OSHKOSH CORP

FORM 8-K
(Current report filing)

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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

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): July 27, 2004

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)

Item 7 . Financial Statements and Exhibits .

(a) Not applicable.

(b) Not applicable.

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

(99.1) Oshkosh Truck Corporation Press Release dated July 27, 2004.

(99.2) Script for conference call held July 27, 2004.

Item 12 . Results of Operations and Financial Condition .

On July 27, 2004, Oshkosh Truck Corporation (the “Company”) issued a press release (the “Press Release”) announcing its earnings for the third quarter ended June 30, 2004, its revised outlook for fiscal 2004 and its outlook for fiscal 2005. A copy of such press release is furnished as Exhibit 99.1 and is incorporated by reference herein.

On July 27, 2004, the Company held a conference call in connection with the Company’s announcement of its earnings for the third quarter ended June 30, 2004, its revised outlook for fiscal 2004 and its outlook for fiscal 2005. 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 and the Script or provided in the conference call and related question and answer session speaks only as of July 27, 2004. 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 and the Script 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 and the Script, 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 and the Script 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 and the Script 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 and the Script 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 and debt levels, 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," "estimates," "anticipate," "believe," "should" or "plans," 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, the following:

Accuracy of Assumptions . The expectations reflected in the forward-looking statements, in particular those with respect to projected sales, costs, earnings and debt levels, are based in part on certain assumptions made by the Company, some of which are referred to in, or as part of, the forward-looking statements. Such assumptions include, without limitation, the sale of approximately 400 and 1,000 Revolution® composite concrete mixer drums in the U.S. in fiscal 2004 and 2005, respectively, at favorable pricing and costs; the Company's estimates for concrete placement activity, housing starts and mortgage rates; a modest recovery in the U.S. economy and no economic recovery in the European economy; 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; the anticipated level of production and margins associated with the base Medium Tactical Vehicle Replacement ("MTVR") contract and MTVR-related contracts, international defense truck contracts and the Family of Heavy Tactical Vehicles ("FHTV") contract; the expected level of U.S. Department of Defense procurement of replacement parts and remanufacturing of trucks and funding thereof; the expected level of commercial "package" body and chassis sales compared to "body-only" sales; the Company's estimates for capital expenditures of municipalities for fire and emergency and refuse products, of airports for fire and rescue products and of large commercial waste haulers generally and with the Company; the Company's estimates for the impact of steel and component cost increases and its ability to avoid such cost increases based on its supply contracts or recover rising steel and component costs with increases in prices of its products; the Company's estimates of the impact of changing fuel prices and credit availability on capital spending of towing operators; the Company's ability to sustain market share gains by its fire and emergency and refuse products businesses; anticipated levels of capital expenditures, especially with respect to the rollout of the Revolution® composite concrete mixer drum; the Company's planned spending on new product development; the Company's estimates for costs relating to litigation, insurance and other raw materials; the Company's targets for Geesink Norba Group sales and operating income; the Company's planned spending on bid and proposal activities with respect to defense truck procurement competitions and the outcome of such competitions; and the Company's estimates for debt levels, interest rates, working capital needs and effective tax rates. The Company 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 the Company's ability to achieve results that the forward-looking statements contemplate.

Cyclical Markets . A decline in overall customer demand in the Company's cyclical commercial or fire and emergency markets could have a material adverse effect on the Company's operating performance. The ready-mix concrete market that the Company serves 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. The U.S. economy is only reflecting a modest recovery and the European economy generally remains weak. Although the concrete placement industry has begun to recover from a downturn compared to historical levels and customers of the Company such as municipalities have begun to increase their expenditures for fire and emergency and refuse equipment, if these recent improvements do not continue or if these markets face downturns, then there could be a material adverse effect on the net sales, profitability and cash flows of the Company. In addition, the weak European economy, among other things, has continued to have a material adverse effect on refuse sales by Geesink Norba Group. The Company cannot provide any assurance that its restructuring of the Geesink Norba Group will be effective. Furthermore, the recent surge in the Company's defense business is due in significant part to demand for defense trucks, replacement parts and truck remanufacturing arising from the conflicts in Iraq and Afghanistan. Events such as these are unplanned, and the Company cannot predict how long such conflicts will last or the demand for its products that will arise out of such events. Accordingly, the Company cannot provide any assurance that the increased defense business as a result of these conflicts will continue.

Government Contracts . The Company is dependent on U.S. and foreign government contracts for a substantial portion of its business. That business is subject to the following risks, among others, that could have a material adverse effect on the Company's operating performance:

- The Company's business is susceptible to changes in the U.S. and the U.K. defense budgets, which may reduce revenues that the Company expects from its defense business.

- The U.S. government may not appropriate funding that the Company expects for its U.S. government contracts, which may prevent the Company from realizing revenues under current contracts.

- Most of the Company's government contracts are fixed-price contracts, and the Company's actual costs may exceed its projected costs, which could result in lower profits or net losses under these contracts.

- The Company is 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 the Company cannot provide any assurance that it will be successful in the defense truck procurement competitions in which it participates.

- Certain of the Company's 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.

- The Company's government contracts are subject to audit, which could result in adjustments of the Company's costs and prices under these contracts.

- The Company's defense truck contracts are large in size and require significant personnel and production resources, and, when such contracts end, the Company must make adjustments to personnel and production resources.

