OSHKOSH CORP

FORM 8-K
(Current report filing)

Filed 05/03/07 for the Period Ending 05/03/07

Address	2307 OREGON ST P O BOX 2566 OSHKOSH, WI 54903
Telephone	920 235 9151
CIK	0000775158
Symbol	OSK
SIC Code	3711 - Motor Vehicles and Passenger Car Bodies
Industry	Auto & Truck Manufacturers
Sector	Consumer Cyclical
Fiscal Year	09/30

OSHKOSH TRUCK CORP

FORM 8-K
(Current report filing)

Filed 5/3/2007 For Period Ending 5/3/2007

Address	2307 OREGON ST P O BOX 2566
	OSHKOSH, Wisconsin 54903
Telephone	414-235-9151
CIK	0000775158
Industry	Auto & Truck Manufacturers
Sector	Consumer Cyclical
Fiscal Year	09/30

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 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): May 3, 2007

Oshkosh Truck Corporation

(Exact name of registrant as specified in its charter)

Wisconsin	1-31371	39-0520270
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

P.O. Box 2566, Oshkosh, Wisconsin 54903

(Address of principal executive offices, including zip code)

(920) 235-9151

(Registrant's telephone number)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 . Results of Operations and Financial Condition .

On May 3, 2007, Oshkosh Truck Corporation (the "Company") issued a press release (the "Press Release") announcing its earnings for the second quarter ended March 31, 2007 and its revised outlook for fiscal 2007. A copy of such press release is furnished as Exhibit 99.1 and is incorporated by reference herein.

On May 3, 2007, the Company held a conference call in connection with the Company's announcement of its earnings for the second quarter ended March 31, 2007 and its revised outlook for fiscal 2007. A copy of the script (the "Script") for such conference call is furnished as Exhibit 99.2 and is incorporated by reference herein. An audio replay of such conference call and the related question and answer session will be available for at least twelve months on the Company's web site at www.oshkoshtruckcorporation.com .

The information, including without limitation all forward-looking statements, contained in the Press Release, the Script and related slide presentation on the Company's web site (the "Slide Presentation") or provided in the conference call and related question and answer session speaks only as of May 3, 2007. The Company has adopted a policy that if the Company makes a determination that it expects the Company's earnings per share for future periods for which projections are contained in the Press Release, the Script and the Slide Presentation or provided in the conference call and related question and answer session to be lower than those projections, then the Company will publicly disseminate that fact. The Company's policy also provides that if the Company makes a determination that it expects the Company's earnings per share for future periods to be at or above the projections contained in the Press Release, the Script and the Slide Presentation or provided in the

conference call and related question and answer session, then the Company does not intend to publicly disseminate that fact. Except as set forth above, the Company assumes no obligation, and disclaims any obligation, to update information contained in the Press Release, the Script and the Slide Presentation or provided in the conference call and related question and answer session. Investors should be aware that the Company may not update such information until the Company's next quarterly conference call, if at all.

The Press Release, the Script and the Slide Presentation contain, and representatives of the Company made, during the conference call and the related question and answer session, statements that the Company believes to be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact included in the Press Release, the Script and the Slide Presentation or made during the conference call and related question and answer session, including, without limitation, statements regarding the Company's future financial position, business strategy, targets, projected sales, costs, earnings, capital expenditures, debt levels and cash flows, and plans and objectives of management for future operations, are forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "estimate," "anticipate," "believe," "should" or "plan," or the negative thereof or variations thereon or similar terminology. The Company cannot provide any assurance that such expectations will prove to have been correct. Important factors that could cause actual results to differ materially from the Company's expectations include, without limitation, those set forth under the captions "Accuracy of Assumptions" and "Risk Factors" below. Additional information concerning factors that could cause actual results to differ materially from those in the forward-looking statements is contained from time to time in the Company's filings with the Securities and Exchange Commission.

In this Current Report on Form 8-K, "we," "us" or "our" refers to Oshkosh Truck Corporation.

ACCURACY OF ASSUMPTIONS

The expectations reflected in the forward-looking statements, in particular those with respect to projected sales, costs, earnings, capital expenditures, debt levels and cash flows, are based in part on certain assumptions we make, some of which are referred to in, or as part of, the forward-looking statements. Such assumptions include, without limitation, those relating to our ability to integrate JLG Industries, Inc. ("JLG"), Oshkosh Specialty Vehicles and Iowa Mold Tooling Co., Inc. and achieve targeted sales, operating income and synergies for each acquisition; our estimates for non-cash purchase accounting adjustments related to the JLG acquisition; our ability to turn around the Geesink Norba Group and Medtec businesses sufficiently to support their current valuations resulting in no impairment charges; our ability to adjust our operating expenses in the second half of fiscal 2007 at certain businesses that anticipate lower industry demand resulting from changes to diesel engine emissions standards effective January 1, 2007; our estimates for the level of concrete placement activity, housing starts, non-residential construction spending and mortgage rates; the performance of the U.S. and European economies generally; our expectations as to timing of receipt of sales orders and payments and execution and funding of defense contracts; our ability to achieve cost reductions and operating efficiencies, in particular at JLG, McNeilus, the Geesink Norba Group and Medtec; the anticipated level of production and margins associated with the Family of Heavy Tactical Vehicles contract, the Indefinite Demand/Indefinite Quantity truck remanufacturing contract, the Medium Tactical Vehicle Replacement follow-on contract, the Logistics Vehicle System Replacement contract, the Mine Resistant Ambush Protected vehicle contract and international defense truck contracts; the expected level and timing of U.S. Department of Defense procurement of replacement parts and services and funding thereof; our ability to increase production of defense trucks to planned levels for the second half of fiscal 2007; our estimates for capital expenditures of rental and construction companies for JLG's products, of municipalities for fire and emergency and refuse products, of airports for aircraft rescue and snow removal products and of large commercial waste haulers generally and with us; our estimates of the impact of changing fuel prices and credit availability on capital spending of towing operators; federal funding levels for U.S. Department of Homeland Security and spending by governmental entities on homeland security apparatus; our planned spending on product development and bid and proposal activities with respect to defense truck procurement competitions and the outcome of such competitions; the expected level of commercial "package" body and purchased chassis sales compared to "body only" sales; anticipated levels of capital expenditures; our estimates for costs relating to litigation, product warranty, product liability, insurance, stock options and restricted stock awards, bad debts, personnel and raw materials; our estimates for debt levels, interest rates, working capital needs and effective tax rates; and that we do not complete any further acquisitions in the short term. We cannot provide any assurance that the assumptions referred to in the forward-looking statements or otherwise are accurate or will prove to have been correct. Any assumptions that are inaccurate or do not prove to be correct could have a material adverse effect on our ability to achieve the results that the forward-looking statements contemplate.

RISK FACTORS

Our markets are highly cyclical and a decline in these markets could have a material adverse effect on our operating performance.

A decline in overall customer demand in our cyclical access equipment, commercial and fire and emergency markets could have a material adverse effect on our operating performance. The access equipment market that JLG operates in is highly cyclical and impacted by the strength of the economy generally, by prevailing mortgage and other interest rates, by residential and non-residential construction spending and by other factors. The ready-mix concrete market that we serve is highly cyclical and impacted by the strength of the economy generally, by prevailing mortgage and other interest rates, by the number of housing starts and by other factors that may have an effect on the level of concrete placement activity, either regionally or nationally. Housing starts have been weak in fiscal 2007 causing lower demand for our concrete mixers and telehandlers in the U.S.. Concrete mixer and access equipment sales also are highly seasonal with the majority of such sales occurring in the spring and summer months, which constitute the traditional construction season. Domestic and European refuse markets

are also highly cyclical and impacted by the strength of the economy generally and municipal tax receipts. Fire and emergency markets are modestly cyclical and are impacted by the economy generally and municipal tax receipts. If these markets face downturns, then there could be a material adverse effect on our net sales, financial condition, profitability and/or cash flows. Furthermore, our commercial and fire and emergency businesses saw an increase in orders in fiscal 2006 as customers pre-purchased truck chassis in anticipation of changes in diesel engine emissions standards effective January 1, 2007, which we expect to result in a reduction in sales beginning in the third quarter of fiscal 2007.

