

TEREX CORP
Form 4
April 25, 2006

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Check this box
if no longer
subject to
Section 16.
Form 4 or
Form 5
obligations
may continue.
See Instruction
1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF
SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section
30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB
Number: 3235-0287
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2005
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burden hours per
response... 0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
DEFEO RONALD M

(Last) (First) (Middle)

TEREX CORPORATION, 500
POST ROAD EAST, SUITE 320

(Street)

WESTPORT, CT 06880

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading
Symbol

TEREX CORP [TEX]

3. Date of Earliest Transaction
(Month/Day/Year)

04/21/2006

4. If Amendment, Date Original
Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

☒ Director ☐ 10% Owner
☒ Officer (give title below) ☐ Other (specify below)

Chairman, President & CEO

6. Individual or Joint/Group Filing(Check
Applicable Line)

☒ Form filed by One Reporting Person

☐ Form filed by More than One Reporting
Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
Common Stock, par value \$.01	04/21/2006		P	6 (1)	A \$ 89.54	335,798 (2)	D
Common Stock, par value \$.01	04/21/2006		I	V 0	A \$ 0	3,528 (2)	I
							401(k) plan

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

**Persons who respond to the collection of
information contained in this form are not
required to respond unless the form
displays a currently valid OMB control
number.**

SEC 1474
(9-02)

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Benef Own Follo Repor Trans (Instr
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

Reporting Owners

Reporting Owner Name / Address	Relationships
	Director 10% Owner Officer Other
DEFEO RONALD M TEREX CORPORATION 500 POST ROAD EAST, SUITE 320 WESTPORT, CT 06880	X Chairman, President & CEO

Signatures

/s/ Ronald M.
DeFeo 04/25/2006

__Signature of
Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

- (1) Shares purchased through payroll deductions through the Company's Employee Stock Purchase Plan.
- (2) Represent shares beneficially owned as of April 21, 2006.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays
a currently valid OMB number. t:0pt;text-align:left;margin-top:0pt;margin-bottom:0pt>**SECTION 4:**

EFFECT OF ACCEPTING THE RESCISSION OFFER

Q12: WHAT WILL I RECEIVE IF I ACCEPT THE RESCISSION OFFER?

A12:

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If you accept the Rescission Offer, and if you have not transferred the value of applicable Costco Wholesale common stock to other investment funds under the 401(k) Plan (if you have made a transfer, see below), a two-step process will occur:

First, your 401(k) Plan account will be reduced by the number of shares of Costco Wholesale common stock that were purchased on your behalf with salary deferral, employer matching, rollover or after-tax contributions in the 401(k) Plan during the relevant time period.

Second, your 401(k) Plan account will be credited with an amount based on your purchase price of the applicable Costco Wholesale common stock purchased, less dividends received, plus interest. The amount credited to your 401(k) Plan account will be reinvested pursuant to your current investment elections for new contributions.

Q13: WHAT WILL I RECEIVE IF I TRANSFERRED THE VALUE OF THE COSTCO WHOLESALE COMMON STOCK PURCHASED DURING THE PERIOD TO OTHER INVESTMENT FUNDS UNDER THE 401(K) PLAN, SO THAT I NO LONGER HAVE COSTCO WHOLESALE COMMON STOCK IN MY ACCOUNT?

A13: If you realized a gain upon the sale of all shares purchased during the Period, then you are not eligible to accept the Rescission Offer. If you realized losses upon the sale of some or all of the shares purchased during the Period, then if you accept the Rescission Offer, your 401(k) Plan account will be credited with an amount based on the price paid for the applicable Costco Wholesale common stock less dividends received on such shares, minus an amount attributable to the price at which you sold your shares for purposes of transferring the value of Costco Wholesale common stock to other investment funds, plus interest. The amount credited to your 401(k) Plan account will be reinvested pursuant to your current investment elections for new contributions.

Q14: WHAT WILL I RECEIVE IF I TRANSFERRED SOME OF THE VALUE OF THE COSTCO WHOLESALE COMMON STOCK TO OTHER INVESTMENT FUNDS UNDER THE 401(K) PLAN, BUT STILL HAVE SOME OF THE COSTCO WHOLESALE COMMON STOCK IN MY 401(K) PLAN ACCOUNT?

A14: If you accept the Rescission Offer, and if you transferred some but not all of the value of the Costco Wholesale common stock purchased during the Period with salary deferral, employer matching, rollover or after-tax contributions to other investment funds and the aggregate purchase price of the share you still hold, less dividends received plus interest is greater than the fair market value of those shares on the date the Rescission Offer expires, then:

First, your 401(k) Plan account will be reduced by the number of shares of applicable Costco Wholesale common stock that remain in your 401(k) Plan account.

Second, your 401(k) Plan account will be credited with an amount based on your purchase price of the applicable Costco Wholesale common stock that you still hold on the date your acceptance of the Rescission Offer is processed, less dividends received, plus interest.

Third, your 401(k) Plan account will be credited with an amount based on the purchase price paid for the applicable Costco Wholesale common stock that you later transferred, minus an amount attributable to the price at which you

transferred the Costco Wholesale common stock to other investment funds, less dividends received, plus interest, but only if you realized a loss upon transfer.

The amount credited to your 401(k) Plan account will be reinvested pursuant to your current investment elections for new contributions to the 401(k) Plan.

However, if the repurchase price (including interest and less dividends received) you would receive by accepting the Rescission Offer is less than the fair market value of Costco Wholesale common stock on [expiration date], the expiration date of the Rescission Offer, your acceptance will be deemed rejected. See answer to Question 15 below.

Q15: WHAT WILL HAPPEN IF I ACCEPT THIS RESCISSION OFFER BUT THE AMOUNT I WOULD RECEIVE FOR THE SHARES BY ACCEPTING THE RESCISSION OFFER IS LESS THAN THE FAIR MARKET VALUE OF COSTCO WHOLESALE COMMON STOCK ON [EXPIRATION DATE], THE DAY OF EXPIRATION OF THE RESCISSION OFFER?

A15: If you submit an acceptance of the Rescission Offer under these circumstances, your acceptance will be deemed rejected as of [expiration date]. The shares of Costco Wholesale common stock will remain in your 401(k) Plan account, and the Rescission Offer will not affect your ability to sell these shares.

YOUR ACCEPTANCE OF THE RESCISSION OFFER, WHETHER OR NOT IT IS ULTIMATELY REJECTED, WILL CAUSE YOUR 401(K) PLAN ACCOUNT TO BE SUBJECT TO THE BLACKOUT PERIOD IMPOSED ON THE ACCOUNTS OF ALL PARTICIPANTS WHO ACCEPT THE RESCISSION OFFER, WHILE WE DETERMINE WHETHER YOUR ACCEPTANCE WILL BE ACCEPTED OR REJECTED. FOR MORE INFORMATION ABOUT THE BLACKOUT PERIOD, SEE THE ANSWER TO QUESTION 22 BELOW AND SEE THE SECTION TITLED NOTICE OF BLACKOUT PERIOD .

Q16: WHAT IF I TOOK A LOAN FROM THE 401(K) PLAN?

A16: If you accept the Rescission Offer, the calculation that will take place will not differ if you took a loan from the 401(k) Plan. If you took a loan from the 401(k) Plan, and if Costco Wholesale common stock was transferred out of your 401(k) Plan account to fund your loan, then that transaction (to the extent that it is related to salary deferral, employer matching, rollover or after-tax contributions) will be treated, for purposes of this Rescission Offer, like a transfer from Costco Wholesale common stock to another investment fund under the 401(k) Plan. (See the answer to Question 13 above.)