Completion and Financing of Acquisitions . A substantial portion of the Company's growth in the past eight years has come through acquisitions, and the Company's growth strategy is based in part upon acquisitions. The Company may not be able to identify suitable acquisition candidates, obtain financing for future acquisitions or complete future acquisitions, which could adversely affect the Company's future growth. The Company's credit facility also contains restrictive covenants that may limit the Company's ability to take advantage of business opportunities, including acquisitions. The Company may not be able to integrate or operate profitably its recent acquisition of Jerr-Dan Corporation, its pending acquisition of BAI Brescia Antincendi International S.r.l and BAI Tecnica S.r.l. (collectively, "BAI") or businesses the Company acquires in the future. Any acquisitions could be dilutive to the Company's earnings per share. The Company's level of indebtedness may increase in the future if the Company finances acquisitions with debt, which would cause the Company to incur additional interest expense and could increase the Company's vulnerability to general adverse economic and industry conditions and limit the Company's ability to obtain additional financing. If the Company issues shares of its stock as currency in any future acquisitions or as a source of funds to finance acquisitions, then the Company's earnings per share may be diluted as a result of the issuance of such stock.

Rising Steel and Component Costs . The Company uses thousands of tons of steel annually and steel cost increases have a significant impact on production costs for the Company's trucks and truck bodies. Over the last several months, costs have risen sharply for steel and component parts containing steel, and some industry experts have estimated the increase in steel costs over the last year at more than 90%, with further increases likely in fiscal 2005. Although the Company has firm, fixed-price contracts for all steel requirements for fiscal 2004 and has firm pricing contracts for most components that have mitigated some of the impact of these conditions, the Company has not been able to hold all of its steel suppliers to pre-negotiated prices and many of its component suppliers have sought price increases. A surge in over-the-road truck sales has also created a shortage of certain components the Company utilizes and resulted in periodic delays in receipt of trucks scheduled for mounting of the Company's truck bodies. The ultimate duration and severity of these conditions is not presently estimable, but these conditions are likely to continue into fiscal 2005. Without limitation, these conditions could impact the Company in the following ways:

- In the commercial and fire and emergency businesses, the Company announced 3% to 4% price increases effective in the third quarter of 2004 to offset increases in steel and component costs. However, the new product prices apply only to new orders and the Company does not anticipate being able to recover all of the cost increases from customers due to the significant amount of orders in the Company's backlog prior to the effective date of the new selling prices for the Company's products and because competitive conditions have limited price increases in some market sectors. In addition, steel and component costs could continue to rise faster than expected and the Company's recent product price increases may not be realized in full or in part.

- In the defense business, the Company is generally limited in its ability to raise prices in response to rising steel and component costs as the Company largely does business under firm, fixed-price contracts. The Company attempts to limit its risk by obtaining firm pricing from suppliers at contract award. However, if these suppliers, including steel mills, do not honor their contracts, then the Company could face margin pressure in its defense business.

Revolution ® Composite Concrete Mixer Drum . The Company has made and will continue to make significant investments in technology and manufacturing facilities relating to the Revolution® composite concrete mixer drum product, and the Company anticipates that this product will contribute to growth in revenues and earnings of the Company's commercial segment. However, the Company cannot provide any assurance that such growth will result. Without limitation:

- The Revolution® drum is a new product in the concrete placement market that uses new technology, and the Company cannot provide any assurance that the concrete placement market will broadly accept this product or that the Company will be able to sell this product at targeted prices.

- Even if market demand for the Revolution® drum meets the Company's expectations, the Company may not be able to sustain high volume production of this product at projected costs and on projected delivery schedules, which could result in lower profits or net losses relating to this product. During fiscal 2004, the Company's production costs have exceeded expectations and delivery rates have been slower than the Company expected.

- The Company's plans include taking additional actions and making additional investments to introduce different versions of the Revolution® drum and to introduce the product in markets outside the United States, and there will be additional risks associated with these efforts.

- The Company cannot provide any assurance that competitors will not offer products in the future that compete with the Revolution® drum, which would impact the Company's ability to sell this product at targeted prices.

- Because the Revolution® drum is a new product, the Company potentially may experience higher costs for warranty and other product related claims.

International Business . For the fiscal year ended September 30, 2003, approximately 15% of the Company's net sales were attributable to products sold outside of the United States, and expanding international sales, including through acquisitions such as the pending acquisition of BAI, is a part of the Company's 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. The Company 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 the Company's financial condition, profitability and cash flows.

Foreign Currency Fluctuations . The results of operations and financial condition of the Company's 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 the Company's consolidated financial statements, which are stated in U.S. dollars. In addition, the Company has certain firm orders in backlog that are denominated in U.K. Pounds Sterling and certain agreements with subcontractors denominated in U.K. Pounds Sterling and Euros, which will subject the Company to foreign currency transaction risk to the extent they are not hedged. 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 the Company's financial condition, profitability and cash flows and may significantly affect the comparability of the Company's results between financial periods.

Interruptions in the Supply of Parts and Components . The Company has and may in the future experience significant disruption or termination of the supply of some of the Company's parts, materials, components and final assemblies that the Company obtains 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 the Company's trucks and truck bodies and could result in a material adverse effect on the Company's financial condition, profitability and cash flows.

Competition . The Company operates in highly competitive industries. Several of the Company's competitors have greater financial, marketing, manufacturing and distribution resources than the Company and the Company is facing competitive pricing from new entrants in certain markets. The Company's products may not continue to compete successfully with the products of competitors, and the Company may not be able to retain or increase its customer base or to improve or maintain its profit margins on sales to its customers, all of which could adversely affect the Company's financial condition, profitability and cash flows.

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.

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: July 27, 2004

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 July 27, 2004

Exhibit
Number

(99.1) Oshkosh Truck Corporation Press Release dated July 27, 2004.

(99.2) Script for conference call held July 27, 2004.