Additionally, the high levels of sales in our defense business in recent years has been due in significant part to demand for defense trucks, replacement parts and services and truck remanufacturing arising from the conflict in Iraq. Events such as this are unplanned, and we cannot predict how long this conflict will last or the demand for our products that will arise out of such an event. Accordingly, we cannot provide any assurance that the increased defense business as a result of this conflict will continue.

We may not be able to successfully integrate the acquisition of JLG, which may have a material adverse impact on our future growth and operating performance.

Realization of the sales, operating income and synergy targets for the JLG acquisition will require integration of JLG's sales and marketing, distribution, manufacturing, engineering and administrative organizations. JLG is a complex, global business. The successful integration of JLG will require substantial attention from our management team. The diversion of management attention, as well as any other difficulties we may encounter in the integration process, could have a material adverse effect on our net sales, financial condition, profitability and/or cash flows. We cannot provide any assurance that we will be able to integrate the operations of JLG successfully, that we will be able to realize anticipated synergies from the acquisition or that we will be able to operate the JLG business as profitably as anticipated after the acquisition.

Our high leverage and debt service obligations could increase our vulnerability to general adverse economic and industry conditions and limit our ability to obtain future financing.

As a result of financing the JLG acquisition, we are highly leveraged. We had approximately $3.1 billion of debt outstanding as of March 31, 2007, and we expect our borrowings may increase over the next three months due to seasonal working capital fluctuations before declining to $3.0 to $3.1 billion by September 30, 2007. Our ability to make required payments of principal and interest on our debt will depend on our future performance, which, to a certain extent, is subject to general economic, financial, competitive and other factors that are beyond our control. Based upon our current level of operations, we believe that cash flow from operations, available cash and available borrowings under our credit facilities will be adequate to meet our future liquidity needs. However, we cannot provide any assurance that our business will generate sufficient cash flow from operations or that future borrowings will be available under our credit facilities in an amount sufficient to enable us to service our indebtedness or to fund our other liquidity needs. In addition, our credit facilities contain financial and restrictive covenants that may limit our ability to, among other things, borrow additional funds or take advantage of business opportunities. Our failure to comply with such covenants could result in an event of default that, if not cured or waived, could have a material adverse effect on our financial condition, results of operations and debt service capability.

Our high level of debt and the covenants contained in our credit facilities could have important consequences for our operations, including:

- Increase our vulnerability to general adverse economic and industry conditions and detract from our ability to withstand successfully a downturn in our highly cyclical markets or the economy generally;
- Require us to dedicate a substantial portion of our cash flow from operations to required payments on debt, thereby reducing the availability of such cash flow to fund working capital, capital expenditures, research and development and other general corporate activities;
- Limit our ability to obtain additional financing in the future to fund working capital, capital expenditures and other general corporate requirements;
- Limit our flexibility in planning for, or reacting to, changes in our business and the markets we serve;
- Place us at a competitive disadvantage compared to less leveraged competitors; and
- Make us vulnerable to increases in interest rates because a portion of our debt under our credit facilities may be at variable rates.

Our dependency on contracts with U.S. and foreign government agencies subjects us to a variety of risks that could materially reduce our revenues or profits.

We are dependent on U.S. and foreign government contracts for a substantial portion of our business. That business is subject to the following risks, among others, that could have a material adverse effect on our operating performance:

- Our business is susceptible to changes in the U.S. defense budget, which may reduce revenues that we expect from our defense business.
- The U.S. government may not appropriate funding that we expect for our U.S. government contracts, which may prevent us from realizing revenues under current contracts or receiving additional orders that we anticipate we will receive.
- Most of our government contracts are fixed-price contracts, and our actual costs may exceed our projected costs, which could result in lower profits or net losses under these contracts.
- We are required to spend significant sums on product development and testing, bid and proposal activities and pre-contract engineering, tooling and design activities in competitions to have the opportunity to be awarded these contracts.
- Competitions for the award of defense truck contracts are intense, and we cannot provide any assurance that we will be successful in the defense truck procurement competitions in which we participate.
- Certain of our government contracts could be suspended or terminated and all such contracts expire in the future and may not be replaced, which could reduce expected revenues from these contracts.

- Our defense products undergo rigorous testing by the customer and are subject to highly technical requirements. Any failure to pass these tests or to comply with these requirements could result in unanticipated retrofit costs, delayed acceptance of trucks or late or no payments under such contracts.
- Our government contracts are subject to audit, which could result in adjustments of our costs and prices under these contracts.
- Our defense truck contracts are large in size and require significant personnel and production resources, and when such contracts end, we must make adjustments to personnel and production resources.
- We are also currently experiencing difficulties with sourcing sufficient vehicle carcasses to maintain our defense truck remanufacturing schedule, which creates uncertainty for this area of our business in the short-term.

If we are unable to successfully turnaround the profitability of our Geesink Norba Group, then we may be required to record a non-cash impairment charge for Geesink Norba Group goodwill.

During fiscal 2004 and 2005, the Geesink Norba Group operated at a loss due to the weak European economy, declines in selling prices in its markets, operational inefficiencies and increased material, labor and warranty costs related to the launch of a new Geesink-branded rear loader. Although the Geesink Norba Group operated at a profit in fiscal 2006, the Geesink Norba Group operated at a loss in the first six months of fiscal 2007 due to soft demand for its products in the United Kingdom, the lack of available chassis for mounting refuse packers in France and some market share losses, and it is possible that this trend will continue throughout fiscal 2007. Although we have taken steps to turn around the business of the Geesink Norba Group, including reducing its work force, idling a facility, installing new executive leadership, integrating operations with JLG, implementing lean manufacturing practices, introducing new products and outsourcing components to lower cost manufacturing sites, we cannot provide any assurance that the Geesink Norba Group will be able to operate profitably or that such activities will be successful. In addition, we may incur costs to continue to implement any such turnaround beyond our current expectations for such costs. Further, if we are unable to continue to turn around the business of the Geesink Norba Group, then we may be required to record a non-cash impairment charge for Geesink Norba Group goodwill, and there could be other material adverse effects on our net sales, financial condition, profitability and/or cash flows.

We are expanding international operations, the conduct of which subjects us to risks that may have a material adverse effect on our business.

For the fiscal year ended September 30, 2006, approximately 17.7% of our net sales were attributable to products sold outside of the United States, and JLG had $610.7 million of revenues from outside of the United States in its fiscal year ended July 31, 2006. Expanding international sales is a part of our growth strategy. International operations and sales are subject to various risks, including political, religious and economic instability, local labor market conditions, the imposition of foreign tariffs and other trade barriers, the impact of foreign government regulations and the effects of income and withholding taxes, governmental expropriation and differences in business practices. We may incur increased costs and experience delays or disruptions in product deliveries and payments in connection with international

manufacturing and sales that could cause loss of revenues and earnings. Unfavorable changes in the political, regulatory and business climate could have a material adverse effect on our net sales, financial condition, profitability and/or cash flows.

We are subject to fluctuations in exchange rates and other risks associated with our non-U.S. operations that could adversely affect our results of operations and may significantly affect the comparability of our results between financial periods.