Similarly, if you took a loan from the 401(k) Plan out of your salary deferral, employer matching, rollover or after-tax contributions, and if you purchased shares of Costco Wholesale common stock between November 16, 2003 through November 15, 2004 with your loan repayment withholdings, then those shares will be eligible for this Rescission Offer. If you have an outstanding loan from the 401(k) Plan, the amount that you are required to repay will not change as a result of your acceptance or rejection of this Rescission Offer.

Q17: WHAT IS THE PRICE THAT COSTCO WHOLESALE CORPORATION WILL PAY FOR THE SHARES THAT WERE PURCHASED ON MY BEHALF WITH SALARY DEFERRAL, EMPLOYER MATCHING, ROLLOVER OR AFTER-TAX CONTRIBUTIONS UNDER THE 401(K) PLAN BETWEEN NOVEMBER 16, 2003 THROUGH NOVEMBER 15, 2004?

A17: The price that Costco Wholesale Corporation will pay if you accept the Rescission Offer is based on a calculation of the price at which the purchases of Costco Wholesale common stock were made on your behalf with salary deferral, employer matching, rollover or after-tax contributions in the 401(k) Plan.

If you still hold all the shares that you purchased during the Rescission Period, we will determine the aggregate purchase price of those shares, less dividends received, plus interest from date of purchase at a rate of 10% per annum. That is the amount you will receive if you accept the Rescission Offer. If this amount is less than the fair market value of these shares on the expiration date of the Rescission Offer, any acceptance of the Rescission Offer will be rejected. If you have sold some or all of your shares that are subject to the Rescission Offer, we will determine the purchase price of those shares using the first in-first out (FIFO) method. This FIFO calculation means that the first shares you purchased under the 401(k) Plan during this period will be the first shares deemed sold by you and the purchase price will be matched against the first sale to determine whether there was a gain or loss. We will continue that process in order of purchase and sale until we have matched all purchases against all shares sold. With respect to shares sold, interest will cease to accrue on the proceeds of sale from the date the proceeds are credited to your 401(k) Plan record. For any sale that results in a loss, your 401(k) Account will be credited with the amount of the loss plus interest.

Q18: HOW WILL INTEREST BE CALCULATED?

A18: Interest will be paid to you at an annual rate of 10%. Interest will be calculated based on the time period from the date that the shares were purchased on your behalf with salary deferral, employer matching, rollover or after-tax contributions in the 401(k) Plan through the date proceeds from the Rescission Offer are credited to the 401(k) Plan or otherwise credited to you.

Q19: WHEN WILL PROCEEDS FROM THE RESCISSION OFFER BE CREDITED TO ME?

A19: If you accept the Rescission Offer and you have a 401(k) Plan account, the proceeds to which you are entitled will be credited to your 401(k) Plan account within 3 business days after [expiration date], the deadline for accepting this Rescission Offer. If you accept the Rescission Offer and you do not have a 401(k) Plan account and you (or your IRA or eligible retirement plan) took a distribution of Costco Wholesale common stock, or you (or your IRA or eligible retirement plan) took a cash distribution, payments to you (or to your IRA or eligible retirement plan) will be processed as soon as administratively feasible after the [expiration date].

Q20: CAN I TAKE A DISTRIBUTION OF THE AMOUNT CREDITED TO MY 401(K) PLAN ACCOUNT?

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A20: Yes, if you are otherwise eligible for a distribution under the terms of the 401(k) Plan. You are generally eligible for a distribution from the 401(k) Plan if you are no longer employed by Costco Wholesale Corporation.

Q21: WHAT ARE THE TAX CONSEQUENCES IF I ACCEPT THE RESCISSION OFFER?

A21: The tax consequences to you depend on your specific circumstances, including whether you currently participate in the 401(k) Plan, and if you do not, whether you took a distribution from the 401(k) Plan in cash or in the form of shares of our common stock.

(If you are a current participant in the 401(k) Plan and have a 401(k) Plan account, in general, your sale to Costco Wholesale of common stock and your receipt of any funds in the 401(k) Plan pursuant to your acceptance of the Rescission Offer will not be taxable events. This is because all funds we pay as a result of your acceptance of the Rescission Offer will be paid to the 401(k) Plan trustee and not directly to you. However, upon any later distribution of funds from your 401(k) Plan account, the distributed funds (including amounts attributable to the Rescission Offer) generally will be taxable as ordinary income. In addition, a 10% federal income tax penalty may be imposed in cases of some early distributions from the 401(k) Plan and we may have to withhold income taxes on any subsequent distribution to you. See Federal Income Tax Effects of the Rescission Offer for more information.

(If you are a former participant in the 401(k) Plan, you took a distribution in shares of our stock and rolled that distribution over into an IRA or an eligible retirement plan and the IRA or eligible retirement plan still holds the shares, your IRA's or eligible retirement plan's sale to Costco Wholesale Corporation of common stock and receipt of any funds pursuant to your acceptance of the Rescission Offer will not be taxable events. However, upon any later distribution of funds from, for instance, an IRA or retirement plan, those distributed funds (including amounts attributable to the Rescission Offer) generally will be taxable to you as ordinary income.

If you are a former participant in the 401(k) Plan and you took a distribution in shares of our stock and did not roll them over to an IRA or eligible retirement plan, any amount, including interest, we pay to repurchase shares of Costco Wholesale common stock that you now own should be treated as a taxable redemption of stock. That redemption may be treated as a sale or exchange or as a dividend for federal income tax purposes depending on the application of the tax rules to your individual circumstances.

Any amount you receive with respect to any shares of Costco Wholesale Common Stock that you took in a distribution from the 401(k) Plan and have since sold should be capital gain to you. You should consult with your own tax adviser with regard to the tax treatment of any such distributions to you. See Question 23 - What will I receive if I no longer have a 401(k) Plan account and took my distribution in the form of shares of Costco Wholesale common stock?

(If you are a former participant in the 401(k) Plan and you did not take shares of our stock as part of your distribution, or if you rolled shares of our stock into an IRA or an eligible retirement plan and the IRA or eligible retirement plan has

since sold those shares for less than your purchase price, the tax treatment of the funds we pay to you as a result of your acceptance of the Rescission Offer, including interest, is unclear. We intend to take the position that such payments are not additional distributions from the 401(k) Plan; however, such payments may constitute ordinary income to you. If we determine that such amounts constitute compensation to you, we may withhold income and employment taxes from such payments.

Please see the section of this prospectus titled "Federal Income Tax Effects of the Rescission Offer" for more information. You should consult with your own tax adviser to understand fully the tax consequences of the Rescission Offer to you.

Q22: IF I ACCEPT THE RESCISSION OFFER, WILL ACCESS TO MY 401(K) PLAN ACCOUNT BE BLACKED OUT FOR ANY PERIOD?

A22: If you accept the Rescission Offer, then for a limited time (not longer than 3 business days) after the expiration of the Rescission Offer T. Rowe Price will not process your requests to buy or sell Costco Wholesale common stock in your 401(k) Plan account. In addition, your requests for a loan or a distribution from the 401(k) Plan will be delayed up to three business days after the expiration of the Rescission Offer. This will not affect your ability to allocate new contributions and loan repayments to Costco Wholesale common stock or other investment funds under the 401(k) Plan. This period, during which you will be unable to exercise these rights otherwise available to you under the 401(k) Plan, is called a "blackout period."

The blackout period for the 401(k) Plan will begin on [expiration date] and is expected to end once Costco Wholesale Corporation determines whether you are eligible or ineligible to participate in the Rescission Offer and, if you are eligible, after we calculate and deposit the proceeds for the Rescission Offer. We currently anticipate this to be not later than [date], which is three business days after the expiration of the Rescission Offer. You may call T. Rowe Price, without charge, during this time for information about the actual end date of the blackout period, at 1-800-922-9945 between the hours of 4:00 a.m. and 7:00 p.m. (Pacific Time), Monday through Friday.