FOR IMMEDIATE RELEASE

For more information contact:

Financial: Charles L. Szews
Executive Vice President and
Chief Financial Officer
(920) 235-9151, Ext. 2332

Media: Kirsten Skyba
Vice President, Communications
(920) 233-9621

OSHKOSH TRUCK REPORTS THIRD QUARTER EPS UP 23.2%; INCREASES EPS EXPECTATIONS TO $3.00 FOR FISCAL 2004; ANNOUNCES FISCAL 2005 EPS EXPECTATIONS OF $3.30 AND INCREASES QUARTERLY DIVIDEND BY 50%

OSHKOSH, WIS. (July 27, 2004) – Oshkosh Truck Corporation **(NYSE: OSK)** , a leading manufacturer of specialty trucks and truck bodies, today reported that third quarter net income increased 26.5 percent to $30.6 million, or $0.85 per share, on sales of $599.8 million for the quarter ended June 30, 2004. This compares with net income of $24.2 million, or $0.69 per share, on sales of $538.2 million for last year's third quarter. As a result of strong third quarter earnings, Oshkosh increased its earnings per share estimate for the full year ending September 30, 2004 from $2.90 to $3.00 per share.

Sales increased 11.5 percent in the third quarter. Operating income increased 20.2 percent to $49.2 million, or 8.2 percent of sales, compared to $40.9 million, or 7.6 percent of sales, in the prior year's third quarter. Strong defense segment results, including a cumulative catch-up adjustment to increase margins on the Company's multi-year Medium Tactical Vehicle Replacement ("MTVR") contract with the U.S. Marine Corps from 6.3 percent to 7.1 percent ($0.12 per share) and increased heavy-payload truck and parts sales, were partially offset by losses in the Company's European refuse business due to further weakening in market conditions and costs for headcount reductions and the introduction of new products. The MTVR contract margin adjustment reflects lower estimates for material cost escalation than expected at the current low production rate under the contract, improved overhead absorption related to higher defense production volumes than expected resulting from increased business related to the conflict in Iraq and improved warranty experience.

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Robert G. Bohn, chairman, president and chief executive officer, said, "We saw a marked improvement in third quarter performance. We were pleased with the profitability achieved by our defense business and with the surge in new business volume across our company, which substantially increased our consolidated backlog by 28.3 percent at June 30, 2004, compared to the prior year. Market dynamics for all segments are robust and improving, except for the European refuse market, which remains weak.

Bohn continued, "We are not counting on improvement in European market conditions in the short-term and have initiated significant measures to improve Geesink Norba Group's performance, including a work force reduction and introduction of a new line of value-priced refuse bodies. In addition, although our North American commercial business has improved overall, we are implementing operational improvements within our McNeilus operations, with an eye on improving margins further.

"I'm pleased that we've completed the acquisition of Jerr-Dan in the tow truck market. This company is an excellent fit with our overall growth strategy, and we're confident the acquisition will be solidly accretive within the first year. All of these factors contribute to our expectations for continued solid earnings growth in fiscal 2005.

"Indeed, today we are announcing our estimate of fiscal 2005 earnings per share at $3.30, up 10.0 percent over our improved estimate of fiscal 2004 earnings. The Company also increased its quarterly cash dividend payable in August 2004 by approximately 50.0 percent as a result of its positive outlook for fiscal 2005 and improved cash flow," concluded Bohn.

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

Fire and emergency— Fire and emergency segment sales decreased 3.9 percent, to $142.6 million for the quarter due to lower airport product and international fire apparatus sales. Operating income was down 18.2 percent to $13.2 million, or 9.2 percent of sales, compared to prior year operating income of $16.1 million, or 10.9 percent of sales. Due to six to nine month lead times for custom fire apparatus, a significant percentage of third quarter shipments related to orders received in fiscal 2003. During fiscal 2003, industry order rates declined over 10.0 percent, causing pricing to be competitive for the lower volume of available business and orders reflected a particularly weak mix of higher-margin custom pumpers and aerials. Third quarter results also reflect increased product liability and group health costs and underabsorption of

overhead in the Company's Florida facility as the Company moved the production of the Palletized Load System trailers from that facility to Oshkosh. Beginning in the fourth quarter of fiscal 2003, the Company's orders in this segment began to improve, leading the Company to estimate improving segment results beginning in the fourth quarter of fiscal 2004.

Defense— Defense sales increased 6.9 percent to $191.1 million for the quarter, largely due to increased parts and heavy-payload truck sales, offset in part by the scheduled ramp-down of MTVR sales per contract. Operating income in the third quarter was up 100.7 percent to $33.9 million, or 17.8 percent of sales, compared to prior year operating income of $16.9 million, or 9.5 percent of sales. Operating income margins improved during the current quarter due to the MTVR margin adjustment, an improved mix of higher-margin parts and heavy-payload truck sales and strong manufacturing performance.

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Commercial— Commercial sales increased 27.4 percent to $272.0 million for the quarter. Operating income decreased 11.0 percent to $13.4 million, or 4.9 percent of sales, compared to prior year operating income of $15.0 million, or 7.0 percent of sales. A nearly 50.0 percent improvement in concrete placement operating income and a more than 15.0 percent improvement in domestic refuse operating income were offset by losses in European refuse. The losses in European refuse result from a further weakening in European refuse markets and costs related to headcount reductions and the introduction of new smooth-sided and value-priced products during the third quarter.

Corporate and other— Corporate and other operating expenses and inter-segment profit elimination increased $4.2 million to $11.3 million, largely due to increased expenses related to acquisition investigations, increased personnel-related expenses and higher professional services costs. Net interest expense for the quarter decreased $1.9 million to $1.0 million compared to the prior year quarter. Lower interest costs were largely due to debt reduction in the second half of fiscal 2003 and in fiscal 2004 resulting from cash flow from operations.