The results of operations and financial condition of our subsidiaries that conduct operations in foreign countries are reported in the relevant foreign currencies and then translated into U.S. dollars at the applicable exchange rates for inclusion in our consolidated financial statements, which are stated in U.S. dollars. In addition, we have significant firm orders in backlog that are denominated in Euros, U.K. Pounds Sterling and other currencies and certain agreements with subcontractors denominated in these currencies, which will subject us to foreign currency transaction risk to the extent they are not hedged. Our acquisition of JLG has increased our exposure to foreign currency transaction risk as JLG generates a significant portion of its revenues in foreign currencies, including Euros, U.K. Pounds Sterling and other currencies. We actively strive to hedge these foreign currency transaction risks but cannot provide assurance that we will be successful in doing so. The exchange rates between many of these currencies and the U.S. dollar have fluctuated significantly in recent years and may fluctuate significantly in the future. Such fluctuations, in particular those with respect to the Euro and the U.K. Pound Sterling, may have a material effect on our net sales, financial condition, profitability and/or cash flows and may significantly affect the comparability of our results between financial periods.

We may experience losses in our access equipment segment in excess of our recorded reserves for doubtful accounts, finance and pledged finance receivables, notes receivable and guarantees of indebtedness of others.

As a result of our acquisition of JLG, we have a portfolio of finance receivables with customers in our access equipment segment and we are a party to agreements whereby we guarantee the indebtedness of customers in our access equipment segment. We evaluate the collectibility of open accounts, finance and pledged finance receivables, notes receivables and our guarantees of indebtedness of others based on a combination of factors and establish reserves based on our estimates of potential losses. In circumstances where we believe it is probable that a specific customer will have difficulty meeting its financial obligations, a specific reserve is recorded to reduce the net recognized receivable to the amount we expect to collect, and/or we recognize a liability for a guarantee we expect to pay, taking into account any amounts that we would anticipate realizing if we are forced to take action against the equipment that supports the customer's financial obligations to us. We also establish additional reserves based upon our perception of the quality of the current receivables, the current financial position of our customers and past collections experience. The historical loss experience of our finance receivables portfolio is limited, however, and therefore may not be indicative of future losses. We also face a concentration of credit risk with JLG's top ten customers representing approximately 50% of JLG's sales. Furthermore, some of these customers are highly leveraged. We may incur losses in excess of our recorded reserves if the financial condition of our customers were to deteriorate or the full amount of any anticipated proceeds from the sale of the collateral supporting our customers' financial obligations is not realized.

A disruption or termination of the supply of parts, materials, components and final assemblies from third-party suppliers could delay sales of our vehicles and vehicle bodies.

We have experienced, and may in the future experience, significant disruption or termination of the supply of some of our parts, materials, components and final assemblies that we obtain from sole source suppliers or subcontractors or incur a significant increase in the cost of these parts, materials, components or final assemblies. Such disruptions, terminations or cost increases could delay sales of our vehicles and vehicle bodies and could result in a material adverse effect on our net sales, financial condition, profitability and/or cash flows.

Competition in our industries is intense and we may not be able to continue to compete successfully.

We operate in highly competitive industries. Several of our competitors have greater financial, marketing, manufacturing and distribution resources than us and we are facing competitive pricing from new entrants in certain markets. Our products may not continue to compete successfully with the products of competitors, and we may not be able to retain or increase our customer base or to improve or maintain our profit margins on sales to our customers, all of which could adversely affect our net sales, financial condition, profitability and/or cash flows.

Item 9.01 . Financial Statements and Exhibits .

(a) Not applicable.

(b) Not applicable.

(c) Not applicable.

(d) Exhibits . The following exhibits are being furnished herewith:

(99.1) Oshkosh Truck Corporation Press Release dated May 3, 2007.

(99.2) Script for conference call held May 3, 2007.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

OSHKOSH TRUCK CORPORATION

Date: May 3, 2007

By: /s/ Charles L. Szews
Charles L. Szews
Executive Vice President and
Chief Financial Officer

OSHKOSH TRUCK CORPORATION

Exhibit Index to Current Report on Form 8-K
Dated May 3, 2007

Exhibit Number	
(99.1)	Oshkosh Truck Corporation Press Release dated May 3, 2007.
(99.2)	Script for conference call held May 3, 2007.

OSHKOSH TRUCK CORPORATION

FOR IMMEDIATE RELEASE

For more information contact:

Patrick Davidson
Vice President, Investor Relations
(920) 966-5939

OSHKOSH TRUCK REPORTS HIGHER SECOND QUARTER EPS OF $0.68

REPAID $221 MILLION OF DEBT

REPOSITIONS EUROPEAN REFUSE FOR IMPROVED RESULTS

INCREASES JLG OUTLOOK; AND REAFFIRMS FISCAL 2007 EPS ESTIMATE RANGE OF $3.15 — $3.25

OSHKOSH, WIS. (May 3, 2007) – Oshkosh Truck Corporation (NYSE: OSK), a leading manufacturer of specialty vehicles and vehicle bodies, today reported that, for its second quarter of fiscal 2007, earnings per share ("EPS") were $0.68, on sales of $1.7 billion and net income of $50.9 million. These results compare with EPS of $0.67 on sales of $844.8 million and net income of $49.8 million for last year's second quarter. Oshkosh's EPS exceeded the Company's most recent earnings estimate range for the quarter of $0.50 — $0.57 per share. Oshkosh also reaffirmed its estimated range of fiscal 2007 earnings per share of $3.15 — $3.25.

Sales in the second quarter of fiscal 2007 nearly doubled, increasing 96.6 percent as compared to the second quarter of fiscal 2006. The recent acquisition of JLG Industries, Inc. ("JLG") contributed sales of $707.9 million to the second quarter of fiscal 2007. Sales also grew in the Company's fire and emergency and commercial segments, while the Company's defense segment sales declined due to an anticipated decrease in parts and service sales.

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Operating income increased 69.1 percent to $134.8 million, or 8.1 percent of sales. The Company's access equipment segment contributed operating income of $53.2 million. Operating income grew at double-digit percentages in the fire and emergency and commercial segments, while the defense segment experienced a double-digit percentage decrease in operating income.

Commenting on the results, Robert G. Bohn, chairman, president and chief executive officer, said, "We're pleased with this most recent performance, and especially encouraged by the strength we continue to experience with JLG, which comprises our new access equipment segment. JLG is the latest and largest of Oshkosh Truck's acquisitions, and is proving to be the strong and transformational business that we thought it would be. In addition to the solid results from JLG this quarter, we also increased our sales and earnings expectations for JLG for fiscal 2007 and now expect the acquisition to be approximately $0.25 — $0.35 accretive to earnings in fiscal 2007."

Bohn continued, "This quarter, we also had a number of other important developments for the business. We announced a major contract renewal in our defense business and the award of an initial contract for Mine Resistant Ambush Protected ("MRAP") vehicles that could lead Oshkosh into a new product offering for the U.S. Department of Defense and allied nations. We believe we repositioned our European refuse operations for improved performance by commencing a plan to reduce the workforce, close a facility and relocate some fabrications to a lower-cost factory in Romania.

"Also, our entire team contributed to deliver exceptional cash flow during the quarter. We reduced our debt by $221 million during the second quarter, achieving our fiscal 2007 debt reduction target six months early. And, we were able to re-price our $2.6 billion term loan B at a 25 basis point lower spread, which will lower our expected interest costs over the next several years," concluded Bohn.

Factors affecting second quarter results for the Company's business segments included:

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Access equipment— Access equipment segment sales were $707.9 million for the quarter, while operating income was $53.2 million, or 7.5 percent of sales. These results included charges totaling 3.5 percent of sales, consisting of $8.5 million related to the revaluation of inventory at the acquisition date of JLG and $16.1 million related primarily to recurring amortization of intangible and tangible assets established in the preliminary purchase accounting for the JLG acquisition. Sales reflected strong demand in Europe for all products and for aerial work platforms in North America, but the segment experienced softer demand for traditional telehandler business in North America. Sales for the segment were 19.6 percent higher in the quarter than sales for JLG as a stand-alone company for the same period last year. JLG was dilutive to EPS for the second quarter by $0.02 per share. The Company had previously estimated that JLG would be dilutive to second quarter EPS by $0.10 — $0.15 per share, but average borrowings during the quarter were lower than the Company's previous estimates.

