Based Awards

The following table sets forth information on grants of awards under the Company's equity and non-equity incentive plans during 2011 to the Named Executive Officers. The amount of stock awards, option awards and non-equity incentive plan compensation recognized for financial reporting purposes by the Company for the Named Executive Officers during 2011 is also listed in the Summary Compensation Table.

| Name | Grant Date | Estimated Future Payouts Under Non-Equity Incentive Plan Awards | | | Estimated Future Payouts Under Equity Incentive Plan Awards | | | All Other Stock Awards: Number of Shares of Stock or Units | All Other Option Awards: Number of Securities Underlying Options | Exercise or Base Price of Option Awards (\$/Sh) | Grant Date Fair Value of Option Awards |
|-------------------|------------|---|-------------|-------------|---|--------|---------|--|--|---|--|
| | | Threshold | Target | Maximum | Threshold | Target | Maximum | (#) | (#) | | |
| | | (\$) | (\$) | (\$) | (#) | (#) | (#) | | | | |
| Ronald M. De Feo | 03/22/2011 | | | | 7,601 | 15,201 | 22,802 | | | | \$567,750 |
| | 03/22/2011 | | | | 7,601 | 15,201 | 22,802 | | | | \$567,750 |
| | 03/22/2011 | | | | 7,601 | 15,201 | 22,802 | | | | \$567,750 |
| | 03/22/2011 | | | | 22,802 | 45,603 | 68,405 | | | | \$1,913,500 |
| | 03/22/2011 | | | | | | | 16,568 | | | \$618,810 |
| | N/A | \$75,000 | \$2,500,000 | \$3,375,000 | | | | | | | |
| Phillip C. Widman | 03/22/2011 | | | | 3,197 | 6,393 | 9,590 | | | | \$238,770 |
| | 03/22/2011 | | | | 3,197 | 6,394 | 9,590 | | | | \$238,810 |
| | 03/22/2011 | | | | 3,197 | 6,394 | 9,590 | | | | \$238,810 |
| | 03/22/2011 | | | | 9,591 | 19,181 | 28,772 | | | | \$804,830 |
| | 03/22/2011 | | | | | | | 6,969 | | | \$260,290 |
| | N/A | \$69,026 | \$460,171 | \$782,291 | | | | | | | |
| Steve Filipov | 03/22/2011 | | | | 1,082 | 2,164 | 3,246 | | | | \$80,820 |
| | 03/22/2011 | | | | 1,083 | 2,165 | 3,248 | | | | \$80,860 |
| | 03/22/2011 | | | | 1,083 | 2,165 | 3,248 | | | | \$80,860 |
| | 03/22/2011 | | | | 3,247 | 6,494 | 9,741 | | | | \$272,480 |
| | 03/22/2011 | | | | | | | 9,437 | | | \$352,470 |
| | N/A | \$55,106 | \$367,370 | \$624,529 | | | | | | | |
| Kevin P. Bradley | 03/22/2011 | | | | 1,004 | 2,008 | 3,012 | | | | \$74,990 |
| | 03/22/2011 | | | | 1,004 | 2,008 | 3,012 | | | | \$74,990 |
| | 03/22/2011 | | | | 1,004 | 2,008 | 3,012 | | | | \$74,990 |

Edgar Filing: NETSOL TECHNOLOGIES INC - Form 8-K

| | | | | | | | | | |
|---------|------------|----------|-----------|-----------|-------|-------|--------|--------|----------|
| | 03/22/2011 | | | | 3,012 | 6,024 | 9,036 | | \$252,76 |
| | 03/22/2011 | | | | | | | 19,277 | \$719,99 |
| | N/A | \$50,625 | \$337,500 | \$573,750 | | | | | |
| Timothy | | | | | | | | | |
| A. Ford | 03/22/2011 | | | | 1,249 | 2,497 | 3,746 | | \$93,26 |
| | 03/22/2011 | | | | 1,249 | 2,498 | 3,747 | | \$93,30 |
| | 03/22/2011 | | | | 1,249 | 2,498 | 3,747 | | \$93,30 |
| | 03/22/2011 | | | | 3,747 | 7,493 | 11,240 | | \$314,40 |
| | 03/22/2011 | | | | | | | 10,888 | \$406,66 |
| | N/A | \$57,250 | \$381,666 | \$648,832 | | | | | |

On March 22, 2011, grants of Common Stock subject to restrictions on transfer, conditions of forfeitability and other limitations and restrictions (Restricted Stock) with performance-based criteria (Performance Shares) were made under the Omnibus Plan to Mr. De Feo (45,603 shares), Mr. Widman (19,181 shares), Mr. Filipov (6,494 shares), Mr. Bradley (6,024 shares) and Mr. Ford (7,493 shares). The value of the Performance Shares set forth in the table above is based on the closing price on the NYSE of the Common Stock on the date of grant, which was \$37.35 per share on March 22, 2011. When performance targets are established for future years and the grant date established per ASC Topic 718, any incremental change will be reflected in the year in which such performance target is set. These Performance Shares will vest in full in 2014 if the Company achieves a targeted EPS in each of 2011, 2012 and 2013. The number of shares in this grant is subject to adjustment, up or down, based upon attainment above or below the targeted EPS measurement. No portion of the 2011 performance-based award was earned. See the Compensation Discussion & Analysis section above for a detailed description of the performance measures used in this grant. Upon the earliest to occur of a change in control of the Company or the death or disability of the recipient of the grant, any unvested portion of such Performance Shares shall vest immediately. Dividends, if any, are paid on vested Performance Shares at the same rate as paid to all stockholders.

In addition, on March 22, 2011, grants of Performance Shares were made under the Omnibus Plan to Mr. De Feo (45,603 shares), Mr. Widman (19,181 shares), Mr. Filipov (6,494 shares), Mr. Bradley (6,024 shares) and Mr. Ford (7,493 shares). The value of the Performance Shares granted to such Named Executive Officers set forth in the table above was not based on the closing stock price on the NYSE of the Common Stock on March 22, 2011, as the Performance Shares were based on a market condition. The Company used the Monte Carlo method to provide grant date fair value for these Performance Shares, determined to be \$41.96 per share. See Note P Stockholders Equity in the Company's Annual Report on Form 10-K for the year ended December 31, 2011 for a detailed description of the assumptions that the Company used to arrive at this valuation. These Performance Shares will vest in full in 2014 if the Company achieves a targeted percentile rank against a peer group of 29 companies for three year annualized TSR. The number of shares in this grant is subject to adjustment, up or down, based upon attainment above or below the targeted TSR measurement. See the Compensation Discussion & Analysis section above for a detailed description of the performance measures used in this grant. Upon the earliest to occur of a change in control of the Company or the death or disability of the recipient of the grant, any unvested portion of such Performance Shares shall vest immediately. Dividends, if any, are paid on vested Performance Shares at the same rate as paid to all stockholders.

In addition, on March 22, 2011, grants of Restricted Stock were made under the Omnibus Plan to Mr. De Feo (16,568 shares), Mr. Widman (6,969 shares), Mr. Filipov (9,437 shares), Mr. Bradley (19,277 shares) and Mr. Ford (10,888 shares). The value of the Restricted Stock granted to such Named Executive Officers set forth in the table above is based on the closing stock price on the NYSE of the Common Stock of \$37.35 per share on March 22, 2011. These shares of Restricted Stock will vest as follows: 1/3 on March 22, 2012, 1/3 on March 22, 2012 and 1/3 on March 22, 2013, to the extent the Named Executive Officer is still employed with the Company. Upon the earliest to occur of a change in control of the Company or the death or disability of the recipient of the grant, any unvested portion of such Restricted Stock shall vest immediately. Dividends, if any, are paid on Restricted Stock awards at the same rate as paid to all stockholders.

It is generally the Company's policy not to enter into employment contracts unless it is legally required or customary to do so in a particular country. However, the Board has determined that maintaining Mr. De Feo's services is important to the long-term strategy of the Company and that the loss of Mr. De Feo's services could have a significant, negative

impact on the Company's business. Therefore, the Company feels it is prudent to have an employment agreement with Mr. De Feo. Mr. De Feo's employment agreement expires on December 31, 2012. The Company relies on the management and leadership skills of its other Named Executive Officers, but not to the same extent that it relies on Mr. De Feo, and accordingly these executives are not bound by employment agreements. The Company's other executive officers are strictly at-will employees. Each of the Company's executive officers, including Mr. De Feo, have their compensation reviewed on an annual basis.

Under the De Feo Agreement, Mr. De Feo receives an annual base salary, subject to adjustment by the Board, as well as annual bonuses and long-term incentive compensation during his term of employment in accordance with any plan or plans established by the Company. The Company also agreed to use its best efforts to have Mr. De Feo elected as a member of the Board and, consistent with generally accepted best corporate governance standards, Chairman of the Board during the term of the De Feo Agreement. For additional information regarding Mr. De Feo's employment agreement, see Potential Payments Upon Termination or Change in Control.