Nine-Month Results

The company reported that net income increased 66.9 percent to $82.8 million, or $2.30 per share, for the first nine months of fiscal 2004 on sales of $1,611.2 million compared to $49.6 million, or $1.42 per share, for the first nine months of fiscal 2003 on sales of $1,417.9 million.

Operating income increased 52.9 percent to $131.0 million, or 8.1 percent of sales, in the first nine months of fiscal 2004 compared to $85.6 million, or 6.0 percent of sales, in the first nine months of fiscal 2003.

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Dividend Announcement

Oshkosh Truck Corporation's Board of Directors declared a quarterly dividend of $0.075 per share for Class A Common Stock and $0.0875 per share for Common Stock. These dividends, up approximately 50.0 percent from the immediately preceding quarter, will be payable August 13, 2004, to shareholders of record as of August 6, 2004. Oshkosh Truck Corporation officials will comment on third quarter earnings and expectations for the remainder of fiscal 2004 and fiscal 2005 during a live conference call at 11:00 a.m. Eastern Daylight Time today. The call will be available simultaneously via a webcast over the Internet as a service to investors. It will be listen-only format for on-line listeners. 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 such conference call and related question and answer session will be available for at least twelve months at this website.

Oshkosh Truck Corporation is a leading designer, manufacturer and marketer of a broad range of specialty commercial, fire and emergency and military trucks and truck bodies under the Oshkosh ®, McNeilus ®, Pierce ®, Medtec ®, Jerr-Dan ®, Geesink and Norba brand names. Oshkosh's products are valued worldwide by fire and emergency units, defense forces, municipal and airport support services, and concrete placement and refuse businesses where high quality, superior performance, rugged reliability and long-term value are paramount.

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Forward-Looking Statements

This press release contains statements that the company believes are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact, including statements regarding the Company's future financial position, business strategy, targets, projected sales, costs, earnings, capital spending and debt levels, and plans and objectives of management for future operations, are forward-looking statements. When used in this press release, words such as the Company "expects,"

"intends," "estimates," "anticipates," or "believes" and similar expressions 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, without limitation, the success of the launch of the Revolution ® composite concrete mixer drum, the outcome of defense truck procurement competitions, the Company's ability to turnaround its European refuse business in light of weak industry conditions, the cyclical nature of the Company's commercial and fire and emergency markets, risks related to reductions in government expenditures, the uncertainty of government contracts, the challenges of identifying acquisition candidates and integrating acquired businesses, rapidly rising steel and component costs and the Company's ability to avoid such cost increases based on its supply contracts or recover such rising costs with increases in selling prices of its products, and risks associated with international operations and sales, including foreign currency fluctuations. In addition, the Company's expectations for fiscal 2004 and 2005 are based in part on certain assumptions made by the Company, including, without limitation, the sale of 400 and 1,000 Revolution composite concrete mixer drums in the U.S. in fiscal 2004 and 2005, respectively, at favorable pricing and costs; increasing concrete placement activity; the performance of the U.S. and European economies generally; when the Company will receive sales orders and payments; achieving cost reductions; production and margin levels under the MTVR contract, the FHTV contract and for international defense trucks; capital expenditures of municipalities and large waste haulers; targets for Geesink Norba sales and operating income; the ability of the Company to recover steel and component cost increases from its customers; spending on pre-contract costs; interest costs; the ability to integrate acquired businesses; and that the Company does not complete any acquisitions other than those recently announced. 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 June 30,		Nine Months Ended June 30,	
	2004	2003	2004	2003
	(In thousands, except per share amounts)			
Net sales	$ 599,824	$ 538,183	$ 1,611,231	$ 1,417,896
Cost of sales	500,576	456,571	1,345,798	1,212,853
Gross income	99,248	81,612	265,433	205,043
Operating expenses:				
Selling, general and administrative	48,417	39,100	129,457	114,573
Amortization of purchased intangibles	1,666	1,621	4,998	4,830
Total operating expenses	50,083	40,721	134,455	119,403
Operating income	49,165	40,891	130,978	85,640
Other income (expense):				
Interest expense	(1,459)	(3,273)	(4,008)	(10,179)
Interest income	411	306	992	800
Miscellaneous, net	119	(465)	679	(140)
	(929)	(3,432)	(2,337)	(9,519)
Income before provision for income taxes and equity in earnings of unconsolidated affiliates	48,236	37,459	128,641	76,121
Provision for income taxes	18,215	13,796	47,563	28,178
Income before equity in earnings of unconsolidated affiliates	30,021	23,663	81,078	47,943
Equity in earnings of unconsolidated affiliates, net of income taxes	602	546	1,716	1,672

Net income	$ 30,623	$ 24,209	$ 82,794	$ 49,615
Earnings per share:				
Class A Common Stock	$ 0.76	$ 0.62	$ 2.06	$ 1.27
Common Stock	$ 0.87	$ 0.71	$ 2.37	$ 1.47
Earnings per common share assuming dilution	$ 0.85	$ 0.69	$ 2.30	$ 1.42
Weighted average shares outstanding:				
Basic:				
Class A Common Stock	811	825	813	828
Common Stock	34,299	33,204	34,155	33,134
Assuming dilution	36,055	34,878	35,961	34,848
Cash dividends:				
Class A Common Stock	$ 0.07500	$ 0.05000	$ 0.17500	$ 0.12500
Common Stock	$ 0.08750	$ 0.05750	$ 0.20250	$ 0.14375