Defense— Defense segment sales decreased 8.4 percent to $306.0 million for the quarter compared to the prior year's second quarter due to a decrease in parts and service sales. Truck sales were up slightly versus the comparable prior year quarter.

Operating income in the second quarter was down 19.8 percent to $52.8 million, or 17.3 percent of sales, compared to the prior year quarter operating income of $65.8 million, or 19.7 percent of sales. The decrease was primarily due to an unfavorable mix of truck sales and lower margins on the renewal of the Family of Heavy Tactical Vehicles contract.

Fire and emergency— Fire and emergency segment sales increased 32.9 percent to $294.2 million for the quarter compared to the prior year quarter. Operating income was up 54.6 percent to $27.6 million, or 9.4 percent of sales, compared to the prior year quarter operating income of $17.9 million, or 8.1 percent of sales. The acquisition of Oshkosh Specialty Vehicles ("OSV") contributed sales and operating income totaling $35.8 million and $2.2 million, respectively, in the quarter. OSV results included a charge of $1.6 million related to the revaluation of inventory at the acquisition date of OSV. The 16.8 percent increase in sales for other businesses in the segment reflected double-digit percentage increases in sales of fire apparatus, towing products and airport products. In the second quarter of the prior year, two separate supplier component issues precluded revenue recognition of 70 fire trucks involving sales of $13.6 million and operating income of $2.0 million. The operating income margin for the segment increased largely due to improved margins at the Company's domestic fire apparatus business as a result of ongoing cost reduction initiatives.

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Commercial— Commercial segment sales increased 20.9 percent to $361.9 million in the second quarter compared to the prior year quarter. Operating income increased 44.3 percent to $22.1 million, or 6.1 percent of sales, compared to $15.3 million, or 5.1 percent of sales, in the prior year quarter. The acquisition of Iowa Mold Tooling Co., Inc. ("IMT") contributed sales and operating income totaling $28.8 million and $3.9 million, respectively, in the quarter. The 11.2 percent increase in sales for other businesses in the segment was largely driven by higher unit sales volume at the Company's domestic operations involving sales of chassis with 2006 diesel engines, which more than offset lower sales at the Company's European refuse business. The increase in operating income for these businesses was largely due to higher pricing and higher production volumes in North America offset in part by a loss sustained at the Company's European refuse operations. The Company's European refuse operations had an operating loss of $6.2 million in the second quarter of fiscal 2007 compared with operating income of $1.6 million in the second quarter of fiscal 2006. The operating loss resulted from charges totaling $4.9 million for workforce reductions and other adjustments and lower unit volumes.

Corporate and other— Operating expenses and inter-segment profit elimination increased $1.6 million to $20.9 million. The increase in the second quarter was largely due to higher personnel costs and integration costs associated with the acquisition of JLG. Interest expense net of interest income for the quarter increased $61.2 million to $61.0 million compared to the prior year quarter. Higher interest costs were due to additional acquisition-related debt primarily for the acquisition of JLG.

The provision for income taxes in the second quarter decreased to 36.0 percent of pre-tax income compared to 38.0 percent of pre-tax income in the prior year quarter. The lower effective tax rate reflected the impacts of the JLG acquisition and the reinstatement of the federal research and development tax credit.

Equity in earnings of unconsolidated affiliates increased to $2.9 million during the second quarter compared to $0.4 million in the prior year quarter due to improved performance of an affiliate in Mexico and the addition of a joint venture in Europe which was acquired in the acquisition of JLG.

Total debt decreased $220.7 million during the second quarter to $3.1 billion at March 31, 2007 as compared to $3.3 billion at December 31, 2006 due primarily to the repayment of the revolving line of credit as a result of the receipt of customer advances.

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Six-month Results

The Company reported that earnings per share decreased 11.5 percent to $1.23 per share for the first six months of fiscal 2007 on sales of $2.7 billion and net income of $92.1 million compared to $1.39 per share for the first six months of fiscal 2006 on sales of $1.6 billion and net income of $102.9 million. The JLG acquisition contributed significantly to both the increase in sales and decrease in net income compared to the prior year. Due to the impact of certain purchase accounting adjustments and the closing of the JLG acquisition during the seasonally slow holiday period, the acquisition of JLG was dilutive to EPS for the first six months of fiscal 2007 by $0.15 per share. Lower defense sales and operating income, due to an adverse truck product mix and lower parts and service sales, also contributed to the decline in EPS for the first half of fiscal 2007.

Operating income increased 31.0 percent to $218.4 million, or 8.2 percent of sales, in the first six months of fiscal 2007 compared to $166.7 million, or 10.2 percent of sales, in the first six months of fiscal 2006. The increase in operating income compared to the prior year was driven primarily by the JLG acquisition.

Fiscal 2007 Estimates

The Company reaffirmed its estimated range of fiscal 2007 earnings per share to be between $3.15 and $3.25 per share compared to $2.76 per share in fiscal 2006. This estimate range reflects the Company's better than anticipated financial performance during the second quarter of fiscal 2007, and that the Company now expects $50 million of lower defense parts and service sales in the second half of fiscal 2007 as a service contract was awarded to the Company later than anticipated. The estimate range also recognizes the challenges the Company expects to face throughout the balance of fiscal 2007. The Company expects its earnings per share in the third quarter of fiscal 2007 to be between $0.90 and $0.95 per share compared to $0.72 per share in the third quarter of fiscal 2006 due to a shift in defense sales from the first to the second half of the fiscal year, and as JLG is expected to be $ 0.20 to $0.25 per share accretive to earnings in the third quarter.

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Dividend Announcement

Oshkosh Truck Corporation's Board of Directors declared a quarterly dividend of $0.10 per share of Common Stock. The dividend, unchanged from the immediately preceding quarter, will be payable May 25, 2007, to shareholders of record as of May 17, 2007.

The Company will comment on second quarter earnings and expectations for the remainder of fiscal 2007 during a conference call at 9:00 a.m. Eastern Daylight Time this morning. Viewer-controlled slides for the call will be available on the Company's website beginning at 8:00 a.m. Eastern Daylight Time this morning. The call will be webcast simultaneously over the Internet. To access the webcast, investors should go to www.oshkoshtruckcorporation.com at least 15 minutes prior to the event and follow instructions for listening to the broadcast. An audio replay of the call and related question and answer session will be available for twelve months at this website.

Oshkosh Truck Corporation is a leading designer, manufacturer and marketer of a broad range of specialty access equipment, military, commercial and fire and emergency vehicles and vehicle bodies. Oshkosh's products are valued worldwide by rental and construction companies, defense forces, fire and emergency units, municipal and airport support services, and concrete placement and refuse businesses where high quality, superior performance, rugged reliability and long-term value are paramount.