For more information about the blackout period, please see the section titled "NOTICE OF BLACKOUT PERIOD".

SECTION 5: SPECIAL INFORMATION FOR FORMER PARTICIPANTS WHO NO LONGER HAVE A 401(K) PLAN ACCOUNT

Q23: WHAT WILL I RECEIVE IF I NO LONGER HAVE A 401(K) PLAN ACCOUNT AND TOOK MY DISTRIBUTION IN THE FORM OF SHARES OF COSTCO WHOLESALE COMMON STOCK AND I STILL HOLD THOSE SHARES?

A23: Since you took a distribution from the 401(k) Plan in the form of common stock, you may have special tax considerations-referred to as "Net Unrealized Appreciation" or "NUA" that apply to any sale of your Costco Wholesale common stock. ACCORDINGLY, YOU ARE STRONGLY ADVISED TO CONSULT WITH YOUR TAX ADVISER BEFORE ACCEPTING THIS RESCISSION OFFER.

If you accept the Rescission Offer, a two-step process will occur:

First, you (or your IRA or eligible retirement plan) will tender the shares acquired during the Period with salary deferral, employer matching, rollover or after-tax contributions to Costco Wholesale Corporation. Specifically, you will give the stock certificate (or other evidence of stock ownership, as explained on the instructions to accept the Rescission Offer) to Costco Wholesale Corporation as part of your acceptance of this Rescission Offer. After you tender your shares, you will no longer own the shares of Costco Wholesale common stock.

Second, we will pay all funds directly to you or to your Individual Retirement Account (IRA) or other eligible retirement plan as you direct on Acceptance Form B.

Q24: WHAT WILL I RECEIVE IF I NO LONGER HAVE A 401(K) PLAN ACCOUNT AND TOOK MY PLAN DISTRIBUTION IN THE FORM OF SHARES OF COSTCO WHOLESALE COMMON STOCK, AND I (OR MY IRA OR ELIGIBLE RETIREMENT PLAN) HAVE SINCE SOLD THE SHARES AT A LOSS?

A24: If you (or your IRA or eligible retirement plan) accept the Rescission Offer and provide evidence satisfactory to Costco Wholesale Corporation of the sale of the Costco Wholesale common stock acquired during the Period (such as a broker's confirmation), then we will pay all funds directly to you or to your IRA or eligible retirement plan as directed on Acceptance Form B.

Q25: WHAT WILL I RECEIVE IF I NO LONGER HAVE A 401(K) PLAN ACCOUNT, AND TOOK MY DISTRIBUTION FROM THE 401(K) PLAN IN CASH?

A25: If you accept the Rescission Offer and if Costco Wholesale common stock was purchased on your behalf with salary deferral, employer matching, rollover or after-tax contributions under the 401(k) Plan during the period from November 16, 2003 through November 15, 2004, an amount based on the purchase price paid for the shares of Costco Wholesale common stock purchased on your behalf with salary deferral, employer matching, rollover or after-tax contributions, minus an amount attributable to the price at which you sold your shares for purposes of transferring the value of Costco Wholesale common stock to other investment funds or to raise cash for distribution, less dividends received, plus interest, will be paid directly to you, if the sale of any of your shares was at a loss.

SECTION 6: HOW TO GET MORE INFORMATION

If you are a current 401(k) Plan participant, you may call T. Rowe Price at 1-800-922-9945 between the hours of 7:00 a.m. and 10:00 p.m. (Eastern Time), Monday through Friday, with any questions concerning the Rescission Offer. If you are a former employee who no longer has a 401(k) Plan account, you may call Costco Wholesale at 1-800-284-4882 between the hours of 8:30 a.m. and 4:30 p.m. (Pacific Time), Monday through Friday, with any questions concerning the Rescission Offer. We will be unable to answer any questions regarding tax advice, and accordingly, you should consult with your tax adviser regarding the tax consequences of the Rescission Offer to you.

REMEMBER

IF YOU WISH TO ACCEPT THE RESCISSION OFFER, YOUR ACCEPTANCE MUST BE RECEIVED BY [EXPIRATION DATE].

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission (SEC). You may read and copy materials that we have filed with the SEC, including the registration statement of which this prospectus is a part, at the SEC public reference room located at 450 Fifth Street, N.W., Washington, D.C. 20549.

Please call the SEC at 1-800-SEC-0330 for further information on the public reference room.

Our common stock is listed on the Nasdaq National Market under the symbol COST.

Our SEC filings are also available to the public on the SEC's website at <http://www.sec.gov> and at the Investor Relations page of Costco Wholesale's website, <http://www.costco.com>.

INCORPORATION BY REFERENCE

The SEC allows us to incorporate by reference the information we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus, and information that we file after the date of this prospectus and before the termination of the offering contemplated by this prospectus will automatically update and supersede the information in this prospectus. We incorporate by reference the documents listed below that we have filed or may file with the SEC (File No. 0-20355):

- I Our Annual Report on Form 10-K for the year ended August 29, 2004;
- (Our Quarterly Reports on Form 10-Q for the periods ended November 21, 2004, February 13, 2005 and May 8, 2005;
- (Our Current Reports on Form 8-K filed October 14, 2004; February 1, 2005; and April 22, 2005;
- (Any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until all of the offered securities to which this prospectus (and any accompanying prospectus supplement) relates are sold or the offering is otherwise terminated.

You may request a copy of these filings, at no cost, by writing to us at the following address or telephoning us at (425) 313-6967 between the hours of 9:00 a.m. and 5:00 p.m. (Pacific Time), Monday through Friday:

Investor Relations

Costco Wholesale Corporation

999 Lake Drive

Issaquah, Washington 98027

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THE COMPANY

Costco operates membership warehouses based on the concept that offering members very low prices on a limited selection of nationally branded and selected private label products in a wide range of merchandise categories will produce high sales volumes and rapid inventory turnover. This rapid inventory turnover, when combined with the operating efficiencies achieved by volume purchasing, efficient distribution and reduced handling of merchandise in no-frills, self-service warehouse facilities, enables Costco to operate profitably at significantly lower gross margins than traditional wholesalers, discount retailers and supermarkets.

At February 13, 2005, Costco operated 417 warehouse clubs: 327 in the United States (in 36 states and Puerto Rico); 63 in Canada (in 9 Canadian provinces); 15 in the United Kingdom (12 in England; 3 in Scotland); five in Korea; three in Taiwan; and four in Japan.

THE RESCISSION OFFER

Background and Reasons for the Rescission Offer

The Costco Wholesale Corporation 401(k) Retirement Plan is a defined contribution plan that is intended to be tax-qualified and tax-exempt under Sections 401(a) and 501(a) of the Internal Revenue Code of 1986, as amended. The purpose of the 401(k) Plan is to provide a voluntary, systematic method for an eligible participant to save a specified percentage of his or her eligible compensation for retirement and to defer federal income tax and, where allowed, state, county and city income taxes, on such compensation, together with discretionary matching contributions made by Costco Wholesale.

Contributions are held in a trust fund maintained for the benefit of participants in the 401(k) Plan. Currently, under the 401(k) Plan, a participant has the right to decide how to invest these contributions. There are currently 20 different investment choices under the 401(k) Plan. A participant must indicate the percentage of his or her contribution to be allocated to each investment choice.