Outstanding Equity Awards at Fiscal Year-End

The table below summarizes the amount of unexercised stock options, Restricted Stock that has not vested and equity incentive plan awards that have not yet vested for each of the Named Executive Officers as of December 31, 2011.

| Name | Number of Securities Underlying Unexercised Options (#) | Option Awards | | | Stock Awards | | | | |
|-------------------|---|---|---|----------------------------|------------------------|---|--|--|--|
| | | Number of Securities Underlying Unexercised Options (#) | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#) | Option Exercise Price (\$) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#) | Market Value of Shares or Units of Stock That Have Not Vested (\$) | Equity Incentive Plan Awards: Number of Shares, Units or Rights That Have Not Vested (#) | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Rights That Have Not Vested (\$) |
| Ronald M. De Feo | 150,000 | | | \$11.18 | 3/19/2012 | | | | |
| | 100,000 | | | \$5.59 | 3/13/2013 | | | | |
| | 80,000 | | | \$16.35 | 5/7/2014 | | | | |
| | | | | | | 60,300 (2) | \$814,653 | | |
| | | | | | | | | 9,950 (3) | \$134,425 |
| | | | | | | | | 19,900 (4) | \$268,849 |
| | | | | | | | | 59,700 (5) | \$806,547 |
| | | | | | | | | 125,000 (6) | \$1,688,750 |
| | | | | | | | | 125,000 (7) | \$1,688,750 |
| | | | | | | 16,568 (8) | \$223,834 | | |
| | | | | | | | | 15,201 (4) | \$205,366 |
| | | | | | | | | 15,201 (9) | \$205,366 |
| | | | | | | | | 15,201 (10) | \$205,366 |
| | | | | | | | | 45,603 (11) | \$616,097 |
| Phillip C. Widman | 25,000 | | | \$10.05 | 9/17/2012 | | | | |
| | 12,000 | | | \$17.35 | 3/11/2014 | | | | |
| | 10,000 | | | \$45.75 | 6/1/2016 | | | | |

Edgar Filing: NETSOL TECHNOLOGIES INC - Form 8-K

| | | | |
|-----------|-----------|-------------|-----------|
| 22,600 | \$305,326 | | |
| (2) | | | |
| | | 3,734 (3) | \$50,446 |
| | | 7,467 (4) | \$100,879 |
| | | 22,400 (5) | \$302,624 |
| 28,572 | \$386,008 | | |
| (12) | | | |
| | | 26,288 (13) | \$355,151 |
| | | 26,288 (14) | \$355,151 |
| 6,969 (8) | \$94,151 | | |
| | | 6,393 (4) | \$86,369 |
| | | 6,394 (9) | \$86,383 |
| | | 6,394 (10) | \$86,383 |
| | | 19,181 (11) | \$259,135 |

| Name | Number of Securities Underlying Unexercised Options (#) Exercisable | Option Awards | | | Stock Awards | | | | |
|------------------|---|---|---|----------------------------|------------------------|--|---|---|--|
| | | Number of Securities Underlying Unexercisable Options (#) | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#) | Option Exercise Price (\$) | Option Expiration Date | Number of Shares or Units That Have Not Vested (#) | Market Value of Shares or Units That Have Not Vested (\$) | Equity Incentive Plan Awards: Unearned Shares, Units or Rights That Have Not Vested (#) | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Rights That Have Not Vested (\$) |
| Steve Filipov | 2,500 | | | \$17.35 | 3/11/2014 | | | | |
| | 10,000 | | | \$45.75 | 6/1/2016 | 17,400 (2) | \$235,074 | | |
| | | | | | | 15,477 (12) | \$209,094 | | |
| | | | | | | | | 14,239 (13) | \$192,369 |
| | | | | | | | | 14,239 (14) | \$192,369 |
| | | | | | | 9,437 (8) | \$127,494 | | |
| | | | | | | | | 2,165 (4) | \$29,249 |
| | | | | | | | | 2,165 (9) | \$29,249 |
| | | | | | | | | 2,164 (10) | \$29,236 |
| | | | | | | | | 6,494 (11) | \$87,734 |
| Kevin P. Bradley | 10,000 | | | \$45.75 | 06/01/2016 | | | | |
| | | | | | | 15,100 (2) | \$204,001 | | |
| | | | | | | 9,524 (12) | \$128,669 | | |
| | | | | | | | | 8,763 (13) | \$118,388 |
| | | | | | | | | 8,763 (14) | \$118,388 |
| | | | | | | 19,277 (8) | \$260,432 | | |
| | | | | | | | | 2,008 (4) | \$27,128 |
| | | | | | | | | 2,008 (9) | \$27,128 |
| | | | | | | | 2,008 (10) | \$27,128 | |
| | | | | | | | 6,024 (11) | \$81,384 | |
| | 10,000 | | | \$45.22 | 10/02/2016 | | | | |

Timothy
A. Ford

| | | | |
|--------|-----------|-------------|-----------|
| 34,700 | \$468,797 | | |
| (2) | | | |
| 17,858 | \$241,262 | | |
| (12) | | | |
| | | 16,430 (13) | \$221,969 |
| | | 16,430 (14) | \$221,969 |
| 10,888 | \$147,097 | | |
| (8) | | | |
| | | 2,498 (4) | \$33,748 |
| | | 2,498 (9) | \$33,748 |
| | | 2,497 (10) | \$33,734 |
| | | 7,493 (11) | \$101,230 |

(1) Values based on the closing price of the Company's Common Stock on the NYSE on December 30, 2011 of \$13.51.

(2) The shares of Restricted Stock vested on February 26, 2012.

(3) The shares of Restricted Stock vested on February 29, 2012, after the Company's 2011 financial statements were completed and filed with the SEC.

(4) The shares of Restricted Stock vest if the Company achieves a targeted EPS in 2011. If the target is achieved, the shares will vest in full on the later of the third anniversary of the date of grant, or after the Company's 2011 financial statements are completed and filed with the SEC. The number of shares in this grant is subject to adjustment, up or down, based upon attainment above or below the targeted EPS. As the Company's EPS achievement for the year ended December 31, 2011 was below the threshold level for that time period, the Named Executive Officers did not receive any portion of the performance-based award.

(5) The shares of Restricted Stock vest if the Company achieves a targeted TSR percentile rank for the period January 1, 2009 through December 31, 2011. If this target is achieved, the shares will vest in full on the later of the third anniversary of the date of grant, or after the Company's 2011 financial statements are completed and filed with the SEC. The number of shares in this grant are subject to adjustment, up or down, based upon attainment above or below the targeted percentile rank. As the Company's TSR percentile rank for the period January 1, 2009 through December 31, 2011 was below the threshold of the 40th percentile for that time period, the Named Executive Officers did not receive any portion of the performance-based award.

(6) The shares of Restricted Stock will vest upon satisfaction of all of the following: (i) the Company's closing stock price is 25% above the closing stock price on the date of grant for 30 consecutive trading days; (ii) the Company's closing stock price equals or exceeds \$45.00 for ten consecutive trading days; and (iii) the fourth anniversary of the date of grant shall have occurred. If all of the above criteria are not satisfied on or prior to March 3, 2017, the performance award shall be forfeited.

(7) The shares of Restricted Stock will vest upon satisfaction of all of the following: (i) the Company's closing stock price is 25% above the closing stock price on the date of grant for 30 consecutive trading days; (ii) the Company's closing stock price equals or exceeds \$60.00 for ten consecutive trading days; and (iii) the fourth anniversary of the date of grant shall have occurred. If all of the above criteria are not satisfied on or prior to March 3, 2017, the performance award shall be forfeited.

(8) The shares of Restricted Stock will vest as follows: 1/3 on March 22, 2012; 1/3 on March 22, 2013; and 1/3 on March 22, 2014.

(9) The shares of Restricted Stock vest if the Company achieves a targeted EPS in 2012. If the target is achieved, the shares will vest in full on the later of the third anniversary of the date of grant, or after the Company's 2013 financial statements are completed and filed with the SEC. The number of shares in this grant is subject to adjustment, up or down, based upon attainment above or below the targeted EPS. The EPS target for 2012 is net income from continuing operations of \$1.75 per share for the year, excluding the impact of certain restructuring or unusual items.

(10) The shares of Restricted Stock vest if the Company achieves a targeted EPS in 2013. If the target is achieved, the shares will vest in full on the later of the third anniversary of the date of grant, or after the Company's 2013 financial statements are completed and filed with the SEC. The number of shares in this grant is subject to adjustment, up or down, based upon attainment above or below the targeted EPS. The EPS target for 2013 will be based upon the Company's budget for the 2013 fiscal year.

(11) The shares of Restricted Stock vest if the Company achieves a targeted TSR percentile rank for the period January 1, 2011 through December 31, 2013. If this target is achieved, the shares will vest in full on the later of the third anniversary of the date of grant, or after the Company's 2013 financial statements are completed and filed with the SEC. The number of shares in this grant are subject to adjustment, up or down, based upon attainment above or below the targeted percentile rank.

(12) The shares of Restricted Stock will vest as follows: 25% on March 3, 2012; 25% on March 3, 2013; 25% on March 3, 2014; and 25% on March 3, 2015.

(13) The shares of Restricted Stock will vest upon satisfaction of all of the following: (i) the Company's closing stock price is 25% above the closing stock price on the date of grant for 30 consecutive trading days; (ii) the Company's closing stock price equals or exceeds \$35.00 for ten consecutive trading days; and (iii) the fourth anniversary of the date of grant shall have occurred. As the above performance criteria were satisfied in February 2011, the performance

award shall vest on March 3, 2014.