Forward-Looking Statements

This press release contains statements that the Company believes to be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact, including, without limitation, statements regarding the Company's future financial position, business strategy, targets, projected sales, costs, earnings, capital expenditures, debt levels and cash flows, and plans and objectives of management for future operations, are forward-looking statements. When used in this press release, words such as "may," "will," "expect," "intend,""estimate," "anticipate," "believe," "should,""project" or "plan" or the negative thereof or variations thereon or similar terminology are generally intended to identify forward-looking statements. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties, assumptions and other factors, some of which are beyond the Company's control, that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. These factors include the challenges of integrating the acquired JLG, OSV and IMT businesses; the consequences of financial leverage associated with the JLG acquisition; the Company's ability to turn around its Geesink Norba Group and Medtec businesses; the cyclical nature of the Company's access equipment, commercial and fire and emergency markets; risks related to reductions in government expenditures and the uncertainty of government contracts; the availability of defense truck carcasses for remanufacturing; risks associated with international operations and sales, including foreign currency fluctuations; and risks related to the collectibility of access equipment receivables. In addition, the Company's expectations for fiscal 2007 are based in part on certain assumptions made by the Company, including without limitation, those relating to the Company's ability to integrate JLG, OSV and IMT and achieve targeted sales, operating income and synergies for each acquisition; the Company's estimates of non-cash purchase accounting adjustments relating to the JLG acquisition; the Company's ability to turn around the Geesink Norba Group and Medtec businesses sufficiently to support their current valuations resulting in no impairment charges; the Company's ability to adjust its operating expenses in certain of its businesses due to anticipated lower industry demand in the

second half of fiscal 2007 resulting from changes to diesel engine emissions standards effective January 1, 2007; the Company's estimates for the level of concrete placement activity, housing starts, non-residential construction spending and mortgage rates; the performance of the U.S. and European economies generally; the Company's expectations as to timing of receipt of sales orders and payments and execution and funding of defense contracts; the Company's ability to achieve cost reductions and operating efficiencies, in particular at JLG, McNeilus, the Geesink Norba Group and Medtec; the anticipated level of production and margins associated with the Family of Heavy Tactical Vehicles contract, the Indefinite Demand/Indefinite Quantity truck remanufacturing contract, the Medium Tactical Vehicle Replacement follow-on contract, the Logistics Vehicle System Replacement contract, the Mine Resistant Ambush Protected vehicle contract and international defense truck contracts; the expected level and timing of U.S. Department of Defense procurement of replacement parts and services and funding thereof; the Company's ability to increase production of defense trucks to planned levels for the second half of fiscal 2007; the Company's estimates for capital expenditures of rental and construction companies for JLG's products, of municipalities for fire and emergency and refuse products, of airports for aircraft rescue and snow removal products and of large commercial waste haulers generally and with the Company; federal funding levels for U.S. Department of Homeland Security and spending by governmental entities on homeland security apparatus; the Company's estimates of the impact of changing fuel prices and credit availability on capital spending of towing operators; the Company's planned spending on product development and bid and proposal activities with respect to defense truck procurement competitions and the outcome of such competitions; the expected level of commercial "package" body and purchased chassis sales compared to "body only" sales; anticipated levels of capital expenditures; the Company's estimates for costs relating to litigation, product warranty, product liability, insurance, stock options and restricted stock awards, bad debts, personnel and raw materials; the Company's estimates for debt levels, interest rates, working capital needs and effective tax rates; and that the Company does not complete any further acquisitions in the short term. Additional information concerning these and other factors is contained in the Company's filings with the Securities and Exchange Commission, including the Form 8-K filed today.

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OSHKOSH TRUCK CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2007	2006	2007	2006
	(In millions, except share and per share amounts)			
Net sales	$ 1,660.7	$ 844.8	$ 2,667.5	$ 1,635.1
Cost of sales	1,386.4	695.4	2,220.5	1,336.8
Gross income	274.3	149.4	447.0	298.3
Operating expenses:				
Selling, general and administrative	120.8	67.8	202.8	127.8
Amortization of purchased intangibles	18.7	1.9	25.8	3.8
Total operating expenses	139.5	69.7	228.6	131.6
Operating income	134.8	79.7	218.4	166.7
Other income (expense):				
Interest expense	(63.1)	(1.2)	(83.9)	(2.9)
Interest income	2.1	1.4	2.8	2.8
Miscellaneous, net	0.8	(0.2)	0.5	(0.4)
	(60.2)	--	(80.6)	(0.5)
Income before provision for income taxes, equity in earnings of unconsolidated affiliates and minority interest	74.6	79.7	137.8	166.2
Provision for income taxes	26.8	30.3	49.6	64.0
Income before equity in earnings of unconsolidated affiliates and minority interest	47.8	49.4	88.2	102.2
Equity in earnings of unconsolidated affiliates, net of income taxes	2.9	0.4	3.9	1.0
Minority interest, net of income taxes	0.2	--	--	(0.3)
Net income	$ 50.9	$ 49.8	$ 92.1	$ 102.9

Earnings per share				
Basic	**$ 0.69**	**$ 0.68**	**$ 1.25**	**$ 1.41**
Diluted	**$ 0.68**	**$ 0.67**	**$ 1.23**	**$ 1.39**
Basic weighted average shares outstanding	**73,536**	**73,174**	**73,444**	**73,111**
Effect of dilutive securities:				
Stock options and incentive compensation awards	**1,236**	**1,233**	**1,242**	**1,172**
Diluted weighted average shares outstanding	**74,772**	**74,407**	**74,686**	**74,283**

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OSHKOSH TRUCK CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	March 31, 2007	September 30, 2006
	(In millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 46.8**	**$ 22.0**
Receivables, net	**831.8**	**317.9**
Inventories, net	**1,041.5**	**589.8**
Deferred income taxes	**76.0**	**53.2**
Other current assets	**56.9**	**20.5**
Total current assets	**2,053.0**	**1,003.4**
Investment in unconsolidated affiliates	**27.1**	**19.3**
Property, plant and equipment	**633.8**	**416.8**
Less accumulated depreciation	**(210.3)**	**(184.9)**
Property, plant and equipment, net	**423.5**	**231.9**
Goodwill, net	**2,419.8**	**558.7**
Purchased intangible assets, net	**1,182.1**	**219.2**
Other long-term assets	**157.6**	**78.4**
Total assets	**$ 6,263.1**	**$ 2,110.9**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Revolving credit facility and current maturities of long-term debt	**$ 97.8**	**$ 87.5**
Accounts payable	**560.7**	**236.5**
Customer advances	**424.1**	**266.7**
Floor plan notes payable	**55.6**	**48.4**
Payroll-related obligations	**88.9**	**59.4**
Income taxes payable	**23.2**	**12.8**
Other current liabilities	**275.1**	**170.7**
Total current liabilities	**1,525.4**	**882.0**
Long-term debt, less current maturities	**3,014.2**	**2.2**
Deferred income taxes	**431.1**	**100.0**
Other long-term liabilities	**118.6**	**61.0**
Commitments and contingencies		
Minority interest	**3.9**	**3.8**
Shareholders' equity	**1,169.9**	**1,061.9**

Total liabilities and shareholders' equity	**$ 6,263.1**	**$ 2,110.9**

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OSHKOSH TRUCK CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended March 31,	
	2007	2006
	(In millions)	
Operating activities:		
Net income	$ 92.1	$ 102.9
Non-cash and other adjustments	52.2	19.7
Changes in operating assets and liabilities	101.1	(113.5)
Net cash provided by operating activities	245.4	9.1
Investing activities:		
Acquisition of businesses, net of cash acquired	(3,140.4)	--
Additions to property, plant and equipment	(26.2)	(30.6)
Additions to equipment held for rental	(14.6)	--
Proceeds from sale of property, plant and equipment	0.5	0.1
Proceeds from sale of equipment held for rental	1.8	--
Distribution of capital from unconsolidated affiliates	1.5	--
Decrease in other long-term assets	0.4	--
Net cash used by investing activities	(3,177.0)	(30.5)
Financing activities:		
Issuance of long-term debt	3,100.0	--
Debt issuance costs	(34.9)	--
Repayment of long-term debt	(19.5)	(0.2)
Net (repayments) borrowings under revolving credit facility	(81.8)	0.3
Proceeds from exercise of stock options	4.0	2.5
Excess tax benefits from stock-based compensation	3.4	2.7
Dividends paid	(14.8)	(12.3)
Net cash provided (used) by financing activities	2,956.4	(7.0)
Effect of exchange rate changes on cash	--	(0.3)
Increase (decrease) in cash and cash equivalents	24.8	(28.7)
Cash and cash equivalents at beginning of period	22.0	127.5
Cash and cash equivalents at end of period	$ 46.8	$ 98.8
Supplementary disclosure:		
Depreciation and amortization	$ 55.8	$ 17.4

