Manitowoc

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The Manitowoc Company, Inc.

March 31, 2005

Mr. William H. Donaldson
Chairman
U.S. Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, DC 20549-0609

Re: File No. 4-497

Dear Mr. Donaldson:

On behalf of The Manitowoc Company, Inc. (Manitowoc), we would like to submit the following comments to the Securities and Exchange Commission (SEC) in order to provide feedback regarding the implementation of the Sarbanes-Oxley Act, (specifically Section 404) as of December 31, 2004. This feedback was formally requested by the SEC in its press release dated February 2, 2005.

OVERVIEW

The passage of the Sarbanes-Oxley Act of 2002 was presented as a way to safeguard investors and help restore confidence in our financial markets after a number of corporate scandals made headlines. While we believe the abuses that gave rise to the Sarbanes-Oxley Act and the final rules were indeed egregious, we do not believe that they were pervasive in the business community. We believe that the laws which were already in place, when enforced properly, were sufficient to safeguard the investors and to ensure that the individuals who perpetrated the scandals could be brought to justice. This is evidenced by the recent convictions of certain individuals who were involved in the scandals. Those individuals were prosecuted under laws that were in existence prior to the Sarbanes-Oxley Act. While Manitowoc supports the efforts of Congress, the SEC and the Public Company Accounting Oversight Board (PCAOB) to implement changes designed to protect the investor, we are concerned about the promulgation of unworkable rules that restrict the ability of executives to effectively run their businesses and compete in the global marketplace. In addition, we are

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skeptical as to whether these new rules would have deterred or even detected the most notorious corporate scandals.

While Manitowoc applauds efforts to improve effective internal control systems at the foundation of public financial reporting, we have serious concerns about the final rules and the way in which they are interpreted and implemented by public accounting firms (specifically the "Big Four"). Some of our concerns are as follows:

1. The final rules are vague in many areas. The ambiguity of the rules and the related interpretations from the various regulatory bodies have resulted in penalizing interpretations.
2. Because of the vagueness in the final rules and interpretations, many companies and their independent auditors were left to further interpret the rules as they went through the implementation, leading to inconsistent application and ultraconservative positions by accounting firms that impact companies negatively. The ambiguities also lead to accounting firms taking positions that are in the best interests of the accounting firm rather than the best interests of the investors. The manner in which the rules were written effectively makes the accounting firm the prosecutor, the judge and the jury on all issues of interpretation.
3. Resulting audit opinions are either good or bad no matter how many or what degree of material weaknesses in controls are identified. Audit firms are reluctant to include any discussion in their opinions about the nature or severity of the issues that may lead to a negative opinion. This does not provide the investor with an accurate picture of the issue and takes away from the usefulness and transparency of audit opinions on the part of investors for whom this legislation was intended.
4. The rules place an undue and costly compliance burden on global companies that potentially impedes our ability to compete on an even playing field in the marketplace and exposes us to potentially unwarranted litigation.
5. The rules negatively impact the U.S. public markets as a source of capital and discourage quality financial professionals with strong values to remain in the profession at its highest levels.

SPECIFIC ISSUES

We believe that the rules are unnecessarily onerous and vague in many areas. Even where specific, any particular rule is overridden by the principle of aggregation that is referred to throughout the PCAOB's standards and various interpretive releases. The documentation effort for many companies required the review of many hundreds of internal controls for each operating location. The rules then required that risk analyses focus on critical controls relative to protection against material errors in financial statements. However, by also requiring review of individually insignificant controls that could be significant in the aggregate, the actual implementation of the rules became vague and subject to cautious and burdensome interpretations. In this regard, the concept of aggregation has rendered implementation extremely onerous.

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The rules also provide that a particular account or business unit of a corporation, that would not be material by itself, may be material when aggregated with others. The rules further provide that whether a control issue is a significant deficiency or a material weakness may depend upon whether it could be material when aggregated with other issues not only in terms of actual impact, but also potential impact. Also, because of the lack of sufficient clarity in distinguishing between a significant deficiency and a material weakness, aggregation plays a role. The definitions include terms such as "remote," "inconsequential," and "material." All of these terms are subject to interpretation without adequate guidance. Evaluation is further complicated by the requirement that individual weaknesses be considered in combination with others, leaving open the possibility of numerous potential "combinations." Additionally, where "examples" are given in guidance provided by the various regulating bodies (e.g. "Frequently Asked Questions") for clarity, accounting firms are using those "examples" as the only permitted cases or exceptions and are not willing to entertain other possibilities because of the greater concern for protecting themselves rather than for appropriate interpretation.

These ambiguities have resulted in companies and their auditors making significant interpretations throughout the implementation process. We believe that the Big Four accounting firms have become overly concerned with the possibility of being challenged by the PCAOB or SEC regarding their interpretation. This concern has led to accounting firms collaborating with one another to in effect "codify" interpretations that they have imposed upon all of their clients regardless of the facts and circumstances. We believe that these interpretations often lead to unnecessarily negative assessments of a company's internal controls. In many cases this could inappropriately result in adverse internal control audit opinions than are unwarranted which may mislead the investor. This potential exists because all companies with any material weakness are lumped together in one category regardless of the nature or severity of the weaknesses. These results only serve to water-down the impact of an appropriate adverse audit opinion. The audit reports are therefore not transparent to the reader and the reader is left to further interpret the meaning of the opinion which causes further inconsistency.

We do not believe that the costs of implementation of the rules have been consistent with the benefits, such that inherent value in U.S. public companies is being eroded to the detriment of the individual investor. This inconsistency in cost versus benefit is even more prevalent for small and mid-sized companies where the cost of implementation approaches a meaningful percentage of revenue. In order to manage the compliance activities some companies have had to establish entire departments dedicated only to regulatory compliance without comparable benefit. Furthermore, the lack of specificity in the rules could put both companies and individuals at significant risk, making financial careers and the use of U.S. public markets to access capital less attractive.

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SUMMARY

As noted above, we understand the purpose and objective of the PCAOB and the SEC in implementing the Sarbanes-Oxley Act. However, we would like to underscore the fact that while the abuses that gave rise to the Sarbanes-Oxley Act and the proposed rules were indeed egregious, this type of behavior does not pervade the business community. In addition we have seen recent proof that the people who have perpetrated the most serious scandals can be brought to justice under laws existing prior to those created by the Act. Moreover, we are concerned about unnecessarily diverting time, effort and resources from activities that create value to compliance activities. These compliance activities put U.S. public companies at a competitive disadvantage in the global market and make access to U.S. public markets less attractive. Lastly, we are concerned that the rules are overly vague and that public accounting firms have been given license to interpret a very important and complex set of rules. These firms have become the prosecutor, the judge and the jury and have the potential to single-handedly influence the value and direction of the companies that they audit in a manner unintended by the Act and without providing meaningful assistance to the investor. Thank you for considering our comments regarding the recent implementation of Section 404 of the Sarbanes-Oxley Act of 2002.

Sincerely,

Carl J. Laurino
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