(14) The shares of Restricted Stock will vest upon satisfaction of all of the following: (i) the Company's closing stock price is 25% above the closing stock price on the date of grant for 30 consecutive trading days; (ii) the Company's closing stock price equals or exceeds \$50.00 for ten consecutive trading days; and (iii) the fourth anniversary of the date of grant shall have occurred. If all of the above criteria are not satisfied on or prior to March 3, 2017, the performance award shall be forfeited.

Option Exercises and Stock Vested

The table below summarizes the stock options exercised and each vesting of Restricted Stock during 2011 for each of the Named Executive Officers.

| Name | Option Awards | | Stock Awards | |
|-------------------|---------------|----------------|--------------|----------------|
| | Number of | Value Realized | Number of | Value Realized |
| | Shares | on Exercise | Shares | on Vesting |
| | Acquired | (\$) | Acquired | (\$) |
| | on Exercise | | on Vesting | |
| | (#) | | (#) | |
| Ronald M. De Feo | 3,230 | \$93,605 | 24,830 | \$879,856 |
| Phillip C. Widman | -0- | -0- | 15,384 | \$530,471 |
| Steve Filipov | -0- | -0- | 15,429 | \$538,932 |
| Kevin P. Bradley | -0- | -0- | 7,198 | \$250,332 |
| Timothy A. Ford | -0- | -0- | 16,452 | \$573,765 |

Pension Benefits

The table below provides information with respect to each of the Company's pension plans that provide for payments at, following, or in connection with the retirement of a Named Executive Officer.

| Name | Plan Name | Number of Years Credited Service (#) | Present Value of Accumulated Benefit (\$) | Payments During Last Fiscal Year (\$) |
|-------------------|--|--|---|--|
| Ronald M. De Feo | Supplemental Executive Retirement Plan | 20 | \$11,799,615 | -0- |
| | Terex Pension Plan | 1 (1) | \$38,376 | -0- |
| Phillip C. Widman | Supplemental Executive Retirement Plan | 9 (2) | \$1,496,595 | -0- |
| Steve Filipov | Supplemental Executive Retirement Plan | 16 | \$1,595,061 | -0- |
| Kevin P. Bradley | Supplemental Executive Retirement Plan | 6 | \$442,459 | -0- |
| Timothy A. Ford | Not Applicable | -0- | -0- | -0- |

(1) Participation in the Terex Pension Plan was frozen as of May 7, 1993, and no participants, including Mr. De Feo, are credited with service for benefit purposes following such date.

(2) Upon completing ten years of service with the Company, Mr. Widman will be credited with an additional five years of service for benefit and vesting purposes.

The SERPs are intended to provide certain senior executives of the Company with retirement benefits in recognition of their contributions to the long-term growth of the Company. The DB SERP is closed to new participants. A senior executive participating in the DB SERP is not eligible to participate in the DC SERP.

Participants in the DB SERP with ten or more years of eligible service are vested and entitled to annual pension benefits beginning at a normal retirement age (NRA) of 65 or when age plus years of service first equal 90 (the Normal Retirement Benefit). The Board determined that for retention purposes, Mr. Widman would be credited with

additional years of service as described above. Participants in the DB SERP who are vested but terminate employment prior to NRA shall receive a retirement benefit that is equal to the actuarial equivalent of the Normal Retirement Benefit.

The compensation covered by the DB SERP is based on a participant's final five-year average of annual salary and bonus. Benefits are computed assuming an NRA of 65 or when age plus years of service first equal 90. Benefits accrue at 2% of average compensation per year of service, payable at the NRA, up to a maximum of 20 years of service. Benefits are payable monthly as a life annuity with 120 monthly payments guaranteed. Benefits are reduced by 50% for Social Security or similar payments and 100% for any other Company-paid defined benefit retirement benefits.

Participants in the DC SERP with ten or more years of eligible service are vested and entitled to contributions made by the Company to their DC SERP account. Annual contributions are based upon 10% of the participant's base salary and bonus earned. The Company credits contributions in the DC SERP with an interest rate equal to a bond fund that mirrors an investment strategy in corporate bonds of companies rated Baa or higher by Moody's. The annual rate of interest for 2011 was 5.31%. Benefits are payable in a lump sum payout following termination of employment.

Mr. De Feo participates in the Terex Corporation Retirement Program for Salaried Employees (the Retirement Plan) which has merged into the Terex Pension Plan. None of the other Named Executive Officers participate in the Retirement Plan. Participants in the Retirement Plan with five or more years of eligible service are fully vested and entitled to annual pension benefits beginning at age 65. Retirement benefits under the Retirement Plan for Mr. De Feo are equal to the product of (i) his years of service (as defined in the Retirement Plan) and (ii) 1.08% of final average earnings (as defined in the Retirement Plan) plus 0.65% of such compensation in excess of amounts shown on the applicable Social Security Integration Table. There is no offset for primary Social Security. Participation in the Retirement Plan was frozen as of May 7, 1993, and no participants, including Mr. De Feo, are credited with service for benefit purposes following such date. However, participants not currently fully vested will be credited with service for purposes of determining vesting only. The annual retirement benefits payable at normal retirement age under the Retirement Plan will be \$3,687 for Mr. De Feo.

See Note O Retirement Plans and Other Benefits in the Company's Annual Report on Form 10-K for the year ended December 31, 2011 for a detailed description of the assumptions that the Company uses in determining the present value of the accumulated benefit.

Nonqualified Deferred Compensation

The table below provides information for the Named Executive Officers with respect to the Company's Deferred Compensation Plan.

| Name | Executive Contributions in Last FY | Registrant Contributions in Last FY | Aggregate Earnings in Last FY | Aggregate Withdrawals/Distributions | Aggregate Balance at Last FYE |
|-------------------|------------------------------------|-------------------------------------|-------------------------------|-------------------------------------|-------------------------------|
| | (\$) (1) | (\$) (2) | (\$) (3) | (\$) | (\$) |
| Ronald M. De Feo | -0- | -0- | -0- | \$1,317,711 | -0- |
| Phillip C. Widman | -0- | -0- | -0- | -0- | -0- |
| Steve Filipov | -0- | -0- | -0- | -0- | -0- |
| Kevin P. Bradley | -0- | -0- | \$(52,552) | -0- | \$40,501 |
| Timothy A. Ford | -0- | \$61,132 | \$9,755 | -0- | \$205,914 |

(1) The amounts shown in the Executive Contributions in Last FY column are included in the Salary and Non-Equity Incentive Plan Compensation columns of the Summary Compensation table above.

(2) The amounts shown in the Registrant Contributions in Last FY column are included in the All Other Compensation column of the Summary Compensation table above.

(3) The amounts shown in the Aggregate Earnings in Last FY column include \$1,796 for Mr. Ford, which amount is included in the Summary Compensation Table above, as these earnings were above-market or preferential.

Under the Deferred Compensation Plan, a Named Executive Officer may defer up to (i) 20% of his/her salary and (ii) 100% of his/her bonus. The deferrals may be invested in Common Stock or in a bond index. The Company credits

the deferrals in the bond index with an interest rate equal to a bond fund that mirrors an investment strategy in corporate bonds of companies rated Baa or higher by Moody's. The annual rate of interest for 2011 was 5.31%. The Company makes a contribution of 25% of the Named Executive Officer's salary and/or bonus that is invested in Common Stock. The Company does not make a contribution with respect to any deferrals into the bond index.

Participants in the Deferred Compensation Plan are always fully vested in their deferrals and any matching contributions received. See "Pension Benefits" above for details on the DC SERP, including its vesting schedule.

The Named Executive Officers may receive payments under the Deferred Compensation Plan after their employment terminates, upon their death or if they have an unforeseeable emergency (as defined in the Deferred Compensation Plan). In addition, they may elect to receive all or a portion of their deferral, including the Company's matching contribution, after the deferral has been in the Deferred Compensation Plan for at least three years. Furthermore, for deferrals made prior to December 31, 2004, if they elect to receive an accelerated distribution under the Deferred Compensation Plan, the Named Executive Officers shall (i) forfeit 10% of the amount of the distribution to the Company, (ii) forfeit any Company matching contribution that has not been in the plan for at least one year due to the accelerated distribution and (iii) be unable to make further deferrals into the plan for at least 12 months. In accordance with Section 409A of the Code, accelerated distributions are not allowed under the Deferred Compensation Plan for any deferrals made after December 31, 2004.

Potential Payments Upon Termination or Change in Control

If Mr. De Feo's employment with the Company is terminated for any reason, including for Cause (as such term is defined in the De Feo Agreement), due to Mr. De Feo's death or disability, or by Mr. De Feo voluntarily, or if Mr. De Feo elects not to extend the De Feo Agreement at the end of its term, Mr. De Feo or his beneficiary is to receive, in addition to his salary, bonus and other compensation earned through the time of such termination, (i) any deferred compensation then in effect, (ii) any other compensation or benefits that have vested through the date of termination or to which Mr. De Feo may then be entitled, including long-term incentive compensation awards, stock and stock option awards, and (iii) reimbursement of expenses incurred by Mr. De Feo through the date of termination but not yet reimbursed. If Mr. De Feo's employment with the Company is terminated as the result of Mr. De Feo's death or disability, then Mr. De Feo or his beneficiary would also be entitled to receive a prorated portion of his bonus for the fiscal year during which such termination occurs.