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SEGMENT INFORMATION
(Unaudited)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2007	2006	2007	2006
	(In millions)			
Net sales to unaffiliated customers:				
Access equipment	$ 707.9	$ --	$ 825.6	$ --
Defense	306.0	334.2	617.7	697.3
Fire and emergency	294.2	221.3	560.2	437.7
Commercial	361.9	299.5	680.9	520.7
Intersegment eliminations	(9.3)	(10.2)	(16.9)	(20.6)
Consolidated	$ 1,660.7	$ 844.8	$ 2,667.5	$ 1,635.1
Operating income (loss):				
Access equipment	$ 53.2	$ --	$ 55.6	$ --
Defense	52.8	65.8	107.4	138.4
Fire and emergency	27.6	17.9	52.2	38.8
Commercial	22.1	15.3	42.9	23.6
Corporate and other	(20.9)	(19.3)	(39.7)	(34.1)
Consolidated	$ 134.8	$ 79.7	$ 218.4	$ 166.7
Period-end backlog:				
Access equipment			$ 1,289.5	$ --
Defense			1,726.1	1,182.2
Fire and emergency			637.0	569.3
Commercial			296.6	430.3
Consolidated			$ 3,949.2	$ 2,181.8

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Pat Davidson

Good morning and thanks for joining us this morning. Earlier today we published our second quarter results for fiscal 2007. A copy of the release is available on our website at www.oshkoshtruckcorporation.com . Today's call is being broadcast live via the Internet at our website and is accompanied by a slide presentation, also available on our website. Later today, an audio replay of this call will be posted to the site. The replay and slide presentation will be available on the web for approximately 12 months. Please now refer to slide 2 of that slide presentation.

Our remarks that follow, including answers to your questions, include statements that we believe to be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act. These forward-looking statements are subject to risks that could cause actual results to be materially different. Those risks include, among others, matters that we have described in our Form 8-K filed with the SEC this morning and other filings we make with the SEC. Except as described in the Form 8-K, we disclaim any obligation to update these forward looking statements, which may not be updated until our next quarterly earnings conference call, if at all.

Occasionally today, we will refer to "previous estimates." We made or updated such estimates during our first quarter earnings conference call on February 2, 2007.

Presenting today are Bob Bohn, Chairman, President and Chief Executive Officer of Oshkosh Truck and Charlie Szews, Executive Vice President and Chief Financial Officer of Oshkosh Truck and President of our subsidiary, JLG.

Let's get started by turning to slide 3 and I'll turn it over to Bob.

Bob Bohn

Thank you, Pat. Good morning everyone and thank you for joining us.

Oshkosh Q2 2007 Highlights

This is our first reporting period with JLG results included for the full quarter. This is a very significant event for us, and we are proud to report such a strong quarter for this business as part of our company. I know this is an area of great interest for you and we'll certainly provide you with an update and color on our progress with integration.

For the quarter, we were able to outperform the expectations that we set out for ourselves in our last conference call with you back on February 2.

With JLG a part of the company for the entire quarter, we posted our biggest ever quarter for sales revenue, $1.66 billion. Operating income also grew substantially to $134.8 million, as we were able to exceed our own forecast for the quarter and achieve growth in both the top and bottom lines for the quarter.

Earnings per share came in at $0.68, or 1.5% higher than in last year's second quarter. That's a significant achievement right after a transforming acquisition and during a time when our defense business is heavily weighted to the back half of the fiscal year.

In addition to the strong performance in the quarter, we also had some very significant contract award announcements in our defense business, which give us greater confidence and predictability in our business going forward.

We also paid down $221 million of debt during the quarter, bringing our leverage down much faster than we had originally planned. This reduces our business risk profile and allows us to get on with what we do best, growing businesses. Now, let's spend some time reviewing the highlights for each segment before I turn it over to Charlie.

Please turn to slide 4.

Access Equipment

As I just mentioned, this is a proud quarter for us as it is our first full quarter with JLG as part of the company. And, I am proud to announce that the team did a great job and has met our expectations and probably even exceeded them a little bit. We are experiencing strong demand for our aerial work platforms and telehandlers in our international markets. Throughout the European continent and up and down the product line, we are feeling the effects of strong construction activity and work-at-height regulations that are creating needs for our aerial products.

In North America, our aerial work platform sales remained strong and continued to drive our solid performance, but we experienced softer demand for our traditional telehandler products, which have greater exposure to the residential construction markets. Overall, telehandler sales were up in North America due to added volume from the production of the Caterpillar ® telehander product line. Even if weakness persists in residential construction, we believe we are well positioned as the industry leader in sales of telehandlers. We believe that our strong stable of North American telehandler brands and outstanding reputation for service and support, as well as our growing alliance producing the Caterpillar ® telehandler product line, have us in a very strong competitive position.

We experienced that strength just last week at the BAUMA show in Munich. Among the largest gathering of construction equipment manufacturers and customers in the world, JLG impressed the swarms of attendees that crowded our booth for much of the show! I know that some of you listening in today were there and experienced the strength of the cream and orange as it signaled attendees to come over and check out the product lineup. I'd like to speak about it some more, but I don't want to steal Charlie's thunder. I'll leave the details for him to discuss.

Please move with me to slide 5.

Defense

As we told you on the last call, we anticipated that the timing of some contracts and delivery schedules would cause our fiscal year 2007 to be a bit choppy when compared to our 2006 results. This was the case in the first quarter and again in the second quarter as truck deliveries are heavily weighted to the second half of fiscal 2007. Additionally, we've been talking about margins moving to a lower, more sustainable level, and that has started to occur as we begin to roll off some of the higher margin contracts and begin working off of the more recent, lower margin contracts. As a result, we reported both lower sales and lower operating income in this segment. However, our outlook remains strong as we expect orders for heavy tactical trucks to support a strong second half in fiscal 2007.

This past quarter was very strong in terms of contracts for the defense group. John Stoddart and his team announced several new agreements. They include:

- The FHTV, or Family of Heavy Tactical Vehicles, contract which was renewed for $878 million.
- New MRAP, or Mine Resistant Ambush Protected, vehicle orders were received for 4 prototypes and 100 low rate initial production units. These vehicles are urgently needed to protect our troops in combat.
- The TPER, or Theater Provided Equipment Refurbishment, contract for both FHTV and Line Haul vehicles was awarded to Oshkosh. It allows us to leverage our service and repair expertise and grow our defense business at the same time.
- And finally, our MTT, or Medium Tactical Truck, which was specifically designed for international military applications, has gained its first international customers. We expect that this product will be attractive to other nations looking for strong value in tactical military trucks.

While we reported lower sales and operating income for the front half of the year in this segment, we expect that the back half of the year will be up sharply. We have been busy hiring people, as we told you we would be doing on the last call, increasing employment in our factories to support the increased production requirements we have for our military equipment. Additionally, the large amount of funding for Oshkosh-produced vehicles in the 2007 federal budget and supplemental spending bill support a strong outlook for 2008 as well.

The significant equipment needs for our armed forces as well as the strong budget and supplementals are strong evidence that our defense business is healthy, and we do not see this changing in the near term.

Please turn to slide 6.

Fire & Emergency

Pierce again provided the strength in another solid quarter from our fire and emergency segment. Not only is their current business strong, but we expect to build on that strength with our latest new product the PUC, or the Pierce Ultimate Configuration. We unveiled the PUC to

approximately 2,500 spectators at the recent Fire Department Instructors Conference in Indianapolis and customer response has been very enthusiastic.

The PUC multi-purpose response vehicle has the potential to change the fire truck industry, and we consider it to be the biggest innovation since the development of the first custom fire chassis. We eliminated the bulky pump house by locating the water pump underneath the vehicle cab. This improves maneuverability of the chassis, positions hoses and fire system controls for ergonomic access, eases service by simply tilting the cab to gain access to the pump and dramatically increases equipment storage space. We invite you to go to www.piercemfg.com to see the exciting innovation for yourself.