We register under Section 5 of the Securities Act of 1933 shares of our common stock that the trustee purchases for the 401(k) Plan on behalf of participants with their salary deferral, employer matching, rollover or after-tax contributions because, although shares are purchased at the direction of plan participants by the agent independent of the issuer for the trustee, the 401(k) Plan is an affiliate of Costco Wholesale Corporation. In August 2004, we determined that the number of shares of our common stock that had been issued to date under the 401(k) Plan may have exceeded the number of shares registered under the existing registration statement covering the 401(k) Plan. Although all of the purchases by the trustee between November 16, 2003 through November 15, 2004 were made in a manner consistent with the 401(k) Plan and the investment elections of the 401(k) Plan participants, we have determined that up to 1,301,441 shares of our common stock that were purchased by participants in their Plan accounts during this period may not have been registered for sale by Costco Wholesale Corporation in a timely manner in accordance with the Securities Act. The aggregate purchase price for these shares was \$51,975,996.

The purpose of this registration is to help ensure that 401(k) Plan participants have information to enable them to make an informed decision about investing in our common stock. This registration requirement applies even though 401(k) Plan participants already have access to information about our common stock via the Internet and through our periodic reports filed with the SEC.

For federal securities law purposes, neither acceptance nor rejection of the Rescission Offer will terminate your right as a current or former 401(k) Plan participant to bring a civil action for failure to register the Costco Wholesale common stock described above under the Securities Act before expiration of the applicable statute of limitations. There is no requirement that there be a finding of a violation of the securities laws for 401(k) Plan participants to participate in the Rescission Offer. We believe that the applicable statute of limitations under the Securities Act for enforcement of your rights in connection with our failure to register the Costco Wholesale common stock purchased by the trustee during the period from November 16, 2003 through November 15, 2004 is one year after the date that the common stock was allocated to your account in violation of the federal securities registration requirements. We intend to assert, among other defenses, in any litigation initiated by a person eligible to participate in this Rescission Offer who accepts or rejects (or is deemed to reject) the Rescission Offer, that such person is estopped (that is, legally barred) from asserting such claims. The staff of the SEC takes the position that a person's federal right of rescission may survive a rescission offer. Nevertheless, there have been certain instances in which a court has indicated that non-acceptance of a rescission offer could terminate a company's liability for rescission damages under federal law, and this same result could apply to claims under various state laws. Each person is urged to consider this possibility with respect to our Rescission

Offer. Generally, the statute of limitations for non-compliance with the requirement to register securities under the federal securities laws is one year and non-compliance with the requirement to provide proper disclosure is five years (reduced to two years after the discovery of the facts constituting the violation). Statutes of limitations under state laws vary by state, with the limitation time period under many state statutes typically not beginning until the facts giving rise to a violation are known. Our rescission offer is not an admission that we did not comply with federal or state securities registration requirements or federal and state disclosure requirements nor is it a waiver by us of any applicable statute of limitations.

The above discussion relates primarily to your potential rescission rights and does not address in detail the antifraud provisions of applicable federal and state securities laws or rights under common law or equity.

The shares of Costco Wholesale common stock which are the subject of this Rescission Offer have now been registered under the Securities Act of 1933 by virtue of the registration statement of which this prospectus is a part. We believe that these shares (as well as other shares acquired by participants of the 401(k) Plan and shares subject to the Rescission Offer that are not tendered by participants) are transferable by plan participants in the ordinary course, subject to restrictions on trading that may be applicable from time to time (as in the case of Costco Wholesale Corporation's customary blackout periods). These shares also entitle the holders to all of the rights and privileges available to Costco Wholesale stockholders.

Terms of the Rescission Offer

If you currently have an account in the 401(k) Plan and you elected to allocate or transfer some or all of your salary deferral, employer matching, rollover or after-tax contributions to the 401(k) Plan to the purchase of our common stock at any time from November 16, 2003 through November 15, 2004 and if you continue to hold some or all of these shares, you may direct the trustee to sell all of the Costco Wholesale common stock purchased on your behalf with salary deferral, employer matching, rollover or after-tax contributions during that Period to us at the price you paid for the Costco Wholesale common stock, less dividends received, plus interest. You may not accept the Rescission Offer with respect to less than all of the shares of Costco Wholesale common stock that are subject to this offer and still held by you. If the fair market value of those shares is greater than the aggregate purchase price of those shares, less dividends received, plus interest, you will be deemed to have rejected the Rescission Offer.

With respect to any sale in which you incurred a loss, we will pay to your 401(k) Plan Account the amount of your loss, plus interest. With respect to any shares sold by you, we will use a first-in-first-out (FIFO) calculation to determine whether you have suffered a loss eligible for compensation. This FIFO calculation means that the first shares you purchased under the plan during this Period will be matched against the shares first sold (after November 16, 2003 and before the expiration date of the Rescission Offer) to determine if you have a gain or loss on the sale. We will continue this process until the purchase price of all shares sold has been determined. If you currently have an account in the 401(k) Plan but have already directed or caused the sale of some or all of such Costco Wholesale common stock in the 401(k) Plan at a price less than the price paid (calculated on a FIFO basis), the trustee may receive for your 401(k) Plan account an amount equal to the price paid on a FIFO calculation basis for such Costco Wholesale common stock sold, less the sale proceeds, less dividends received, plus interest. After our timely receipt of a properly completed and signed Acceptance Form A (APPENDIX A) and following completion of the Rescission Offer period, the trustee will reinvest the proceeds from the Rescission Offer in your 401(k) Plan account in accordance with your most recent allocation election for new contributions.

If you no longer have an account in the 401(k) Plan and have received a distribution of the Costco Wholesale common stock from the 401(k) Plan purchased on your behalf with salary deferral, employer matching, rollover or after-tax contributions during the relevant time period, you are entitled to obtain relief on the above terms. You will need to complete and return a properly completed and signed Acceptance Form B (APPENDIX B).

If you no longer have an account in the 401(k) Plan and you did not take a distribution from your 401(k) Plan account in the form of shares of Costco Wholesale common stock, then all funds we pay as a result of your acceptance of the Rescission Offer, including interest, will be paid directly to you. You should use Acceptance Form B (APPENDIX B) to accept the Rescission Offer.

Interest to be paid on the amounts described above will be calculated, in the case of shares of Costco Wholesale common stock repurchased by us, for the period from the date of purchase by you through the 401(k) Plan to the date that proceeds of the Rescission Offer are credited to the 401(k) Plan.

In the case of reimbursement for a sale at a loss, interest to be paid on the amounts described above will be calculated for the period from the date of purchase of the shares by you through the 401(k) Plan until the date of sale of such shares. Interest also will be paid on the loss realized from the date of sale of such shares through the date on which the proceeds of the Rescission Offer are deposited to the 401(k) Plan trust on your behalf.

The interest rate to be paid is 10% per annum. Federal law does not mandate that interest be paid in this Rescission Offer nor does it provide a specific interest rate to be used in this regard. However, most states require interest be paid in connection with offerings comparable to our Rescission Offer at defined statutory rates. A large number of the persons that are eligible to accept our Rescission Offer reside in California where the applicable statutory interest rate is currently 10% per annum. In the absence of a required federal rate of interest, we have elected to provide for an interest rate of 10% per annum, from the date of purchase through the date your 401(k) Plan account is credited.

The Rescission Offer will expire at the close of business on [EXPIRATION DATE], the expiration date, which is 30 days from the date of this prospectus. That is, we must receive your acceptance in good order no later than this date.

Neither we nor any of our officers and directors may make any recommendations to any person with respect to our Rescission Offer. We urge you to read this prospectus carefully and to make an independent evaluation with respect to our Rescission Offer. We also urge you to consult with your advisers before accepting or rejecting our Rescission Offer.