If Mr. De Feo's employment with the Company is terminated by the Company without Cause or by Mr. De Feo for Good Reason (as such terms are defined in the De Feo Agreement), or if the Company elects not to extend the De Feo Agreement at the end of its term, Mr. De Feo is to receive, in addition to his salary, bonus and other compensation earned through the time of such termination, (i) two times his base salary, (ii) two times the average of his annual bonuses for the two calendar years preceding termination, (iii) a prorated portion of his bonus for the fiscal year during which such termination occurs, (iv) continuing insurance coverage for up to two years from termination, (v) immediate vesting of non-performance based unvested stock options and stock grants with a period of one year following termination to exercise his options, and (vi) continuation of all other benefits in effect at the time of termination for up to two years from termination. The cash portion of this payment is spread over a 13-month period following the date of termination, except if such termination occurs within 24 months following a Change in Control (as such term is defined in the De Feo Agreement), in which event the cash portion is to be paid in a lump sum. In addition, if Mr. De Feo's employment is terminated by the Company without Cause or by Mr. De Feo for Good Reason within 24 months following a Change in Control, Mr. De Feo is entitled to (A) the greater of (1) the sum of (i), (ii) and (iii) above and (2) an amount equal to all compensation required to be paid to Mr. De Feo for the balance of the term of the De Feo Agreement, (B) the immediate vesting of any unvested performance stock options, stock grants, long-term incentive compensation awards and other similar awards, with a period of one year following termination to exercise any such options and (C) any amounts payable under the SERP for the number of years of service achieved by Mr. De Feo on the date of termination. The De Feo Agreement also provides for additional payments to Mr. De Feo in the event that any payments under the De Feo Agreement are subject to excise tax under the Code, such that Mr. De Feo retains an amount of such additional payments equal to the amount of such excise tax.

The De Feo Agreement requires Mr. De Feo to keep certain information of the Company confidential during his employment and thereafter. The De Feo Agreement also contains an agreement by Mr. De Feo not to compete with the business of the Company during his term of employment with the Company and for a period of 18 months thereafter (24 months thereafter, if the date of Mr. De Feo's termination is within 24 months following a Change in Control).

The following table describes the potential payments upon termination or a Change in Control of the Company for Mr. De Feo assuming that the triggering event took place on December 31, 2011 using the share price of Common Stock as of that day (both as required by the SEC). However, a termination or Change in Control did not occur on December 31, 2011 and Mr. De Feo was not terminated on that date. There can be no assurance that a termination or Change in Control would produce the same or similar results as those described if it occurs on any other date or when the Common Stock is trading at any other price.

| Executive Benefits and Payments Upon Termination | Voluntary Termination | Early or Normal Retirement | Involuntary Not For Cause or Good Reason Termination | For Cause Termination | Involuntary Not For Cause or Good Reason Termination (CIC) | Death | Disability |
|---|------------------------------|-----------------------------------|---|------------------------------|---|--------------|-------------------|
| Base Salary | -0- | -0- | \$2,500,000 | -0- | \$2,500,000 | -0- | -0- |

Edgar Filing: NETSOL TECHNOLOGIES INC - Form 8-K

| | | | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Annual Incentive | \$1,836,750 | \$1,836,750 | \$3,054,750 | \$1,836,750 | \$3,054,750 | \$1,836,750 | \$1,836,750 |
| Restricted Shares (time-based) | -0- | -0- | \$1,038,487 | -0- | \$1,038,487 | \$1,038,487 | \$1,038,487 |
| Restricted Shares (performance-based) | -0- | -0- | -0- | -0- | \$4,130,764 | \$4,130,764 | \$4,130,764 |
| Stock Options | -0- | -0- | -0- | -0- | -0- | -0- | -0- |
| Cash Awards | -0- | -0- | -0- | -0- | \$3,376,166 | \$3,376,166 | \$3,376,166 |
| Disability Premiums | -0- | -0- | \$5,000 (1) | -0- | \$5,000 (1) | -0- | -0- |
| Life Insurance Premiums | -0- | -0- | \$330,000 (1) | -0- | \$330,000 (1) | -0- | -0- |
| Retirement Plan Payments | \$12,550,000 (2) | \$12,550,000 (2) | \$12,550,000 (2) | \$12,550,000 (2) | \$12,550,000 (2) | \$12,550,000 (2) | \$12,550,000 (2) |
| Life Insurance Proceeds | -0- | -0- | -0- | -0- | -0- | \$12,160,000 | -0- |
| Disability Benefits | -0- | -0- | -0- | -0- | -0- | -0- | \$800,000 (3) |
| Excise Tax Gross Up | -0- | -0- | -0- | -0- | -0- | -0- | -0- |

(1) Reflects the estimated value of a benefit that Mr. De Feo would be entitled to receive.

(2) Reflects the estimated value of Mr. De Feo's qualified and non-qualified retirement plans on December 31, 2011.

(3) Reflects the estimated value of all future payments that Mr. De Feo would be entitled to receive under the Company's disability program.

Pursuant to the Executive Agreements as of December 31, 2011, if an executive's employment with the Company is terminated within six months of a Change in Control (as defined in the Executive Agreements) in anticipation of such Change in Control or within 24 months following a Change in Control, other than for Cause, by reason of death or Permanent Disability, or by the executive without Good Reason (each as defined in the Executive Agreements), the executive is to receive (i) two times his base salary (Mr. Bradley would receive one times his base salary), (ii) two times his annual bonus for the last calendar year preceding

termination (Mr. Bradley would receive one times his annual bonus), and (iii) any accrued vacation pay. This payment is to be paid in a lump sum simultaneously with the executive's termination or on a monthly basis. In addition, the executive also will receive (a) immediate vesting of unvested stock options, stock grants and cash performance awards, with a period of up to six months following termination to exercise such options, (b) continuing insurance coverage for 24 months from termination (Mr. Bradley would receive coverage for 12 months), (c) continuation of all other benefits in effect at the time of termination for 24 months from termination (Mr. Bradley would receive benefits for 12 months) and (d) outplacement services for a period of at least 12 months from termination.

In the event an executive's employment with the Company is terminated by the Company without Cause or by the executive for Good Reason (other than in connection with a Change in Control), the Company is to pay the executive (i) two times his base salary (Mr. Bradley would receive one times his base salary), (ii) two times his annual bonus for the last calendar year preceding termination (this is not applicable for Mr. Bradley) and (iii) any accrued vacation pay.

This amount is to be paid in 12 or 24 equal monthly payments, as applicable. In such event, the executive would also have the right to exercise any stock options, long-term incentive awards or similar awards for up to six months following termination, and would immediately vest in non-performance based options and stock awards granted under the Company's incentive plans that would vest in the 24 months following the date of termination (Mr. Bradley would immediately vest in the options and stock awards granted to him under the Company's incentive plans that would vest in the 12 months following the date of termination). In addition, the Company would also provide continuing insurance coverage, continuation of all other benefits in effect at the time of termination for 24 months from termination (Mr. Bradley would receive coverage and benefits for 12 months) and outplacement services for a period of at least 12 months from termination.

As part of the Executive Agreements, the executives agree to keep confidential certain Company information and not to disparage the Company. In addition, Messrs. Filipov and Ford agree that, for a period of 18 months, and Messrs. Widman and Bradley agree that, for a period of 12 months, following the date of termination (or 24 months for Messrs. Filipov and Ford following such termination, if such termination is within 24 months following a Change in Control), the executive will not, without the prior written consent of the Company, directly or indirectly engage in or render any services to any Competitive Business (as such term is defined in the Executive Agreements) nor solicit, induce or entice any employee of the Company to leave the Company.

Each Executive Agreement has an initial term of one year and automatically renews for an additional term of one year commencing on each anniversary of the date of the agreement until and unless either party sends written notice of non-renewal to the other party at least six months prior to a renewal date; provided, however, that if a Change in Control shall occur during the initial or renewed term of this Agreement, then the Executive Agreement remains in effect until the third anniversary of the date of the Change in Control.

The following table describes the potential payments upon termination or a Change in Control of the Company for Mr. Widman, assuming that the triggering event took place on December 31, 2011 using the share price of Common Stock as of that day (both as required by the SEC). However, a termination or Change in Control did not occur on December 31, 2011 and Mr. Widman was not terminated on that date. There can be no assurance that a termination or

Change in Control would produce the same or similar results as those described if it occurs on any other date or when the Common Stock is trading at any other price.

| Executive Benefits and Payments Upon Termination | Voluntary Termination | Early or Normal Retirement | Involuntary Not For Cause or Good Reason Termination | For Cause Termination | Involuntary Not For Cause or Good Reason Termination (CIC) | Death | Disability |
|---|------------------------------|-----------------------------------|---|------------------------------|---|---------------|-------------------|
| Base Salary | -0- | -0- | \$1,236,000 | -0- | \$1,236,000 | -0- | -0- |
| Annual Incentive | -0- | -0- | \$626,333 | -0- | \$626,333 | -0- | -0- |
| Restricted Shares (time-based) | -0- | -0- | \$561,097 | -0- | \$785,485 | \$785,485 | \$785,485 |
| Restricted Shares (performance-based) | -0- | -0- | -0- | -0- | \$1,682,522 | \$1,682,522 | \$1,682,522 |
| Stock Options | -0- | -0- | -0- | -0- | -0- | -0- | -0- |
| Cash Awards | -0- | -0- | -0- | -0- | \$839,551 | \$839,551 | \$839,551 |
| Disability Premiums | -0- | -0- | \$5,000 (1) | -0- | \$5,000 (1) | -0- | -0- |
| Life Insurance Premiums | -0- | -0- | \$5,000 (1) | -0- | \$5,000 (1) | -0- | -0- |
| Retirement Plan Payments | \$400,000 (2) | \$400,000 (2) | \$1,900,000 (2) | \$400,000 (2) | \$1,900,000 (2) | \$400,000 (2) | \$400,000 (2) |
| Life Insurance Proceeds | -0- | -0- | -0- | -0- | -0- | \$1,070,000 | -0- |
| Disability Benefits | -0- | -0- | -0- | -0- | -0- | -0- | \$1,200,000 (3) |

(1) Reflects the estimated value of a benefit that Mr. Widman would be entitled to receive.