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OSHKOSH TRUCK CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2004	September 30, 2003
	(Unaudited)	
	(In thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 25,276	$ 19,245
Receivables, net	230,878	159,752
Inventories	350,325	242,076
Prepaid expenses	11,670	10,393
Deferred income taxes	34,086	35,092
Total current assets	652,235	466,558
Investment in unconsolidated affiliates	21,905	21,977
Other long-term assets	26,649	7,852
Property, plant and equipment	294,849	285,270
Less accumulated depreciation	(146,919)	(138,801)
Net property, plant and equipment	147,930	146,469
Purchased intangible assets, net	100,856	102,460
Goodwill	343,106	337,816
Total assets	$ 1,292,681	$ 1,083,132
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 169,712	$ 115,739
Floor plan notes payable	46,416	18,730
Customer advances	204,650	164,460
Payroll-related obligations	37,854	33,712
Income taxes	7,275	263
Accrued warranty	28,961	29,172
Other current liabilities	66,689	54,293
Revolving credit facility and current maturities of long-term debt	14,593	51,625

Total current liabilities	576,150	467,994
Long-term debt	643	1,510
Deferred income taxes	46,593	47,619
Other long-term liabilities	66,363	47,146
Commitments and contingencies		
Shareholders' equity	602,932	518,863
Total liabilities and shareholders' equity	$ 1,292,681	$ 1,083,132

Continued

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

	Nine Months Ended June 30, 2004	Nine Months Ended June 30, 2003
	(In thousands)	
Operating activities:		
Net income	$ 82,794	$ 49,615
Non-cash and other adjustments	24,304	10,043
Changes in operating assets and liabilities	(27,382)	10,540
Net cash provided from operating activities	79,716	70,198
Investing activities:		
Additions to property, plant and equipment	(19,203)	(16,753)
Proceeds from sale of assets	108	3,770
Increase in other long-term assets	(16,339)	(7,910)
Net cash used for investing activities	(35,434)	(20,893)
Financing activities:		
Net repayments under revolving credit facility	(37,000)	--
Proceeds from issuance of long-term debt	965	--
Repayment of long-term debt	(1,872)	(48,241)
Dividends paid	(6,032)	(4,395)
Other	4,471	2,065
Net cash used for financing activities	(39,468)	(50,571)
Effect of exchange rate changes on cash	1,217	945
Increase (decrease) in cash and cash equivalents	6,031	(321)
Cash and cash equivalents at beginning of period	19,245	40,039
Cash and cash equivalents at end of period	$ 25,276	$ 39,718
Supplementary disclosure:		
Depreciation and amortization	$ 20,073	$ 18,943

Continued

OSHKOSH TRUCK CORPORATION
SEGMENT INFORMATION
(Unaudited)

	Three Months Ended June 30, 2004	Three Months Ended June 30, 2003	Nine Months Ended June 30, 2004	Nine Months Ended June 30, 2003
	(In thousands)			
Net sales to unaffiliated customers:				
Commercial	$ 272,019	$ 213,585	$ 672,817	$ 562,734
Fire and emergency	142,572	148,345	401,072	402,887
Defense	191,051	178,779	549,575	457,939
Intersegment eliminations	(5,818)	(2,526)	(12,233)	(5,664)
Consolidated	$ 599,824	$ 538,183	$ 1,611,231	$ 1,417,896
Operating income (expense):				
Commercial	$ 13,359	$ 15,011	$ 29,985	$ 34,047
Fire and emergency	13,186	16,113	36,003	40,453
Defense	33,946	16,913	94,145	33,239
Corporate and other	(11,326)	(7,146)	(29,155)	(22,099)
Consolidated	$ 49,165	$ 40,891	$ 130,978	$ 85,640
Period-end backlog:				
Commercial			$ 219,302	$ 131,105
Fire and emergency			457,139	266,291
Defense			876,253	812,377
Consolidated			$ 1,552,694	$ 1,209,773

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Third Quarter 2004 Earnings
Conference Call
July 27, 2004
10:00 a.m. CDT

Charlie

Welcome, and thank you for joining us today for our third quarter earnings conference call.

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 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.

Also, please note that today we will occasionally refer to estimates from our April 27, 2004 earnings conference call as our "previous estimates."

Bob, please lead off.

Bob

Good morning to everyone, and thanks for joining us. We're going to cover our performance during the quarter, review major developments, take a look at how our growth strategies are evolving and also talk a bit about our newest acquisitions – Jerr-Dan and BAI.

The press release really spells out the financial details, and third quarter results were very positive.

- EPS was up 23.2% at $0.85 per share. That beats our previous estimates by a full $0.10 per share, for a number of reasons we'll cover.
- Debt was $15 million lower than our previous estimates.
- Incoming order rates were particularly strong during the quarter in most of our businesses so our backlogs overall are quite strong.
- And, we closed Jerr-Dan on July 8 and are moving well along the integration path with them.

All of this reinforces our optimism and leads us to an improved outlook. We are increasing our fiscal 2004 EPS estimate from $2.90 to $3.00, putting it at 38.9% over fiscal 2003, and we're announcing estimates for fiscal 2005 at $3.30 per share.

From a macro perspective, our fiscal 2005 estimates reflect several developments, the first of which is the significantly improved opportunities for the defense business in 2005 that we see since we issued estimates in late April. And, we are hoping for further positive developments as the year progresses. Second, we continue to be challenged to deliver both top and bottom line growth in the commercial segment, but have installed new leadership and our outlook is improving there as well. Third, we believe the fire and emergency market dynamics have improved and that the business has turned the corner with an appreciable up tick in the incoming order rate. Finally, we expect our Jerr-Dan and BAI acquisitions to be accretive to earnings in the first year, consistent with our track record.

Now, before we move on to our individual businesses, let's discuss developments on the acquisitions front. Since July 8, when we closed on Jerr-Dan, a leading U.S. manufacturer of wreckers and carriers, we like what we see very much. Their people and culture are similar to our own. They're honest, hard working and innovative. We're impressed with their technology. Our integration program is moving along on schedule and we anticipate Jerr-Dan to be solidly accretive in fiscal 2005.