HOW TO ACCEPT OR REJECT THE RESCISSION OFFER

YOU ARE NOT LEGALLY REQUIRED TO ACCEPT THE RESCISSION OFFER. Acceptance of the Rescission Offer is optional for each current or former 401(k) Plan participant who holds or held shares of Costco Wholesale common stock in the 401(k) Plan purchased on their behalf with salary deferral, employer matching, rollover or after-tax contributions during the period from November 16, 2003 through November 15, 2004. If you elect to accept the Rescission Offer, your acceptance must be received in good order at the following applicable address:

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If Acceptance Form A applies to you, send the required form, to:

Regular mail:

T. Rowe Price Retirement Plan Services

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Edgar Filing: TEREX CORP - Form 4

Mail Code: OM-4302

P.O. Box 17215

Baltimore, MD 21297-1215

Overnight mail:

T. Rowe Price Retirement Plan Services

Mail Code: OM-4302

4515 Painters Mill Road

Owings Mills, MD 21117-4903

If Acceptance Form B applies to you, send the form AND ALL OF THE REQUIRED DOCUMENTS, to:

Costco Wholesale Corporation
999 Lake Drive
Issaquah, WA 98027
Attn: Employee Benefits Department

We suggest that you send the form and accompanying documents by registered or certified mail with return receipt requested.

IF YOUR ACCEPTANCE OF THE RESCISSION OFFER IS NOT RECEIVED IN GOOD ORDER BY THE CLOSE OF BUSINESS ON [EXPIRATION DATE], YOU WILL BE DEEMED TO HAVE REJECTED THE RESCISSION OFFER.

We reserve the absolute right to reject any and all surrenders of Acceptance Forms that are not in proper form or otherwise not valid or the acceptance of which would be, given the advice of our counsel, unlawful. Our interpretation of the terms and conditions of the Rescission Offer will be final and binding.

QUESTIONS ABOUT THE RESCISSION OFFER

If you are a current participant in the 401(k) Plan and have questions about the Rescission Offer, you may call T. Rowe Price at 1-800-922-9945 between 7:00 a.m. and 10:00 p.m. (Eastern Time), Monday through Friday. If you are a former employee who no longer has an account in the 401(k) Plan and have questions about the Rescission Offer, you may call Costco Wholesale at 1-800-284-48825 between 8:30 a.m. and 4:30 p.m. (Pacific Time), Monday through Friday.

Explanation of Responses:

USE OF STOCK REPURCHASED BY COSTCO WHOLESALE CORPORATION IN THE RESCISSION OFFER

The shares of our common stock repurchased in the Rescission Offer, if any, will be retired and become additional authorized but unissued shares.

FUNDING THE RESCISSION OFFER

We do not believe that, based on our current estimates, the amount required to fund payments under the Rescission Offer will be material to our financial position or results of operations.

ACCOUNTING FOR THE RESCISSION OFFER

Costco Wholesale Corporation intends to account for the Rescission Offer by recording the fair market value of the shares purchased based on the quoted market price at the close of business on the day the Rescission Offer expires. Any amounts paid pursuant to the Rescission Offer in excess of the fair market value of the shares purchased will be recorded as compensation expense included in non-interest expense in Costco Wholesale Corporation's consolidated statement of operations.

FEDERAL INCOME TAX EFFECTS OF THE RESCISSION OFFER

This section discusses material U.S. federal income tax considerations relating to the Rescission Offer. The discussion does not deal with all of the U.S. federal income tax consequences of our Rescission Offer that may be relevant to persons in light of their particular circumstances or to persons subject to special tax rules. The discussion assumes that a person who is holding shares of Costco Wholesale common stock outside of the 401(k) Plan holds such shares as capital assets and that a person who previously held shares of Costco Wholesale common stock outside of the 401(k) Plan and sold them also held such shares as capital assets. The federal income tax laws applicable to the Rescission Offer discussed herein are based on the structure of the Rescission Offer. The Internal Revenue Service is not precluded from asserting a position contrary to that summarized in this discussion or from otherwise recharacterizing the transaction in whole or in part.

Current Participants in the 401(k) Plan

If you are a current participant in the 401(k) Plan and have a 401(k) Plan account, all funds we pay as a result of your acceptance of the Rescission Offer will be paid to the 401(k) Plan trustee and not directly to you. Such funds will be allocated to your account in the 401(k) Plan and invested in accordance with your current investment directions. You may change your investment directions by following the 401(k) Plan's procedures for changing investments. Contact T. Rowe Price for more information. Your acceptance or rejection of the Rescission Offer, your sale to Costco Wholesale of common stock and your receipt of any funds in the 401(k) Plan pursuant to your acceptance of the Rescission Offer will not be taxable events. However, upon any later distribution of funds from your 401(k) Plan account, such distributed funds (including amounts attributable to the Rescission Offer) generally will be taxable to you (or your beneficiary, if applicable) as ordinary income and may be subject to a 10% federal income tax penalty in cases of some early distributions from the 401(k) Plan. Additionally, Costco Wholesale may have to withhold income taxes on any subsequent distribution to you. You may be able to defer current taxation (and the 10% income tax penalty on early distribution) by rolling over the 401(k) Plan amounts distributed to you to an individual retirement account (IRA) or another tax-qualified retirement plan.

Former Participants in the 401(k) Plan Who Received Stock and Rolled Over Their Stock to an IRA or Other Qualified Plan

If you are a former participant in the 401(k) Plan but no longer have a 401(k) Plan account, you took a distribution of your 401(k) Plan account in the form of shares of Costco Wholesale common stock and rolled that distribution over (directly or indirectly) into an IRA or other eligible retirement plan, and the IRA or eligible retirement plan still holds those shares, all funds we pay as a result of your acceptance of the Rescission Offer will be paid to you or to your IRA or other eligible retirement plan as you direct on Acceptance Form B. Your acceptance or rejection of the Rescission Offer, your sale to Costco Wholesale of common stock and your receipt of any funds pursuant to your acceptance of the Rescission Offer will not be taxable events if you direct the distribution to your IRA or other eligible retirement plan.

However, upon any later distribution of funds from, for instance, an IRA or an eligible retirement plan, those distributed funds (including amounts attributable to the Rescission Offer) generally will be taxable to you (or your beneficiary, if applicable) as ordinary income and may be subject to a 10% federal income tax penalty in cases of some early distributions from the 401(k) Plan.

Other Former Participants In 401(k) Plan Who Received A Distribution

If you are a former participant in the 401(k) Plan and no longer have a 401(k) Plan account, and you accept the Rescission Offer, we will make all payments with respect to Costco Wholesale Common stock, including interest, directly to you in the following circumstances: (i) you took all or part of the distribution of your 401(k) Plan account in the form of shares of Costco Wholesale common stock which you did not roll over to an IRA or other tax-qualified retirement plan, and either you still own some or all of those shares or have since sold them at a loss; (ii) you took your distribution from your 401(k) Plan account in the form of cash or other property not including shares of Costco Wholesale common stock, whether or not you rolled any part of that distribution into an IRA or other eligible retirement plan; and (iii) you took all or part of the distribution of your 401(k) Plan account in the form of shares of Costco Wholesale common stock which you did roll over to an IRA or other tax-qualified retirement plan, the IRA or eligible plan sold the shares for less than the 401(k) Plan's original purchase price, but the IRA or plan administrator refuses to accept the payment from us.

Any amount we pay you to purchase Costco Wholesale common stock that you now own should be treated as a taxable redemption of stock. That redemption may be treated as a sale or exchange or as a dividend for federal income tax purposes depending on the application of the tax rules to your individual circumstances. You should consult with your own tax adviser with regard to the tax treatment of such a distribution to you.

Any amount you receive with respect to any shares of Costco Wholesale common stock that you took in a distribution from the 401(k) Plan and previously sold should be capital gain to you. To the extent the payment is treated as capital gain, such gain should be short-term or long-term depending on your holding period for the shares at the time you sold them.