(2) Reflects the estimated value of Mr. Widman's qualified and non-qualified retirement plans on December 31, 2011.

(3) Reflects the estimated value of all future payments that Mr. Widman would be entitled to receive under the Company's disability program.

The following table describes the potential payments upon termination or a Change in Control of the Company for Mr. Filipov, assuming that the triggering event took place on December 31, 2011 using the share price of Common Stock as of that day (both as required by the SEC). However, a termination or Change in Control did not occur on December 31, 2011 and Mr. Filipov was not terminated on that date. There can be no assurance that a termination or Change in Control would produce the same or similar results as those described if it occurs on any other date or when the Common Stock is trading at any other price.

| Executive Benefits and Payments Upon Termination | Voluntary Termination | Early or Normal Retirement | Involuntary Not For Cause or Good Reason Termination | For Cause Termination | Involuntary Not For Cause or Good Reason Termination (CIC) | Death | Disability |
|---|------------------------------|-----------------------------------|---|------------------------------|---|-----------------|-------------------|
| Base Salary | -0- | -0- | \$986,740 | -0- | \$986,740 | -0- | -0- |
| Annual Incentive | -0- | -0- | \$511,043 | -0- | \$511,043 | -0- | -0- |
| Restricted Shares (time-based) | -0- | -0- | \$424,606 | -0- | \$571,662 | \$571,662 | \$571,662 |
| Restricted Shares (performance-based) | -0- | -0- | -0- | -0- | \$560,206 | \$560,206 | \$560,206 |
| Stock Options | -0- | -0- | -0- | -0- | -0- | -0- | -0- |
| Cash Awards | -0- | -0- | -0- | -0- | \$257,551 | \$257,551 | \$257,551 |
| Disability Premiums | -0- | -0- | \$5,000 (1) | -0- | \$5,000 (1) | -0- | -0- |
| Life Insurance Premiums | -0- | -0- | \$4,000 (1) | -0- | \$4,000 (1) | -0- | -0- |
| Retirement Plan Payments | \$1,900,000 (2) | \$1,900,000 (2) | \$1,900,000 (2) | \$1,900,000 (2) | \$1,900,000 (2) | \$1,900,000 (2) | \$1,900,000 (2) |
| Life Insurance Proceeds | -0- | -0- | -0- | -0- | -0- | \$900,000 | -0- |
| Disability Benefits | -0- | -0- | -0- | -0- | -0- | -0- | \$2,600,000 (3) |

(1) Reflects the estimated value of a benefit that Mr. Filipov would be entitled to receive.

(2) Reflects the estimated value of Mr. Filipov's qualified and non-qualified retirement plans on December 31, 2011.

(3) Reflects the estimated value of all future payments that Mr. Filipov would be entitled to receive under the Company's disability program.

The following table describes the potential payments upon termination or a Change in Control of the Company for Mr. Bradley, assuming that the triggering event took place on December 31, 2011 using the share price of Common Stock

as of that day (both as required by the SEC). However, a termination or Change in Control did not occur on December 31, 2011 and Mr. Bradley was not terminated on that date. There can be no assurance that a termination or Change in Control would produce the same or similar results as those described if it occurs on any other date or when the Common Stock is trading at any other price.

| Executive Benefits and Payments Upon Termination | Voluntary Termination | Early or Normal Retirement | Involuntary Not For Cause or Good Reason Termination | For Cause Termination | Involuntary Not For Cause or Good Reason Termination (CIC) | Death | Disability |
|---|------------------------------|-----------------------------------|---|------------------------------|---|---------------|-------------------|
| Base Salary | -0- | -0- | \$450,000 | -0- | \$450,000 | -0- | -0- |
| Annual Incentive | -0- | -0- | \$392,560 | -0- | \$392,560 | -0- | -0- |
| Restricted Shares (time-based) | -0- | -0- | \$322,984 | -0- | \$593,103 | \$593,103 | \$593,103 |
| Restricted Shares (performance-based) | -0- | -0- | -0- | -0- | \$399,545 | \$399,545 | \$399,545 |
| Stock Options | -0- | -0- | -0- | -0- | -0- | -0- | -0- |
| Cash Awards | -0- | -0- | -0- | -0- | \$223,951 | \$223,951 | \$223,951 |
| Disability Premiums | -0- | -0- | \$2,500 (1) | -0- | \$2,500 (1) | -0- | -0- |
| Life Insurance Premiums | -0- | -0- | \$2,000 (1) | -0- | \$2,000 (1) | -0- | -0- |
| Retirement Plan Payments | \$150,000 (2) | \$150,000 (2) | \$600,000 (2) | \$150,000 (2) | \$600,000 (2) | \$150,000 (2) | \$150,000 (2) |
| Life Insurance Proceeds | -0- | -0- | -0- | -0- | -0- | \$900,000 | -0- |
| Disability Benefits | -0- | -0- | -0- | -0- | -0- | -0- | \$2,100,000 (3) |

(1) Reflects the estimated value of a benefit that Mr. Bradley would be entitled to receive.

(2) Reflects the estimated value of Mr. Bradley's qualified and non-qualified retirement plans on December 31, 2011.

(3) Reflects the estimated value of all future payments that Mr. Bradley would be entitled to receive under the Company's disability program.

The following table describes the potential payments upon termination or a Change in Control of the Company for Mr. Ford, assuming that the triggering event took place on December 31, 2011 using the share price of Common Stock as of that day (both as required by the SEC). However, a termination or Change in Control did not occur on December 31, 2011 and Mr. Ford was not terminated on that date. There can be no assurance that a termination or Change in Control would produce the same or similar results as those described if it occurs on any other date or when the Common Stock is trading at any other price.

| Executive Benefits and Payments Upon Termination | Voluntary Termination | Early or Normal Retirement | Involuntary Not For Cause or Good Reason Termination | For Cause Termination | Involuntary Not For Cause or Good Reason Termination (CIC) | Death | Disability |
|---|------------------------------|-----------------------------------|---|------------------------------|---|---------------|-------------------|
| Base Salary | -0- | -0- | \$1,025,880 | -0- | \$1,025,880 | -0- | -0- |
| Annual Incentive | -0- | -0- | \$519,645 | -0- | \$519,645 | -0- | -0- |
| Restricted Shares (time-based) | -0- | -0- | \$422,701 | -0- | \$857,155 | \$857,155 | \$857,155 |
| Restricted Shares (performance-based) | -0- | -0- | -0- | -0- | \$646,399 | \$646,399 | \$646,399 |
| Stock Options | -0- | -0- | -0- | -0- | -0- | -0- | -0- |
| Cash Awards | -0- | -0- | -0- | -0- | \$514,951 | \$514,951 | \$514,951 |
| Disability Premiums | -0- | -0- | \$5,000 (1) | -0- | \$5,000 (1) | -0- | -0- |
| Life Insurance Premiums | -0- | -0- | \$2,000 (1) | -0- | \$2,000 (1) | -0- | -0- |
| Retirement Plan Payments | \$100,000 (2) | \$100,000 (2) | \$300,000 (2) | \$100,000 (2) | \$300,000 (2) | \$100,000 (2) | \$100,000 (2) |
| Life Insurance Proceeds | -0- | -0- | -0- | -0- | -0- | \$500,000 | -0- |
| Disability Benefits | -0- | -0- | -0- | -0- | -0- | -0- | \$2,000,000 (3) |

(1) Reflects the estimated value of a benefit that Mr. Ford would be entitled to receive.

(2) Reflects the estimated value of Mr. Ford's qualified and non-qualified retirement plans on December 31, 2011.

(3) Reflects the estimated value of all future payments that Mr. Ford would be entitled to receive under the Company's disability program.

DIRECTOR COMPENSATION

The objectives of the Company's compensation program for outside directors are to: (i) attract and retain independent, high caliber outside directors who are not affiliated with the Company and who provide a balanced experience and knowledge base within the Board; (ii) require a meaningful stock ownership in the Company to align the interests of the outside directors with those of the stockholders; and (iii) provide a total compensation opportunity that approximates the 50th percentile of the Benchmark Companies.