In regard to BAI, an Italian fire apparatus manufacturer, certainly, this isn't what one would view as a major acquisition. But, acquiring 75% of this company provides us with a vital foothold for expansion in the European fire and emergency market. Traditionally, this has not been a market we've played in. And, I've known BAI's management team for years, so I know they are capable of expanding this company with the expertise and resources of Oshkosh firmly behind them.

Both of these acquisitions fall under our fire and emergency business and will report to John Randjelovic. And, Charlie will give you the

financial details on these acquisitions during his portion of the call.

Before talking about each of our businesses, let me update you on the impact of rising steel and component costs on our business. It is generally known that costs have risen sharply for steel and component parts containing steel for several months and that the availability of steel has been limited. A surge in over-the-road truck sales has also created a shortage of certain components utilized by the Company and resulted in periodic delays in receipt of trucks scheduled for mounting of our truck bodies. These conditions are likely to continue into fiscal 2005. To mitigate these increases, the Company announced 3% to 4% price increases in the third quarter in all of its commercial and fire and emergency businesses and is likely to announce further price increases later this year. The prices apply to all new orders, but the Company does not expect to recover all the cost increases due to the Company's significant backlog prior to announcing the price increases and because competitive conditions have limited price increases in some market sectors. Our customers clearly believe that high steel and component prices are here to stay, evidenced by a surge in our fire apparatus orders in the third quarter in advance of the effective date of our price increase. Now, due to the nature of our defense business, which is generally based on long-term, firm-fixed price contracts, the Company is generally limited in its ability to raise prices. The Company generally has firm fixed-price contracts with its suppliers for the duration of its defense contracts, but it does not expect these supply contracts to fully protect the Company from steel cost increases in its defense segment.

We estimate that the impact of unrecovered steel and component costs on third quarter earnings was about $0.06 per share. We expect the impact to grow to $0.15 per share for full year fiscal 2004, up from our previous estimate of $0.11 per share. Given our limited ability to raise prices to date and our view that steel and component cost increases are likely to continue into 2005, we also factored into our fiscal 2005 EPS estimate an adverse impact of $0.30 per share from rising steel and component costs. That is up about $0.20 per share from what we were estimating back in April 2004. We're watching steel and component costs closely, and I can assure you that we will be taking every opportunity to raise prices to recover these costs.

Defense

Now, let's review developments in our defense business, since this has had a major effect on our fiscal 2005 outlook.

The work of our defense team has been stellar. We always keep in mind that this is more than simply a business. It's vital work that helps support our service men and women on the front lines. They deserve the best equipment and support, and that's what we've been giving them. We have teams in the Middle East that have been helping maintain our fleet of more than 4,000 trucks at peak readiness. And, some of our most critical work has been in a massive effort to up-armor Humvees and our own trucks in theater. We continue to ship parts around the clock and have been hitting all of the delivery requirements the military has given us. As a result, our parts business has doubled from last year.

In terms of resetting the fleet to put damaged trucks back into active service, our work has been progressing well. We've met all the delivery requirements for the first reset contract awarded back in December.

Our manufacturing and procurement groups have done a superb job of driving down our production and materials costs. This permitted us to once again increase margins on the MTVR contract, from 6.3% to 7.1%. That now exceeds our initial target for this contract and is a major accomplishment we can be proud of.

Now, I would like nothing better than to be able to update you on the timing for the U.K.'s Support Vehicle program. The U.K. is facing significant defense budget pressures and this may have some bearing on the delay. We simply don't have any new information on the expected timing for an award related to this procurement. We'll keep you posted on material developments.

Looking at fiscal 2005 specifically, the outlook for our defense business has improved since our $630 million estimate of April 27. Today, we anticipate 2005 sales of $730 million as a result of:

- Iraqi reset funding has trended higher for fiscal 2005 than we anticipated by $47 million
- More heavy trucks have been added to the production schedule to the tune of $23 million
- Estimated parts sales are $30 million higher
- And, we continue to work on other opportunities that could bear fruit in the short term.

Commercial – Refuse & Concrete Placement

In our commercial business, third quarter performance lagged. This business was an underperformer. That being said, we fully recognize the critical nature of turning this situation around and have made substantial progress toward improving performance. We'll talk more about that in a moment.

Basically, Geesink Norba Group fell short of our previous estimates and incurred a loss for the quarter. A major factor remains the weakened European refuse market, which is down about 20% from its peak. That has had a cascading earnings impact in the form of lower volume, tighter price competition and underabsorption of overhead. Coupled with the factory conversion to a new production line for the GPM III and the start-up of ValuPak production, you have valid underlying reasons for the lack of performance, but that doesn't alleviate our need to take action. And we have.

We took a $1.8 million redundancy charge to right size the work force and align it with overall market conditions. We focused on bringing the GPM III on line quickly and have exceeded productivity targets. The first few ValuPak units produced in Romania have met quality requirements and orders for this new value-priced line are beginning to flow. These launches cost $1.2 million during the third quarter. We believe these developments, along with a stabilizing industry order rate for new bodies, have us poised for a recovery in 2005 and 2006.

On the domestic front, we continue to see strong order volumes, but McNeilus' earnings fell $1 million short of our estimates despite higher shipments as a result of downward pricing pressure and unrecovered steel price increases. We raised prices too late to impact a significant portion of our backlog.