If you are a former participant in the 401(k) Plan and no longer have a 401(k) Plan account, and either (i) you did not take any part of the distribution from your 401(k) Plan account in the form of shares of Costco Wholesale common stock, or (ii) you took a distribution in the form of shares, rolled the distribution to an IRA or other eligible retirement plan, and the IRA or plan sold the shares for less than your purchase price, the federal income tax treatment of the funds, including interest, we pay to you as a result of your acceptance of the Rescission Offer is unclear. We intend to take the position that such payments are not additional distributions from the 401(k) Plan; however, such payments may constitute ordinary income to you. If we determine that such amounts constitute compensation to you, we may withhold income and employment taxes from such payments.

The foregoing is only a summary of the federal income tax consequences that may be applicable to you in connection with the Rescission Offer and does not purport to be a complete description of your particular tax consequences, including state income taxes and penalties. You should consult with your own tax adviser with regard to the tax consequences of the Rescission Offer and any subsequent distribution from the 401(k) Plan.

USE OF PROCEEDS

We will receive no cash proceeds from the Rescission Offer. The Costco Wholesale common stock was originally purchased in brokerage transactions on the open market for which we did not receive any proceeds.

NOTICE OF BLACKOUT PERIOD

If you accept the Rescission Offer and on **[expiration date]** you hold stock in your Costco Wholesale Corporation 401(k) Retirement Plan account, the blackout period applies to you. The blackout period will begin on **[first business day after expiration date]** and will end on **[2 business days later]**. You will be able to conduct transactions on **[3rd business day later]**. This blackout period is required to ensure smooth processing of the Rescission Offer. During the blackout period, T. Rowe Price will permit no transactions involving Costco Wholesale common stock in your Plan account. This means:

*new contributions and loan repayments you directed into Costco Wholesale common stock will be held until [first business day after the blackout period ends], when they will then be invested in Costco Wholesale common stock.

*requests for loans and distributions (including hardship distributions) will be delayed until after the blackout period ends.

*requests for sales or exchanges of Costco Wholesale common stock will never be implemented. Any request to sell or exchange Costco Wholesale common stock made during the blackout period will need to be remade following the blackout period.

It is very important that you review and consider the appropriateness of your current investments in light of your inability to direct or diversify Costco Wholesale common stock during the blackout period. For your long term retirement security, you should give careful consideration to the importance of a well balanced and diversified investment portfolio, taking into account all your assets, income and investments. You should be aware that there is a risk to holding substantial portions of your assets in the securities of any one company, as individual securities tend to have wider price swings, up and down, in short periods of time, than investments and diversified funds. Stocks that have wide price swings might have a large loss during the blackout period, and you will not be able to direct the sale of such stocks from your account during the blackout period.

If you have any questions concerning this blackout period and notice, you should contact T. Rowe Price at 1-800-922-9945 or by mail at 4515 Painters Mills Road, Owings Mills, Maryland 21117-4093. Whether or not you are planning retirement in the near future, we encourage you to consider how this blackout period may affect your retirement planning, as well as your overall financial plan.

For additional information and limitations on Costco 401(k) Retirement Plan investment and how to direct investment of your plan account, see the Costco 401(k) Retirement Plan Summary Plan Description. To obtain a copy contact the Costco Benefits Department at (800) 284-4882.

EXPERTS

The consolidated financial statements incorporated in this prospectus by reference from our Annual Report on Form 10-K for the year ended August 29, 2004 have been audited by KPMG LLP, independent registered public accounting firm, as stated in their report incorporated in this prospectus by reference, and have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing. The audit report covering the August 29, 2004 consolidated financial statements refers to a change in the Company's method of accounting for cash consideration received from a vendor to conform to the requirements of Emerging Issues Task Force No. 03-10, effective February 16, 2004 and Issue No. 02-16, effective during the year ended August 31, 2003, and the Company's adoption of the fair value method of recording stock-based compensation expense in accordance with Statement of Financial Accounting Standards No. 123, effective September 2, 2002.

APPENDIX A

ACCEPTANCE FORM A

ACCEPTANCE FORM A APPLIES TO ALL PARTICIPANTS IN THE COSTCO WHOLESALE CORPORATION RETIREMENT 401(K) PLAN WHO PURCHASED SHARES DURING THE RELEVANT PERIOD WITH SALARY DEFERRAL, EMPLOYER MATCHING, ROLLOVER OR AFTER-TAX CONTRIBUTIONS IN THEIR 401(K) PLAN ACCOUNT AND

I CONTINUE TO HOLD SHARES IN THE 401(K) PLAN, OR

I SOLD THOSE SHARES AT A LOSS.

RESCISSION OFFEREE'S ACCEPTANCE

OF THE RESCISSION OFFER

YOU MAY ELECT TO ACCEPT OR REJECT THE RESCISSION OFFER. IF YOU WISH TO REJECT THE RESCISSION OFFER, DO NOT SIGN AND RETURN THIS FORM. YOU NEED TO DO NOTHING TO REJECT THIS RESCISSION OFFER. IF YOU WISH TO ACCEPT THE RESCISSION OFFER, PLEASE SIGN AND RETURN THIS FORM AND ENSURE ITS RECEIPT BY [EXPIRATION DATE], ACCORDING TO THE INSTRUCTIONS BELOW.

DIRECTIONS TO TRUSTEE

T. Rowe Price

4515 Painters Mills Road

Owings Mills, Maryland 21117-4093

Dear Sir or Madam:

Explanation of Responses:

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The undersigned has received a prospectus dated _____, 2005, of Costco Wholesale Corporation (the Company) (the Prospectus), pursuant to which the Company offers to rescind (the Rescission Offer) purchases by the trustee of the Costco Wholesale Corporation 401(k) Retirement Plan (the 401(k) Plan) of shares of common stock (the Common Stock) of the Company from November 16, 2003 through November 15, 2004, made on behalf of the undersigned with salary deferral, employer matching, rollover or after-tax contributions within the 401(k) Plan (the Shares).

These Instructions will instruct T. Rowe Price Trust Company as Trustee of the Plan (the Trustee), to tender unconditionally the Shares held by the Trustee for the undersigned s 401(k) Plan account upon the terms and subject to the conditions set forth in the Prospectus.

I HEREBY ACCEPT THE RESCISSION OFFER FOR THE SHARES AND DIRECT THAT ALL PAYMENTS BE MADE TO THE TRUSTEE FOR MY 401(K) PLAN ACCOUNT.

I understand that my acceptance of the Rescission Offer will be deemed rejected if, by accepting the offer, I would receive an amount per share tendered that is less than the fair market value per share of the Company s Common Stock on the day the Rescission Offer expires. I understand that by accepting the Rescission Offer, I will be unable to make transfers within my 401(k) Plan account that involve

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Costco Wholesale Corporation stock during a blackout period that will last from [EXPIRATION DATE] through a date not later than 3 business days after such date. I understand and agree that as a result of such acceptance, I will no longer hold any Shares surrendered to the Company for repurchase pursuant to the Rescission Offer.

* * *

I understand that I must complete the name, signature, date and social security number or taxpayer identification number information below for this form to be eligible for acceptance by the Trustee and the Company.

Name (please print)

Signature

Street Address

Date

City, State and Zip Code of Residence

Social Security Number or Taxpayer
Identification Number

Telephone Number

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APPENDIX B

ACCEPTANCE FORM B

ACCEPTANCE FORM B APPLIES TO FORMER EMPLOYEES WHO NO LONGER HAVE A 401(K) PLAN ACCOUNT WHO TOOK OR ROLLED OVER A DISTRIBUTION IN THE FORM OF EITHER STOCK OR CASH, OR WHO TOOK A CASH DISTRIBUTION FROM THE 401(K) PLAN PLEASE SEE THE DETAILED INSTRUCTIONS FOLLOWING THIS FORM.