The compensation program for outside directors has three principal components: (i) an annual retainer for service as a Board member; (ii) an annual retainer for service on a committee or as Lead Director; and (iii) an initial stock award on becoming a director, each of which is described below. The program is designed to encourage outside directors to receive a significant portion of their annual retainer for Board service in the Company's Common Stock, to enable directors to defer receipt of their fees and to satisfy the Company's Common Stock ownership objective for outside directors. The program does not include the payment of additional fees per meeting, as each director is expected to prepare for and participate in all meetings during the year and provide a continuous year-round effort regardless of the formal meeting calendar.

Directors who are employees of the Company receive no additional compensation by virtue of their being directors of the Company. All directors of the Company are reimbursed for travel, lodging and related expenses incurred in attending Board meetings, committee meetings and other activities in furtherance of their responsibilities as members of the Company's Board.

Each outside director receives the equivalent of \$175,000 for service as a Board member (or a prorated amount if a director's service begins other than on the day of the Annual Meeting). Prior to 2011, directors received their fees on the first business day of the year. Beginning in 2011, the directors receive their annual retainers on the first business day following the Company's Annual Meeting and as a result, in 2011, directors received a pro-rated annual retainer for the period from January 1 through the Company's Annual Meeting. Each director may elect to receive their fee in (i) shares of Common Stock currently, which may be deferred into the stock fund of the Company's Deferred Compensation Plan, (ii) cash currently, (iii) cash deferred into the bond fund of the Company's Deferred Compensation Plan, or (iv) any two of the preceding alternatives in equal amounts. If a director elects to receive shares of Common Stock currently without deferral into the stock fund of the Company's Deferred Compensation Plan, then 40% of this amount is paid in cash to offset the tax liability related to such election. For purposes of calculating the number of shares of Common Stock into which any fixed sum translates, Common Stock is valued at its per share closing price on the NYSE on the day immediately preceding the grant date. The Company's director emeritus receives annually, on the day after the Annual Meeting, the equivalent of \$87,500 for service as a director emeritus. The director emeritus is invited to attend and participate in all Board and Governance and Nominating Committee meetings, and must attend at least one Board and Governance and Nominating Committee meeting in person annually.

In the first quarter of 2012, the Company revised its Common Stock ownership objective for its outside directors. Each director is expected to accumulate, within four years of the adoption of this objective (for a new director, over the first four years of Board service), the number of shares of Common Stock that is equal in market value to three times the annual retainer for Board service (\$525,000). Once this ownership objective is achieved, the director is expected to maintain such minimum ownership level. The intent is to encourage acquisition and retention of Common Stock by directors, evidencing the alignment of their interests with the interests of stockholders. To this end, each new director receives an award of shares of Common Stock having a market value of \$50,000 on the date of the award. Each new director must elect to defer receipt of this award into the stock fund of the Company's Deferred Compensation Plan. Until such time as a director achieves the ownership objective or if a director shall at any time fall below the ownership objective, directors are expected to invest at least \$87,500 per year (or such lesser amount necessary to achieve the ownership objective) in shares of Common Stock until the director has satisfied the ownership objective.

Each director who serves as Lead Director or on a committee of the Board receives an annual committee retainer, on the first business day after the Company's Annual Meeting, as set forth in the table below:

| Committee/Board Position* | Retainer |
|--|-----------------|
| Lead Director* | \$50,000 |
| Audit Committee Chair | \$35,000 |
| Compensation Committee Chair | \$35,000 |
| Governance and Nominating Committee Chair | \$20,000 |
| Corporate Responsibility and Strategy Committee Chair | \$20,000 |
| Audit Committee Member | \$7,500 |
| Compensation Committee Member | \$7,500 |
| Governance and Nominating Committee Member | \$5,000 |
| Corporate Responsibility and Strategy Committee Member | \$5,000 |

* A Committee Chair shall only receive a committee chair retainer and not a committee member retainer as a result of chairing a committee. In the event the Lead Director serves on any committees as either a committee chair or committee member, the Lead Director will not be eligible to receive any committee retainer other than the Lead Director retainer.

The retainers listed above are payable in cash, and may be deferred into the bond fund of the Company's Deferred Compensation Plan. For a director whose service begins other than on the day of the Annual Meeting, any retainer is prorated. If the Company does not hold an Annual Meeting by the end of May in any year, then any retainer that is scheduled to be paid following the Annual Meeting shall be paid on the last business day of May.

A director who leaves the Board at any time during the year, for any reason, will retain any retainer payments already received for such year. The Compensation Committee has discretion to authorize the payment of additional fees to any director under extraordinary circumstances. It is the expectation of the Compensation Committee that it will review this Outside Director Compensation Policy and the outside director compensation programs of the Benchmark Companies every two to four years, although it may review them more frequently as circumstances warrant.

The compensation paid to the Company's outside directors in 2011 is summarized in the following table:

| Name | Fees Earned or Paid in Cash (\$) | Stock Awards (\$ (1) (2)) | Option Awards (\$ (3)) | Non-Equity Incentive Plan Compensation (\$) | Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$) | All Other Compensation (\$ (4)) | Total (\$) |
|--------------------------|---|--|---------------------------------------|--|---|--|-----------------------|
| G. Chris Andersen | \$131,360 | \$175,000 | -0- | -0- | -0- | \$250 | \$306,610 |
| Paula H. J. Cholmondeley | \$272,320 | -0- | -0- | -0- | -0- | \$1,000 | \$273,320 |
| Donald DeFosset | \$57,868 | \$238,280 | -0- | -0- | -0- | -0- | \$296,148 |
| Thomas J. Hansen | \$48,660 | \$206,640 | -0- | -0- | -0- | -0- | \$255,300 |
| David A. Sachs | \$54,464 | \$238,280 | -0- | -0- | -0- | -0- | \$292,744 |
| Oren G. Shaffer | \$20,424 | \$238,280 | -0- | -0- | -0- | -0- | \$258,704 |
| David C. Wang | \$136,160 | \$119,140 | -0- | -0- | -0- | -0- | \$255,300 |
| Scott W. Wine | \$49,479 | \$111,095 | -0- | -0- | -0- | -0- | \$160,574 |

(1) See Note P "Stockholders' Equity" in the Company's Annual Report on Form 10-K for the year ended December 31, 2011 for a detailed description of the assumptions that the Company used in determining the dollar amounts recognized for financial statement reporting purposes of its stock awards.

(2) The grant date fair value of each stock award computed in accordance with FASB ASC Topic 718 is the following: Mr. Andersen, \$175,000 (annual retainer paid on May 13, 2011); Mr. DeFosset, \$238,280 (\$63,280, reflecting pro-rated annual retainer paid on January 3, 2011 and \$175,000 reflecting annual retainer paid on May 13, 2011); Mr. Hansen, \$206,640 (\$31,640, reflecting pro-rated portion of annual retainer paid on January 3, 2011 and \$175,000 reflecting annual retainer paid on May 13, 2011); Mr. Sachs, \$238,280 (\$63,280, reflecting pro-rated annual retainer paid on January 3, 2011 and \$175,000 reflecting annual retainer paid on May 13, 2011); Mr. Shaffer, \$238,280 (\$63,280, reflecting pro-rated annual retainer paid on January 3, 2011 and \$175,000 reflecting annual retainer paid on May 13, 2011); and Mr. Wang, \$119,140 (\$31,640, reflecting pro-rated portion of annual retainer paid on January 3, 2011 and \$87,500 reflecting portion of annual retainer paid on May 13, 2011); and Mr. Wine, \$111,095 (\$50,000 reflecting sign-on award and \$61,095 reflecting pro-rated portion of annual retainer, both paid on October 10, 2011).

(3) As of December 31, 2011, the following directors had vested outstanding options in these amounts: Mr. Andersen, 5,174; Mr. DeFosset, 2,587; and Mr. Sachs, 27,524.

(4) The amounts listed in the All Other Compensation column are the amount of charitable contributions made by the Company on behalf of the director in accordance with the Company's charitable gift matching program.

COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Company has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

COMPENSATION COMMITTEE

DONALD DEFOSSET

DAVID A. SACHS

OREN G. SHAFFER

DAVID C. WANG

SCOTT W. WINE

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company intends that all transactions with affiliates are to be on terms no less favorable to the Company than could be obtained in comparable transactions with an unrelated person. The Board will be advised in advance of any such proposed transaction or agreement and will utilize such procedures in evaluating their terms and provisions as are appropriate in light of the Board's fiduciary duties under Delaware law. In addition, the Company has an Audit Committee consisting solely of independent directors. Pursuant to the terms of the written Audit Committee Charter, one of the responsibilities of the Audit Committee is to review related party transactions. See Audit Committee Meetings and Responsibilities.

From time to time, the Company may have employees who are related to its executive officers or directors. The spouse of Mr. Ellis (President, Terex Construction) is an employee of the Company. The compensation and other terms of employment of each employee are determined on a basis consistent with the Company's human resources policies. Mrs. Ellis received cash compensation in 2011 of approximately \$250,000 and equity awards with a grant date fair value of approximately \$120,000.