That being said, we are very pleased to have Mike Wuest installed as the new president of McNeilus Companies and have been most encouraged by several early successes. Deliveries were much improved during the third quarter. Production efficiencies are in their infancy stages, but noticeable. And, most importantly, the team is making strides to improve production processes for the Revolution ® mixer. Quite frankly, we could have done a much better job of developing the production process for this new product, and that created problems for us, mainly in the form of a slow delivery rate and product costs exceeding target. At this point, we have completed the installation of new processes that assure the quality of each drum before shipment, and we are halfway through a complete restructuring of the production flow. I expect that these steps, as well as others we are implementing, will significantly reduce Revolution ® production costs and accelerate delivery times by the end of this calendar year. But in the meantime, we expect our delivery delays will cause us to ship only about 400 Revolution ® drums in fiscal 2004, down from our previous estimate of 650, and we won't achieve the profitability from the product launch in 2004 that we originally projected.

Fire & Emergency

In the fire and emergency business, earnings were down for the quarter, but improved from previous estimates. And, we delivered all of the 2003 orders that had been affected by competitive pricing and a weaker product mix.

Incoming order volume tells another story and sets the stage for fiscal 2005. Pierce orders were at record levels in the third quarter, reflecting improving market conditions, excellent focus by our dealers, and a strong demand for rescue apparatus. Some of the orders may have been pulled forward to avoid steel surcharges, but we nonetheless have a positive outlook for the market.

As fits with our strategy, we introduced in May a completely restyled Quantum chassis, our flagship, and launched a new, 75' aluminum aerial ladder. This new aerial allows us to target a product segment that we hadn't addressed before. With it, we have bested the critical performance factors of our major competitor's product and sales are coming in.

Now, I'll turn over the call back to Charlie to discuss the financial impact of the Jerr-Dan acquisition and details of the third quarter, and to expand on our guidance for fiscal 2004 and fiscal 2005.

Charlie

Third Quarter Results

Looking at the third quarter from a big picture standpoint, our defense business continued to be the driving force in our earnings, but we began to see clearer signs that our other businesses were beginning to improve. Consolidated sales were up 11.5% compared to last year, with consolidated operating income up 20.2% compared to last year. EPS rose 23.2% during the third quarter. We estimate that unrecovered steel cost increases reduced EPS by $0.06 per share in the third quarter.

Let's now look at individual business segment results, starting with defense.

Defense

A doubling of our defense parts sales and the start-up of an Iraqi Reset contract to overhaul our heavy-payload trucks damaged in Iraq raised our defense sales by 6.9% to $191.1 million during the third quarter in spite of a $42.8 million decline in MTVR base contract sales. Year-over-year operating income rose 100.7% to $33.9 million in the third quarter. The biggest contributor to the higher operating income performance involved a cumulative catch-up adjustment of $7.1 million to increase margins on the MTVR base contract from 6.3% to 7.1%. The MTVR contract margin adjustment reflects lower estimates for material cost escalation than expected at the current low production rate under the contract, improved overhead absorption related to higher defense production volumes than expected resulted from increased business related to the conflict in Iraq and improved warranty experience. Approximately one-half of the remaining increase in operating income for the quarter was attributable to higher defense parts sales and the balance of the increase was about equally attributable to the start-up of the Iraqi Reset contract and cost reduction.

Defense operating income performance in the third quarter also exceeded our previous estimates by $14.1 million. The MTVR adjustment accounted for $7.1 million of the improved performance vs. estimates, while cost reduction and higher parts sales gave rise to the balance of the improved performance.

Fire and Emergency

In fire and emergency, sales decreased 3.9% to $142.6 million in the third quarter due to lower airport product and international fire apparatus sales. We expect the third quarter to be the last quarter impacted by weak orders received in fiscal 2003. Last fiscal year, industry orders declined about 10.0% and the pricing and mix of such orders was adverse to historical trends. Third quarter 2004 results also reflect increased product liability and group health costs and underabsorption of overhead in our Florida facility as we moved the production of our Palletized Load System trailers from that facility to Oshkosh. As a result, operating income declined 18.2% to $13.2 million, or 9.2% of sales, in the third quarter. Operating income exceeded our previous estimates by $0.7 million.

In the third quarter, we raised fire apparatus prices in response to significant steel price increases. Our customers took notice and our orders surged prior to the effective date of the increase. As a result of this action and due to more robust market conditions, Pierce orders more than doubled in the third quarter, raising Pierce's backlog 58.8% at June 30, 2004 compared to the prior year. Even though many orders beat the price increase, the product mix and pricing on the new orders are improved over earlier quarters.

Commercial

Turning to the commercial segment, compared to the prior year, sales in the commercial segment were up 27.4% in the third quarter to $272.0 million, but operating income was down 11.0% to $13.4 million.

Concrete placement sales surged 42.4% in the third quarter, while domestic refuse sales rose 31.8%. Each experienced strong unit volume growth and a higher mix of package sales of a commercial chassis and body. Conversely, European refuse sales declined 18.3% in U.S. dollars and were down 23.1% in local currency during the third quarter as market conditions continued to deteriorate in Europe.

An operating loss in European refuse more than offset a nearly 50.0% improvement in concrete placement operating income and a more than 15.0% increase in domestic refuse operating income. In addition, unrecovered steel cost increases totaled over $2.0 million in this segment in the third quarter. That's more than the total decline in operating income in the segment during the quarter. In Europe, we estimate that industry volumes for refuse packers were down approximately 20.0% from fiscal 2003 levels and pricing is adversely impacted in most European countries as well. Approximately $1.2 million of costs to launch new smooth-sided and value-priced products and a $1.8 million redundancy charge also contributed to the operating loss in Europe in the third quarter.

Now, based on the strength of the Company's backlog and the operational initiatives that Bob referred to, we expect commercial segment performance to improve in the fourth quarter. At June 30, rear-discharge unit backlog was up 121.4% compared to prior year levels, while our front-discharge unit backlog was up 35.7%. Our domestic refuse unit backlog was up 35.8% at June 30, 2004 compared to prior year levels, while Geesink Norba's unit backlog was up 1.3% compared to prior year levels.