RESCISSION OFFEREE'S ACCEPTANCE

OF THE RESCISSION OFFER

YOU MAY ELECT TO ACCEPT OR REJECT THE RESCISSION OFFER. IF YOU WISH TO REJECT THE RESCISSION OFFER, DO NOT SIGN AND RETURN THIS FORM. YOU NEED TO DO NOTHING TO REJECT THIS RESCISSION OFFER. IF YOU WISH TO ACCEPT THE RESCISSION OFFER, PLEASE SIGN AND RETURN THIS FORM AND ENSURE ITS RECEIPT BY [EXPIRATION DATE], ACCORDING TO THE INSTRUCTIONS BELOW.

DIRECTIONS TO COSTCO WHOLESALE CORPORATION

Costco Wholesale Corporation

999 Lake Drive

Issaquah, Washington 98027

Attn: Employee Benefits Department

Dear Sir or Madam:

The undersigned has received a Prospectus dated _____, 2005, of Costco Wholesale Corporation (the Company) (the Prospectus), pursuant to which the Company offers to rescind (the Rescission Offer) purchases by the trustee (the Trustee) of the Costco Wholesale Corporation 401(k) Retirement Plan (the 401(k) Plan) of shares of common stock (the Common Stock) of the Company from November 16, 2003 through November 15, 2004, made on behalf of the undersigned with salary deferral, employer matching, rollover or after-tax

Explanation of Responses:

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contributions within the 401(k) Plan (the Shares).

The following Shares were distributed to the undersigned by the Trustee from the undersigned's account under the 401(k) Plan and certificates for such shares are enclosed and are tendered unconditionally.

Number of Shares Tendered

Stock Certificate Number

The following Shares were distributed to the undersigned from the undersigned's account under the 401(k) Plan but were sold at a loss and the undersigned wishes to accept the Rescission Offer with respect to all such Shares. I am enclosing with this Form evidence of such sale at a loss.

Number of Shares Sold

Date of Sale

Sales Price

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The following Shares were sold prior to distribution to the undersigned from the undersigned's account under the 401(k) Plan and were sold at a loss and the undersigned wishes to accept the Rescission Offer with respect to all such Shares. I am enclosing with this Form evidence of such sale at a loss.

Number of Shares Sold

Date of Sale

Sales Price

* If you require additional space, please complete an additional sheet, sign it, and attach it to this form.

I hereby accept the Rescission Offer for the Shares described above purchased by the Trustee for my account under the 401(k) Plan and described above and direct that all payments be made to me or for my account as set forth in the Prospectus. I understand and agree that as a result of such acceptance, I will no longer hold any Shares surrendered to the Company for repurchase pursuant to the Rescission Offer.

* * *

I understand that I must complete the name, signature, date and social security number or taxpayer identification number information below for this Form to be eligible for acceptance by the Company.

Name (please print)

Signature

Street Address

Date

City, State and Zip Code of Residence

Social Security Number or Taxpayer
Identification Number

If an IRA or eligible retirement plan holds Common Stock, or following distribution from the Plan held Common Stock and now holds the proceeds from sale of Common Stock and will accept payment from the Rescission Offer, the IRA trustee or plan fiduciary accepts the Rescission Offer and directs payment as follows:

Explanation of Responses:

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Plan Name or IRA Account Number: _____

Taxpayer Identification Number of IRA or Plan: _____

Name of IRA Custodian or Plan Trustee (please print)

Signature

Street Address

Date

City, State and Zip Code

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Explanation of Responses:

CO-OWNER, IF ANY:

Name (please print)

Signature

Street Address

Date

City, State and Zip Code of Residence

Social Security Number or Taxpayer
Identification Number

INSTRUCTIONS TO APPENDIX B

1. *Accepting The Rescission Offer:* If you previously directed and caused the Trustee to distribute your Shares from the 401(k) Plan, in order to indicate your acceptance of the Rescission Offer, you must:

- A. Sign the form and provide your complete address, date, and social security or Taxpayer Identification Number,
- B. If you have not sold such distributed Shares, affix your original stock certificate to this form of Rescission Offeree's Acceptance of the Rescission Offer,
- C. ALL REGISTERED OWNERS MUST SIGN EITHER THE STOCK CERTIFICATE WITH MEDALLION SIGNATURE GUARANTEE OR A STOCK POWER WITH MEDALLION SIGNATURE GUARANTEE,
- D. If you have sold any such distributed Shares at a loss prior to [expiration date], affix your proof of loss on the sale(s) of such Shares to this form of Rescission Offeree's Acceptance of the Rescission Offer (such proof of loss must be in a form acceptable to Costco Wholesale Corporation, such as a broker's confirmation or monthly statement),

Explanation of Responses:

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E. Complete and sign the Substitute Form W-9 attached to this form of Rescission Offeree's Acceptance of the Rescission Offer (See Instruction 6), and

F. Mail all forms to:

Costco Wholesale Corporation
999 Lake Drive
Issaquah, Washington 98027
Attn: Employee Benefits Department

We strongly recommend that you send this by registered or certified mail with return receipt requested.

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2. Signatures On The Form Of Rescission Offeree's Acceptance Of The Rescission Offer: This form of Rescission Offeree's Acceptance of the Rescission Offer is to be completed and signed by each Rescission Offeree that desires to accept the Rescission Offer. If Shares surrendered hereby are owned of record by two or more joint owners, all such owners must sign this Form of Rescission Offeree's Acceptance of the Rescission Offer. If any such Shares are registered in different names on several certificates, it will be necessary to complete, sign and submit as many separate forms of Rescission Offeree's Acceptance of the Rescission Offer as there are different registrations of certificates. Except as provided below, signatures must correspond exactly with the name(s) as written on the face of any certificate surrendered. Certificates surrendered hereby must be endorsed or surrendered with an appropriate instrument of transfer (a signed stock power), in either case signed exactly as the name or names of the registered holder or holders appear on the certificates. Signatures on such certificates or transfer instruments must be guaranteed by a recognized member of the Medallion Signature Guaranty Program or any other eligible guarantor institution, as such term is defined in Rule 17Ad-15 promulgated under the Securities Exchange Act of 1934. Medallion Signature Guaranty Program member institutions are typically banks, brokerage firms and other financial services companies. Such Rescission Offeree must, if requested by the Company, certify that the Shares so tendered were owned beneficially by such Rescission Offeree on _____, 2005, notwithstanding that such Shares were registered in another name on that date.

3. Mutilated, Lost, Destroyed Or Stolen Certificates:

If any certificate which a Rescission Offeree desires to tender to the Company for repurchase pursuant to the Rescission Offer has been mutilated, lost, destroyed or stolen, the holder should promptly notify Costco Wholesale Corporation at 1-800-284-4882. The holder will then be directed as to the steps that must be taken in order to replace the certificate. The Form of Rescission Offeree's Acceptance of the Rescission Offer and related documents cannot be processed until the procedures for replacing lost, mutilated, destroyed or stolen certificate(s) have been followed.

4. Delivery Instructions: The method of delivery of (i) this form and the Substitute Form W-9 and (ii) all other required documents is at the election and risk of the Rescission Offeree and the delivery will be deemed made only when we actually receive them at the address indicated above.