Equity Compensation Plan Information

The following table summarizes information about the Company's equity compensation plans as of December 31, 2011.

| Plan Category | Number of securities to be issued upon exercise of outstanding options, warrants and rights (a) | Weighted average exercise price of outstanding options, warrants and rights (b) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c) |
|---|--|---|--|
| Equity compensation plans approved by stockholders | 826,193 (1) | \$18.89 | 3,461,966 |
| Equity compensation plans not approved by stockholders | - | - | - |
| Total | 826,193 (1) | \$18.89 | 3,461,966 |

(1) This does not include 3,134,940 of restricted stock awards, which are also not included in the calculation of weighted average exercise price of outstanding options, warrants and rights in column (b) of this table.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Company's directors and executive officers, and each person who is the beneficial owner of more than 10% of the Company's outstanding equity securities, to file with the SEC initial reports of ownership and changes in ownership of equity securities of the Company. Specific due dates for these reports have been established by the SEC and the Company is required to disclose in this Proxy Statement any failure to file such reports by the prescribed dates during 2011. Officers, directors and greater than 10% beneficial owners are required by SEC regulation to furnish the Company with copies of all reports filed with the SEC pursuant to Section 16(a) of the Exchange Act.

To the Company's knowledge, based solely on review of the copies of reports furnished to the Company and written representations that no other reports were required, all filings required pursuant to Section 16(a) of the Exchange Act applicable to the Company's officers, directors and greater than 10% beneficial owners were complied with during the year ended December 31, 2011.

AUDIT COMMITTEE REPORT

The Audit Committee of the Board has reviewed and discussed the Company's audited financial statements for the fiscal year ended December 31, 2011 with the management of the Company and the Company's independent registered public accounting firm, PricewaterhouseCoopers LLP. The Audit Committee has discussed with PricewaterhouseCoopers LLP the matters required to be discussed by Statement on Auditing Standards No. 61, as amended, as adopted by the Public Company Accounting Oversight Board in Rule 3200T. The Audit Committee also has received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence and has discussed with PricewaterhouseCoopers LLP the independence of such independent registered public accounting firm. The Audit Committee also has considered whether PricewaterhouseCoopers LLP's provision of non-audit services to the Company is compatible with the independent registered public accounting firm's independence.

Based on its review and discussions referred to in the preceding paragraph, the Audit Committee recommended to the Board that the audited financial statements for the Company's fiscal year ended December 31, 2011 be included in the Company's Annual Report on Form 10-K for the Company's fiscal year ended December 31, 2011 for filing with the SEC.

The Audit Committee's responsibility is to monitor and oversee the audit and financial reporting processes. However, the members of the Audit Committee are not practicing certified public accountants or professional auditors and rely, without independent verification, on the information provided to them and on the representations made by management, and the report issued by the independent registered public accounting firm.

AUDIT COMMITTEE

DONALD DEFOSSET

THOMAS J. HANSEN

OREN G. SHAFFER

SCOTT W. WINE

PROPOSAL 2: INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The firm of PricewaterhouseCoopers LLP has audited the consolidated financial statements and the internal control over financial reporting of the Company for 2011. The Board, at the recommendation of the Audit Committee, desires to continue the service of this firm for 2012. Accordingly, the Board recommends to the stockholders ratification of the retention of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2012. If the stockholders do not approve PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm, the Board and the Audit Committee will reconsider this selection.

Representatives of PricewaterhouseCoopers LLP are expected to be present at the Meeting with the opportunity to make a statement if they desire to do so, and they are expected to be available to respond to appropriate questions.

Audit Fees

During the last two fiscal years ended December 31, 2011 and December 31, 2010, PricewaterhouseCoopers LLP charged the Company \$7,897,000 and \$8,046,000, respectively, for professional services rendered by such firm for the audit of the Company's annual financial statements and internal control over financial reporting and review of the Company's financial statements included in the Company's quarterly reports on Form 10-Q for that fiscal year.

Audit-Related Fees

Audit-related fees consist of fees for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements. This category includes fees related to various audit and attest services, due diligence related to mergers, acquisitions, dispositions and investments, and consultations concerning financial accounting and reporting standards. The aggregate fees billed by PricewaterhouseCoopers LLP for such audit-related services for the fiscal years ended December 31, 2011 and December 31, 2010 were \$592,000 and \$1,068,000, respectively.

Tax Fees

The aggregate fees billed for tax services provided by PricewaterhouseCoopers LLP in connection with tax compliance, tax consulting and tax planning services for the fiscal years ended December 31, 2011 and December 31,

2010 were \$883,000 and \$1,847,000, respectively.

All Other Fees

The aggregate fees billed for services not included in the above services for the fiscal years ended December 31, 2011 and December 31, 2010 were \$67,000 and \$13,000, respectively, and were primarily related to miscellaneous items, including foreign government filings.

All of the services related to the Audit-Related Fees, Tax Fees or All Other Fees described above were approved by the Audit Committee pursuant to the general pre-approval provisions set forth in the Audit Committee's pre-approval policies described in Audit Committee Meetings and Responsibilities.

The Board recommends that the stockholders vote FOR the ratification of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2012.

**PROPOSAL 3: ADVISORY VOTE TO APPROVE THE COMPENSATION
OF THE NAMED EXECUTIVE OFFICERS**

Pursuant to rules under Dodd-Frank, the Board is asking the Company's stockholders to vote to approve, on an advisory (non-binding) basis, the compensation of the Company's Named Executive Officers as disclosed in this proxy statement in accordance with SEC rules.

As described in detail within the Compensation Discussion and Analysis section above, the Company's executive compensation programs are designed to attract, motivate, reward and retain the Named Executive Officers, who are critical to the success of the Company. Under these programs, the Named Executive Officers are rewarded for the achievement of specific annual, long-term and strategic goals, and the realization of increased stockholder value.

The Committee continually reviews the compensation programs for the Named Executive Officers to ensure they achieve the desired goals of aligning the executive compensation structure with the Company's stockholders' interests and current market practices. The Committee is comprised solely of independent directors committed to applying sound governance practices to compensation decisions. The Committee considers a variety of reports and analyses, such as market survey data, compensation tally sheets and compensation data of peer companies, when making decisions regarding target compensation opportunities and the delivery of awards to the Company's executives, including the Named Executive Officers.

The design and operation of an executive compensation program for a large, complex, global enterprise such as Terex necessarily involves multiple objectives and constraints. The Committee believes that the Company's executive compensation programs have been effective in enabling the recruitment and retention of senior business leaders with the requisite talent and skills to drive the Company's financial and operational performance.

As further described within the Compensation Discussion and Analysis section above, the Company's executive compensation programs are based on the following core principles: (i) balance between short term and long term compensation and competitive with peers; (ii) pay for performance; (iii) stockholder alignment; and (iv) stockholder engagement.

The Company's results in 2011 and actions taken by the Committee since January 1, 2011 demonstrate the Committee's commitment to these principles and illustrate how the executive compensation program responds to business challenges and the marketplace. Key highlights include the following:

Strong correlation between the Company's after-tax return on invested capital (ROIC) and the compensation paid to Mr. De Feo during the last five fiscal years.

Strong correlation between the Company's total stockholder return and the total realized compensation of Mr. De Feo during the last five fiscal years.

While annual net sales in 2011 increased approximately \$2.1 billion versus 2010, or approximately 33% excluding acquisitions, and results from continuing operations improved by approximately \$250 million in 2011, as 2011 operating results were below the Company's expectations, bonus payouts for 2011 were below the bonus target amount.

The bonus payouts to the Named Executive Officers for 2009 and 2010 were below the 50th percentile of bonus target percentage ranges for the Benchmark Companies as a result of the Company's performance falling below the Committee's expectations for these time periods.

The long-term compensation awards granted in 2011 to the Named Executive Officers were granted exclusively in the Company's equity and the majority was performance-based, with Messrs. De Feo's and Widman's award being approximately 85% performance-based.

Approximately \$6.7 million in stock awards granted in 2008 and 2009 were forfeited in 2011 by Mr. De Feo and approximately \$4.2 million in stock awards granted in 2008 and 2009 were forfeited in 2011 by the other Named Executive Officers as a result of the Company's failure to achieve performance targets set by the Committee.

Approximately \$1.1 million in stock awards granted in 2009 and 2011 were forfeited in 2012 by Mr. De Feo and approximately \$0.7 million in stock awards granted in 2009 and 2011 were forfeited in 2012 by the other Named Executive Officers as a result of the Company's failure to achieve performance targets set by the Committee.

Mr. De Feo and the Committee agreed that his target bonus opportunity for 2012 would be reduced from 200% of base salary to 125% of base salary.

All of the Company's stockholders were given the opportunity to participate in a virtual stockholder forum on compensation matters prior to last year's annual meeting of stockholders and will be given that opportunity again this year before the Meeting to ask questions of the Committee's chairperson and provide feedback on the Company's executive compensation program.

The Board remains committed to sound corporate governance practices and shares the interest of stockholders in maintaining effective performance-based executive compensation programs at the Company. The Board believes that the Company's executive compensation programs have a proven record of effectively aligning pay with performance and attracting and retaining highly talented executives. The Board strongly encourages you to review the Compensation Discussion and Analysis and compensation tables in this proxy statement for detailed information on the extensive processes and factors the Committee considered when establishing performance and pay targets and in making decisions regarding actual payouts under the Company's short and long-term performance based incentive plans.