The continued strength of our Striker rescue vehicles was also evident with another strong performance in our airport products business. These are the aircraft rescue & firefighting, or ARFF, vehicles of the type that are required in all major airports around the world. And, our JerrDan brand of towing equipment is exhibiting yet another year of solid growth.

Additionally in the second quarter, we took the opportunity to consolidate work at our recently acquired subsidiary, Oshkosh Specialty Vehicles, by moving some manufacturing from Riverside, California to our facilities just south of Chicago and in Clearwater, Florida. This allows us to better utilize our existing OSV facilities and also provides a facility for us to use in expanding our JLG service business in California.

Please turn to slide 7.

Commercial

We experienced improved margins in the North American concrete and refuse businesses, as we finally benefited from higher pricing just to recover the higher steel costs since mid-2004 and we benefited from the carryover of chassis orders with 2006 emissions-compliant engines. We are still forecasting a decline in this segment in the back half of fiscal 2007, with the decline being much steeper in the concrete business than in the refuse business.

In addition to the benefits described earlier, the JLG acquisition has given us the opportunity to rightsize and place our European refuse business on more solid footing. We announced a reduction in workforce and will be discontinuing operations at our Maarheeze, Netherlands facility. Additionally, we expect to leverage our Geesink Norba Group Romanian factory to serve as a supplier for JLG and its aerial products. The eastern European operation will serve as a cost effective supplier of large weldments and fabrications, and we will expand the operation to manufacture parts for both the Geesink Norba Group and JLG. We believe that these actions will result in annual savings for the Geesink Norba Group of over 7 million euro beginning in fiscal 2008 and then expect the savings to grow as we move more work there. We recorded charges of $4.9 million in the quarter just reported related to these workforce reductions and other adjustments. So, while we have made some tough decisions, we believe they are the right decisions and position our European refuse business for growth going forward.

The integration of Iowa Mold Tooling remains on track, with solid results and continued integration into the Oshkosh family. We continue to forecast strong margins, somewhere north of 10%, for this component of the commercial segment.

Please turn to slide 8.

JLG Integration Update

As I mentioned earlier, we are very happy with the progress of JLG and its integration into the Oshkosh family. Oshkosh purchased JLG because of its market leadership, outstanding products and strong growth prospects as a world leader in aerial work platforms and telehandlers. We bought JLG to grow the business and invest in its future, a future that we expect to contribute to a stronger Oshkosh Truck Corporation going forward. Right now, I'll turn it over to the man who has been busy running the show and working with the very strong operating team at JLG, Charlie Szews.

Charlie Szews

Thanks, Bob. I am very happy to report that we have met or surpassed all of the major 100 day goals that we set out for ourselves when we acquired JLG back in December. When this process began, we formed teams comprised of individuals from both Oshkosh and JLG, and each is co-championed by leaders from both Oshkosh and JLG to deliver against our goals. I won't go into all of the details, but some of the key measures include milestones based on sales, operating income, cash flow, procurement synergies, product investments, customer service and organizational support in the administrative functions.

Furthermore, I have met with many of our largest customers from around the globe and anywhere I have traveled, the customer response has been similar: a very loyal customer base with a passion for the cream and orange of JLG. Our booth at the BAUMA trade show last week was well attended and we were able to forge some long-term relationships. These strong relationships are reflected in our positive outlook for the access segment.

Since we have experienced so much success with the JLG integration, it comes as no surprise that we expect to surpass the targets that we previously set for ourselves when we began the integration. As such, we will be updating our revenue and operating earnings targets for this business a little bit later in this call.

And finally, we've said it before, but it bears repeating, the similar cultures of JLG and Oshkosh Truck are permitting our integration teams to make swift and sustainable progress. Open communication and shared values have paved the way for significant investments in the business and I want to acknowledge these activities on this call. It is a tribute to the hard work and dedication of individuals from both companies and their coming together as a team to bring success in this endeavor. Let's now review the financial performance of the consolidated company and the primary business segments.

Please turn to slide 9.

Consolidated Results

Consolidated net sales of $1.66 billion were up 96.6%. Access equipment contributed sales of $707.9 million, which helped to offset an anticipated decline in defense revenues, which was communicated during last quarter's conference call. Operating income was up 69.1% to $134.8 million and EPS followed at $0.68, a 1.5% increase. The EPS increase was lower than the operating income increase due to the additional interest expense associated primarily with the borrowings for the JLG acquisition. Operating income margin was down to 8.1%, due primarily to purchase accounting expenses related to the JLG acquisition and the mix of defense segment products.

JLG's strong performance and Oshkosh's aggressive debt repayment during the second quarter meant that JLG was $0.02 per share dilutive to our EPS. We had forecasted dilution of $0.10 to $0.15.

Corporate operating expenses and inter-segment profit elimination rose $1.6 million to $20.9 million in the second quarter of fiscal 2007 compared to the second quarter of fiscal 2006 largely due to higher personnel costs and JLG integration costs.

Interest expense net of interest income increased $61.2 million to $61.0 million due to additional acquisition-related debt. We expect the recent re-pricing of our Term Loan B to reduce our annual borrowing costs by about $6 million. And, we also entered into an interest rate swap agreement during the quarter which significantly limits our exposure to interest rate hikes in fiscal 2007 and 2008.

The effective income tax rate stayed at 36.0% for the quarter, but equity in earnings of unconsolidated affiliates rose to $2.9 million compared to $0.4 million in the prior year quarter due to improved performance of an affiliate in Mexico and the addition of a joint venture in Europe which was acquired with JLG. This all added up to our solid performance of $0.68 in EPS.

Now, let's take a look at each of the segments in detail.

Please turn to slide 10.

Access Equipment

In its first full quarter of Oshkosh ownership, access equipment recorded $707.9 million in revenue with sales up in all major regions. Sales for the segment were 19.6% higher in the quarter than sales for JLG as a stand-alone company for the same period last year. This led to operating income of $53.2 million and an operating income margin of 7.5%. This was very strong performance, especially when considering that we incurred charges of $8.5 million to revalue inventory as of the JLG acquisition date and $16.1 million for recurring amortization of intangible and tangible assets established in the preliminary purchase accounting for the acquisition.

The backlog for access equipment was $1.29 billion at March 31, 2007, which was up 26.0% compared to March 31, 2006, for JLG as a stand-alone company. This increase was driven entirely by our international operations.

Please turn to slide 11.

Defense

Much like last quarter, our defense business performance was solid in the second quarter, but sales are heavily weighted to the second half of fiscal 2007. We experienced sales of $306.0 million and operating income of $52.8 million. Product mix and lower margins on heavy tactical vehicles negatively impacted our margins for the quarter. We also had lower parts and service sales during the quarter.

We are having success bringing new employees on board for the expected surge in our heavy tactical truck assembly in the second half of fiscal 2007. We are also in the midst of resource planning for our 100 Category 1 MRAP vehicles and have the ability to significantly increase our capacity to assemble these highly necessary vehicles. Finally, our backlog at March 31, 2007 stands at $1.73 billion, up 46% compared to March 31, 2006, due in large part to the recently signed FHTV contract that we announced during the quarter.

Please turn to slide 12.

Fire & Emergency

Turning to fire and emergency, we saw sales increase 32.9% and operating income rise 54.6%, led by strong performances from Pierce, airport products and towing equipment. Oshkosh Specialty Vehicle contributed $35.8 million in sales and $2.2 million in operating income as we continue the integration. OSV results in the quarter included a $1.6 million charge related to the revaluation of inventory as of the OSV acquisition date. In the second quarter of the prior year, two separate supplier component issues precluded revenue recognition of 70 fire trucks involving sales of $13.6 million and operating income of $2.0 million. The operating income margin for the segment increased this quarter largely due to improved margins at the Company's domestic fire apparatus business, as a result of ongoing cost reduction initiatives.

The backlog for the fire and emergency segment was up 11.9% to $637 million at March 31, 2007 compared to March 31, 2006. Backlog for businesses other than Oshkosh Specialty Vehicles rose 6.2% at March 31, 2007 compared to March 31, 2006.