5. Important Tax Information: Under federal income tax law, any Rescission Offeree who took a distribution of Costco Wholesale Corporation Common Stock from the 401(k) Plan and who accepts the Rescission Offer is required to provide Costco Wholesale Corporation with such person's correct Taxpayer Identification Number (TIN) on Substitute Form W-9 below, unless the Rescission Offeree rolled the distribution over to an individual retirement account or to another tax-qualified retirement plan. The TIN is the Rescission Offeree's social security number. If Costco Wholesale Corporation is not provided with the correct TIN, the Rescission Offeree may be subject to a \$50 penalty imposed by the Internal Revenue Service. In addition, payments that are made to such Rescission Offeree pursuant to the Rescission Offer may be subject to backup withholding.

If backup withholding applies, Costco Wholesale Corporation is required to withhold 28% of any payments made to the Rescission Offeree (and any state tax amount). Backup withholding is not an additional tax. Rather, the tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained.

6. Purpose Of Substitute Form W-9: To prevent backup withholding on payments that are made to a Rescission Offeree, the Rescission Offeree is required to notify Costco Wholesale Corporation of his or her current TIN by completing the form below certifying that the TIN provided on

the Substitute Form W-9 is correct (or that such Rescission Offeree is awaiting a TIN) and that (1) such Rescission Offeree has not been notified by the Internal Revenue Service that he or she is subject to backup withholding as a result of a failure to report all interest and dividends or (2) the Internal Revenue Service has notified such Rescission Offeree that he or she is no longer subject to backup withholding.

7. What Number To Give To Costco Wholesale Corporation: A Rescission Offeree is required to give to Costco Wholesale Corporation the social security number or employer identification number of the record owner of the Shares. If the Shares are in more than one name or are not in the name of the actual owner, consult the Substitute Form W-9 for additional guidelines on which number to report. The box in Part 2 of the Substitute Form W-9 may be checked if such person has not been issued a TIN and has applied for a number or intends to apply for the number in the near future. If the box in Part 2 is checked and Costco Wholesale Corporation is not provided with a TIN within 60 days after receipt of the Form of Rescission Offeree's Acceptance of Rescission Offer, Costco Wholesale Corporation will withhold 28% of all payments made thereafter until a TIN is provided to Costco Wholesale Corporation.

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PART II

INFORMATION NOT REQUIRED IN THE PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table sets forth all expenses in connection with the Rescission Offer. All amounts shown below are estimates, except the registration fee:

Registration Fee	\$ 7,112.30
Printing and Duplicating Expenses	50,000.00
Accounting Fees and Expenses	16,000.00
Legal Fees and Expenses	40,000.00
Miscellaneous	<u>5,000.00</u>
Total	\$118,112.30

ITEM 15. INDEMNIFICATION OF OFFICERS AND DIRECTORS

Section 23B.08.320 of the Washington Business Corporations Act (the "WBCA") permits a corporation to limit its directors' liability to the corporation or its shareholders for monetary damages for acts or omissions as a director, except for (a) acts or omissions involving intentional misconduct or a knowing violation of law, (b) certain unlawful distributions or loans in violation of Section 23B.08.310 of the Revised Code of Washington, or (c) transactions whereby the director received an improper personal benefit. Article VI of the Registrant's Amended and Restated Articles of Incorporation contains provisions limiting the liability of Registrant's directors to the Registrant or its shareholders to the fullest extent permitted by Washington law. Sections 23B.08.500 through 23B.08.600 of the WBCA authorize a corporation to indemnify its directors, officers, employees and agents against certain liabilities they may incur in such capacities, including liabilities arising under the Securities Act of 1933, as amended (the "Securities Act"), provided they acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the corporation. Article VII of the Registrant's Amended and Restated Articles of Incorporation provides that the corporation shall indemnify any individual made a party to a proceeding because that individual is or was a director of the corporation and shall advance or reimburse the reasonable expenses incurred by such individual in advance of final disposition of the proceeding, without regard to the limitations in Sections 23B.08.510 through 23B.08.550 of the WBCA.

Article 10 of the Registrant's Amended and Restated Bylaws requires the Registrant to indemnify its directors as set forth in Article VII of the Amended and Restated Articles of Incorporation. Article 10 of the Bylaws further provides that the Registrant may, by action of the Board of Directors, grant rights to indemnification and advancement of expenses to officers, employees and agents of the corporation with the same scope and effect as the provisions of Article VII of the Articles of Incorporation with respect to the indemnification and advancement of expenses of directors of the corporation or pursuant to rights provided by WBCA or otherwise.

The Registrant has entered into certain indemnification agreements with its directors and certain of its officers, the form of which is included as Annex A to Schedule 14A filed December 13, 1999, and is incorporated by reference into this registration statement. The indemnification agreements provide the Registrant's directors and certain of its officers with indemnification to the maximum extent permitted by the WBCA. The directors and officers of the Registrant also may be indemnified against liability they may incur for serving in that capacity pursuant to a liability insurance policies maintained by the Registrant for this purpose.

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The above discussion of the WBCA and the Registrant's Bylaws and Amended, Restated Articles of Incorporation, and indemnification agreements is not intended to be exhaustive and is qualified in its entirety by reference to such statute, Bylaws, Articles of Incorporation, and agreements.

ITEM 16. EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
15	Letter of KPMG, LLP, Independent Registered Public Accounting Firm, re use of unaudited financial information
23	Consent of KPMG LLP, Independent Registered Public Accounting Firm.
24	Powers of attorney (previously filed)
99.1	Form of Participant Rescission Offer Transaction Statement.

ITEM 17. UNDERTAKINGS

The undersigned hereby undertakes:

(a) (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Securities and Exchange Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to the information in the registration statement; PROVIDED, HOWEVER, that the undertakings set forth in subparagraphs (i) and (ii) above do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Securities and Exchange Commission by the Registrant pursuant

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to Sections 13 or 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in this Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) That, for purposes of determining any liability under the Securities Act, each filing of Costco Wholesale Corporation's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof; and

(c) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of Costco Wholesale Corporation pursuant to the foregoing provisions, or otherwise, Costco Wholesale Corporation has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by Costco Wholesale Corporation of expenses incurred or paid by a director, officer or controlling person of Costco Wholesale Corporation in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, Costco Wholesale Corporation will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Amendment No. 2 to Registration Statement on Form S-3 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Issaquah, State of Washington, on July 18, 2005.

COSTCO WHOLESALE CORPORATION

By /s/ Richard A. Galanti
Richard A. Galanti

Executive Vice President and

Chief Financial Officer

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 1. to Registration Statement on Form S-3 has been signed below by the following persons in the capacities indicated on July 18, 2005.

/s/ Jeffrey H. Brotman *

Jeffrey H. Brotman

Chairman of the Board of Directors

/s/ James D. Sinegal *

James D. Sinegal

President, Chief Executive Officer and Director

/s/ Richard A. Galanti *

Richard A. Galanti

Executive Vice President, Chief Financial Officer and Director
(Principal Financial Officer)

/s/ Richard D. DiCerchio*

Richard D. DiCerchio

Senior Executive Vice President, Chief Operating Officer and
Director

Dr. Benjamin S. Carson, Sr., M.D.

Director

/s/ Susan L. Decker *

Susan L. Decker

Director

/s/ Daniel J. Evans *

Daniel J. Evans

Director

/s/ William H. Gates *

William H. Gates

Director

/s/ Hamilton E. James *

Hamilton E. James

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Director

/s/ Richard M. Libenson *

Richard M. Libenson

Director

/s/ John W. Meisenbach *

John W. Meisenbach

Director

/s/ Charles T. Munger *

Charles T. Munger

Director

/s/ Jill S. Ruckelshaus *

Jill S. Ruckelshaus

Director

/s/ David S. Petterson *

David S. Petterson

Senior Vice President and Corporate Controller (Principal
Accounting Officer)

*By: /s/ Richard A. Galanti

Attorney-in-Fact

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