Accordingly, the Board recommends that stockholders vote FOR the following resolution:

RESOLVED, that the Company's stockholders approve, on an advisory basis, the compensation of the Named Executive Officers, as disclosed in the Company's Proxy Statement for the 2012 Annual Meeting of Stockholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the 2011 Summary Compensation Table and the other related tables and disclosure.

The say-on-pay vote is advisory, and therefore not binding on the Board. Although non-binding, the Board and the Committee will review and consider the voting results when making future decisions regarding the Company's executive compensation programs.

The Board recommends a vote FOR the approval of the advisory resolution on executive compensation.

OTHER MATTERS

The Board does not know of any other business to be brought before the Meeting. In the event any such matters are brought before the Meeting, the persons named in the enclosed Proxy will vote the Proxies received by them as they deem best with respect to all such matters.

All proposals of stockholders intended to be included in the proxy statement to be presented at the 2013 Annual Meeting of Stockholders must be received at the Company's offices at 200 Nyala Farm Road, Westport, Connecticut 06880, no later than November 30, 2012. All proposals must meet the requirements set forth in the rules and regulations of the SEC in order to be eligible for inclusion in the proxy statement for that meeting.

To nominate a candidate for election as a director at an annual meeting of stockholders or propose business for consideration at such a meeting, the Bylaws of the Company generally provides that notice must be given to the Secretary of the Company no more than 120 days or less than 90 days prior to the date of the annual meeting. The Company anticipates that in order for a stockholder to nominate a candidate for election as a director at the Company's 2013 annual meeting or to propose business for consideration at such meeting, notice must be given between January 10, 2013 and February 9, 2013. The fact that the Company may not insist upon compliance with these requirements should not be construed as a waiver by the Company of its right to do so at any time in the future.

Pursuant to the rules of the SEC, services that deliver our communications to stockholders that hold their stock through a bank, broker or other holder of record may deliver to multiple stockholders sharing the same address a single copy of our Notice of Internet Availability of Proxy Materials or Annual Report to Stockholders and Proxy Statement. Upon written or oral request, we will promptly deliver a separate copy of the Notice of Internet Availability of Proxy Materials or Annual Report and Proxy Statement to any stockholder at a shared address to which a single copy of each document was delivered. Stockholders may notify us of their requests by calling (203) 222-7170 or writing Terex Corporation at 200 Nyala Farm Road, Westport, CT 06880.

STOCKHOLDERS ARE URGED TO VOTE THEIR PROXIES WITHOUT DELAY.

A PROMPT RESPONSE WILL BE GREATLY APPRECIATED.

By order of the Board of Directors,

Eric I Cohen

Secretary

March 30, 2012

Westport, Connecticut

46

VOTE BY INTERNET

TEREX CORPORATION

200 NYALA FARM ROAD

WESTPORT, CT 06880

Before The Meeting - Go to **www.proxyvote.com**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time, either (i) Monday, May 7, 2012 for shares in the 401(k) plan or (ii) Wednesday, May 9, 2012 for all other shares. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

During The Meeting - Go to **www.virtualshareholdermeeting.com/terex2012**

You may attend the Meeting via the Internet and vote during the Meeting. Have the information that is printed in the box marked by the arrow available and follow the instructions.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time, either (i) Monday, May 7, 2012 for shares in the 401(k) plan or (ii) Wednesday, May 9, 2012 for all other shares. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

M44670-P19337

KEEP THIS PORTION FOR YOUR RECORDS

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

DETACH AND RETURN THIS PORTION ONLY

TEREX CORPORATION

Vote on Directors

For To withhold authority to vote for any individual nominee(s), mark **For All** **Except** and write the number(s) of the nominee(s) on the line below.

For Withhold All **All** **All** **Except**

1. ELECTION OF DIRECTORS

NOMINEES:

- | | |
|-------------------------------------|---------------------|
| 01) Ronald M. De Feo | 06) David A. Sachs |
| 02) G. Chris Andersen Paula H.J. | 07) Oren G. Shaffer |
| 03) Cholmondeley | 08) David C. Wang |
| 04) Don DeFosset | 09) Scott W. Wine |
| 05) Thomas J. Hansen | |

Vote on Proposals

For Against Abstain

2. To ratify the selection of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company for 2012.
3. To approve the compensation of the Company's named executive officers.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE ELECTION AS DIRECTORS OF THE NAMED NOMINEES AND "FOR" PROPOSAL 2 AND 3.

For address changes and/or comments, please check this box and write them on the back where indicated. Please indicate if you plan to attend this meeting

NOTE: Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

Signature [PLEASE SIGN
WITHIN BOX] Date

Signature (Joint Owners) Date

ANNUAL MEETING OF STOCKHOLDERS OF

TEREX CORPORATION

THIS IS YOUR PROXY. YOUR VOTE IS IMPORTANT.

Whether or not you plan to attend the Annual Meeting of Stockholders, you can ensure that these shares are represented at the meeting by completing, signing and returning your proxy card below.

Please date, sign and mail your proxy card in the envelope provided as soon as possible

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:

The Notice and Proxy Statement and Annual Report are available at www.proxyvote.com.

Please detach and mail in the envelope provided.

M44671-P19337

TEREX CORPORATION

2012 ANNUAL MEETING

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints Ronald M. DeFeo and Eric I Cohen, and either one of them, proxies with the power of substitution to act, by unanimous vote, or if only one votes or acts then by that one, to vote for the undersigned at the Annual Stockholders' Meeting of Terex Corporation, to be held at 10:00 A.M., local time on Thursday, May 10, 2012, at the offices of Terex Corporation, 200 Nyala Farm Road, Westport, Connecticut, and any adjournment or postponement thereof, as follows:

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED STOCKHOLDER. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR ALL THE BOARD OF DIRECTORS' NOMINEES AND FOR PROPOSALS 2 AND 3.

Address Changes/Comments:

(If you noted any Address Changes/Comments above, please mark corresponding box on the reverse side.)

Continued and to be signed on reverse side

*** Exercise Your *Right to Vote* ***

**Important Notice Regarding the Availability of Proxy Materials for the
Shareholder Meeting to Be Held on May 10, 2012.**

TEREX CORPORATION

Meeting Information

Meeting Type: Annual Meeting
For holders as of: March 16, 2012
Date: May 10, 2012 **Time:** 10:00 AM
Location: Terex Corporation
200 Nyala Farm Road
Westport, Connecticut 06880

Meeting live via the Internet-please visit
www.virtualshareholdermeeting.com/terex2012

TEREX CORPORATION
200 NYALA FARM ROAD
WESTPORT, CT 06880

You are receiving this communication because you hold shares
in the above named company.

This is not a ballot. You cannot use this notice to vote these
shares. This communication presents only an overview of the
more complete proxy materials that are available to you on the
Internet. You may view the proxy materials online at
www.proxyvote.com or easily request a paper copy (see
reverse side).

We encourage you to access and review all of the important
information contained in the proxy materials before voting.

**See the reverse side of this notice to obtain proxy materials
and voting instructions**

Before You Vote

How to Access the Proxy Materials

Proxy Materials Available to VIEW or RECEIVE:

NOTICE AND PROXY STATEMENT ANNUAL REPORT

How to View Online:

Have the information that is printed in the box marked by the arrow XXXX XXXX XXXX (located on the following page) and visit: www.proxyvote.com.

How to Request and Receive a PAPER or E-MAIL Copy:

If you want to receive a paper or e-mail copy of these documents, you must request one. There is NO charge for requesting a copy. Please choose one of the following methods to make your request:

- 1) BY INTERNET: www.proxyvote.com
- 2) BY TELEPHONE: 1-800-579-1639
- 3) BY E-MAIL*: sendmaterial@proxyvote.com

* If requesting materials by e-mail, please send a blank e-mail with the information that is printed in the box marked by the arrow XXXX XXXX XXXX (located on the following page) in the subject line.

Requests, instructions and other inquiries sent to this e-mail address will NOT be forwarded to your investment advisor. Please make the request as instructed above on or before April 26, 2012 to facilitate timely delivery.

How to Vote

Please Choose One of the Following Methods

Vote In Person: In order to vote these shares in person, you will need to request a ballot at the stockholder meeting.

Vote By Internet:

Before The Meeting: Go to www.proxyvote.com. Have the information that is printed in the box marked by the arrow XXXX XXXX XXXX available and follow the instructions.

During The Meeting: Go to www.virtualshareholdermeeting.com/terex2012. Have the information that is printed in the box marked by the arrow XXXX XXXX XXXX available and follow the instructions.

Vote By Mail: You can vote by mail by requesting a paper copy of the materials, which will include a proxy card.

M44685-P19337

Voting Items

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION AS DIRECTORS OF THE NAMED NOMINEES AND FOR PROPOSAL 2 AND 3.

1. ELECTION OF DIRECTORS

NOMINEES:

- | | |
|--------------------------------|---------------------|
| 01) Ronald M. De Feo | 06) David A. Sachs |
| 02) G. Chris Andersen | 07) Oren G. Shaffer |
| 03) Paula H.J. Cholmondeley | 08) David C. Wang |
| 04) Don DeFosset | 09) Scott W. Wine |
| 05) Thomas J. Hansen | |

The Board of Directors recommends that you vote "FOR" Proposals 2 and 3:

2. To ratify the selection of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company for 2012.
3. To approve the compensation of the Company's named executive officers.

M44686-P19337

M44687-P19337