Please turn to slide 13.

Commercial

Wrapping it up with the commercial segment, we experienced another strong quarter of sales and operating income in the U.S. The pre-buy related to 2007 engine emissions changes is on the wane, but we still experienced solid results in this segment with a 20.9% increase in sales to $361.9 million and a 44.3% increase in operating income to $22.1 million.

As Bob mentioned, with synergies available to us from the JLG acquisition, we are taking appropriate actions to improve the financial performance of our European refuse business, which has been a drain on this segment's performance for some time. These actions were reflected in our second quarter results. So, while in February we stated that this business had adequate orders to be profitable in the second quarter, we experienced a loss of $6.2 million at this business during the quarter, due to charges totaling $4.9 million for workforce reductions and other adjustments and lower unit volume as some of those orders didn't ship as expected. We expect that salaried workforce reductions and a facility closure will reduce annual operating costs by 7 million euro. We expect that our Romanian factory will be able to support certain JLG fabrication requirements, creating a win-win situation for the two companies, as Geesink will benefit from increased absorption with a more fully utilized facility and JLG will gain a low-cost supplier of parts. We expect all these efforts to form a sustained turnaround at this business.

IMT, our service truck and truck mounted crane business which has largely been integrated into the Oshkosh family, had revenues of $28.8 million and operating income of $3.9 million for the quarter.

To reiterate our guidance from last quarter's call, we expect that our McNeilus concrete placement and refuse business revenues will decline in the back half of fiscal 2007 as we deplete our inventory of chassis with 2006 engines.

Finally, the backlog for the commercial segment was down 31.1% at March 31, 2007 compared to March 31, 2006 for the reasons just

described. Backlog for businesses other than IMT declined 34.9% compared to March 31, 2006.

Please turn to slide 14 and we will talk about updates to our guidance for the full fiscal year 2007, which assumes no acquisitions in the second half of fiscal 2007.

Oshkosh Fiscal 2007 Estimates

We expect revenues for the entire corporation to grow to a range of $6.1 to $6.2 billion. This is an increase of $50 million from our last update and reflects several changes among our segments. For access equipment, we are raising our sales estimate by $50 million to a range of $2.35 to $2.45 billion .

We expect our defense sales to pick up in the back half of the year and full-year growth will be approximately $100 to $150 million for the year, down about $50 million from our last update due to lower estimated parts and service revenue as the TPER contract started up later than anticipated.

We are positive on our outlook for our fire and emergency business sales, which we believe will increase by about $200 million for the year.

Finally, we anticipate commercial sales being essentially flat for the year, which is a modest increase from our previous guidance, where we stated that commercial would be down slightly.

Oshkosh Fiscal 2007 Estimates

Turning to slide 15, we expect our consolidated operating income to approximate $568 to $580 million in fiscal 2007, which is an increase of approximately 74-78% compared to fiscal 2006, but down from our previous estimates. We are now projecting higher access equipment operating income than previous estimates, but somewhat lower operating income than previous estimates in all other segments. We expect access equipment margins to approximate 9.5%, including purchase accounting charges totaling about $63 to $65 million. We continue to expect margins in defense to decline by 50 to 100 basis points. We believe that fire and emergency margins will be flat rather than up 50 basis points, reflecting benefits of cost reduction initiatives at Pierce, our domestic fire apparatus business, which are expected to be offset by start-up costs related to a facility expansion at our towing product business. Finally, we are projecting that commercial margins will decline by 50 to 100 basis points, reflecting losses at our European refuse business in fiscal 2007 offset in part by the benefits of price increases and cost reduction initiatives in North America and the acquisition of IMT.

Oshkosh Fiscal 2007 Estimates

Slide 16 wraps up some details by providing additional estimates of interest expense, taxes and other areas. We are lowering our estimated interest and other expense estimate to be in the range of $205 to $215 million, based on a projected weighted average interest rate of between 6.9% and 7.0%. We recently completed an amendment to our credit agreement, which lowered the pricing on our Term Loan B by 25 basis points. The lower interest expense estimate also incorporates our updated debt balance estimates for the remainder of the year.

We are still projecting a lower tax rate for the year at 36.0%. We are estimating a stronger contribution from equity in earnings at $5.5 million and we have lowered our estimate of average shares slightly to 75 million.

Please turn to slide 17.

Oshkosh Fiscal 2007 Estimates

So, to wrap up, we are still looking at a full year in which we expect EPS to be at $3.15 — $3.25 per share. This estimate range reflects the Company’s better than anticipated financial performance during the second quarter of fiscal 2007, and that the Company now expects $50 million of lower defense parts and service sales in the second half of fiscal 2007 as a service contract was awarded to the Company later than anticipated. The estimate range also recognizes the challenges the Company expects to face throughout the balance of fiscal 2007.

We are initiating our third quarter EPS guidance with a range of $0.90 to $0.95. This range is a 25% increase over last year’s $0.72 in the third quarter and is driven by a shift in defense revenues from the first half to the second half of the fiscal year and the accelerating impact of JLG on our bottom line. We expect JLG to be accretive to Oshkosh’s earnings in the third fiscal quarter by $0.20 to $0.25 per share as well as for the fiscal year by $0.25 to $0.35 per share.

We expect capital spending, excluding additions to rental equipment, to be $105 to $115 million for the full year. That's up potentially by $10 million from our previous estimates due to planned investments for manufacturing in Romania and for the MRAP contract. We expect to be carrying debt of between $3.0 and $3.1 billion at year-end, slightly lower than our previous estimate due to the strong cash flow generation we experienced in the second quarter. However, debt may rise a little in the third quarter before declining to these levels by September 30, 2007.

With that I will turn it back over to Bob. Please turn to slide 18.

Q2 2007 Summary

Thanks, Charlie.

We continue the journey that we started just over 10 years ago when we formulated and began to execute our strategy for transforming Oshkosh Truck into a growing enterprise. We've presented a lot of information to you today and I simply want to summarize some of the highlights for you as you think about Oshkosh.

First off, we reduced the risk associated with our business during the last quarter. We've done this by very diligently managing our cash, which has allowed us to pay down debt at a faster rate than we had initially forecast. And, we've taken some necessary and appropriate steps in restructuring our workforce and asset base in Europe. We expect these actions will allow us to reinvigorate the improvements that began a year or so ago, but recently lost some of their momentum and impact.

Second, our defense business is strong and getting stronger. With funding and contracts that are already announced, along with known equipment needs for our armed forces and another large supplemental bill anticipated this spring, we anticipate a healthy defense business for the next several years. This supports a stronger top line. We expect to be running this business with lower operating margins over the next couple of years, yet we believe the top line will grow fast enough to realize overall earnings growth in the segment.

Third, we are very happy with the success of JLG, which is starting to make a real impact on our overall financial performance. We expect this to continue for at least the next several quarters and will be aggressively managing the business to try to ensure that results remain strong, even if some end markets experience weakness. If end markets remain strong, we will be in an even better position.

Finally, with a wide variety of economic indicators being discussed in the news, some stronger and some weaker, it is clear that our strategy of complementing our existing defense, fire & emergency and commercial businesses with a high quality company, such as JLG, is working. That is a long way of saying that the diversification mix that we targeted with JLG is helping Oshkosh to grow even as some parts of our business are soft, and we believe it will continue to help us strive to achieve our goals of at least 15% EPS growth, 10% consolidated operating income margin and better than 15% ROIC. We plan to reach our goals by delivering on our strategies of leading in new product development, seeking operational excellence through lean initiatives and pursuing strategic acquisitions.

We believe these strategies remain relevant as we grow our Company through a variety of strong and industry-leading operating practices. I continue to be comfortable with our ability to drive earnings to new highs and believe that we have the right team and right employees in place to achieve these records.

With that, I will turn it back over to our operator for questions.