Corporate

At corporate, our operating expenses were up $4.2 million in the third quarter compared to the prior year primarily due to significant acquisition investigation expenses, increased personnel charges and higher professional services costs. Net interest costs declined $1.9 million during the third quarter due to lower average borrowings.

Taxes

We increased our estimated effective tax rate to 37.0% year-to-date in the third quarter to reflect the estimated impact of higher estimated state income taxes due to lower interest expense and higher earnings in higher-tax states.

Fiscal 2004 Outlook

Let's update our fiscal 2004 outlook. The following estimates reflect the acquisition of Jerr-Dan on July 8, 2004 and our expectation that the acquisition of BAI will close near the end of July 2004. Both of these acquisitions will be reported in our fire and emergency segment.

We are estimating consolidated sales of $2.175 billion, up 12.9% from fiscal 2003 sales, and up $90.0 million from our previous estimates. We expect fire and emergency sales to be up 10.3% to $590.0 million compared to the prior year. That's up $40.0 million from our previous estimates, reflecting higher sales realized in the third quarter and $27.0 million from acquisitions. We are projecting defense sales to increase 15.7% to $760.0 million compared to the prior year. That's up $30.0 million from our previous estimates primarily due to higher estimated parts sales. In the commercial segment, we are increasing our sales estimate by $20.0 million to $840.0 million, or up 13.2% compared to the prior year. We're projecting concrete placement sales growth of 19.4% in fiscal 2004 with most of the increase coming from industry volume growth and negligible pricing improvements. We're projecting domestic refuse sales to increase 15.3% in fiscal 2004, largely resulting from increased business with the largest commercial waste haulers, and we are continuing to see municipal refuse spending improve. We're estimating that Geesink Norba Group refuse sales will be down 3.1% in fiscal 2004 due to further deterioration in European markets offset by the benefit of higher exchange rates.

With respect to operating income, we are now projecting consolidated operating income to be up about 34.7% to $174.0 million in fiscal 2004. That's up $8.5 million from our previous estimates. By segment, we are projecting fire and emergency operating income to be up 6.6% to $55.5 million in fiscal 2004. The $3.5 million improvement from previous estimates results from improved performance in the third quarter, plus a more robust estimate for the fourth quarter as a result of the improved order trend and $1.5 million from acquisitions. We expect purchase accounting adjustments, primarily related to fair value adjustments to opening inventories, to limit the earnings from acquisitions in the first six months following the respective acquisition dates. We are now projecting defense operating income to increase 66.7% to $114.5 million in fiscal 2004. This estimate is $14.5 million above our previous estimate, reflecting our better than expected performance in the third quarter. In the commercial segment, we are reducing projected operating income to $41.0 million, up 2.0% over the prior year. The $6.5 million decrease in our operating income estimate in this segment largely arises from the $5.7 million shortfall to our previous estimates in the third quarter and projected continuing losses in European refuse in the fourth quarter.

We expect corporate expenses to approximate $37.0 million in fiscal 2004, up from $31.8 million in fiscal 2003 and up $3.0 million from our previous estimate, largely due to higher incurred costs in the third quarter. We are now projecting net interest costs to decrease $1.5 million in fiscal 2004. We increased our estimate of net interest costs by $1.3 million in the fourth quarter to account for acquisitions.

These estimates, assuming an effective tax rate of 37.0% and $2.2 million of equity in earnings of our leasing partnership, lead to a net income estimate of $108.5 million for fiscal 2004, up from our previous estimate of $104.8 million and up 43.5% compared to fiscal 2003.

Assuming 36,150,000 average diluted shares outstanding for the year, this net income estimate translates to earnings per share estimates of $0.70 in quarter four and $3.00 for the year. These estimates reflect lower earnings in the fourth quarter of fiscal 2004 due to a cumulative catch-up adjustment to MTVR margins which favorably benefited results in the fourth quarter of fiscal 2003. These estimates also reflect an adverse impact of steel price increases of $0.08 per share in the fourth quarter and $0.15 per share for fiscal 2004.

Obviously, there are risks in every estimate. The launch of the Revolution ® drum could encounter further difficulties. Steel costs could rise faster than expected and our recent product price increases may not be realized in full, or in part. Upsides to these estimates primarily involve manufacturing performance that is better than expected. Please review our Form 8-K filed today for other risk factors.

From a financial position standpoint, we estimate that debt will rise to $90.0 million at September 30, 2004, reflecting strong cash flow from operations in the fourth quarter and acquisition outlays totaling nearly $110.0 million for Jerr-Dan and BAI, including assumption of BAI debt.

We continue to expect capital spending to approximate $30 million in fiscal 2004, much of which will continue to support the continued rollout of the Revolution ® composite mixer drum.

Fiscal 2005 Outlook

Turning to fiscal 2005, we are assuming no additional acquisitions in the estimates that follow other than Jerr-Dan and BAI, and all comparisons refer to our revised estimates for fiscal 2004.

We are estimating consolidated sales of $2.39 billion, up 9.9% from estimated fiscal 2004 sales. We expect fire and emergency sales to be up 33.1% to $785.0 million. Sales from the Jerr-Dan and BAI acquisitions are expected to grow from $27.0 million in fiscal 2004 to $170.0 million in fiscal 2005 due to inclusion of their results for a full year. The remaining sales growth of $52.0 million in this segment represents an expected growth rate of approximately 8.8% for other businesses in the segment due to recently improving order rates.

We expect defense sales to decline $30.0 million, or 3.9%, to $730.0 million in fiscal 2005. Bob earlier described the reasons for the $100.0 million increase in our estimated defense sales for fiscal 2005 from our previous estimate of just three months ago.

Now, compared to fiscal 2004, our estimate of fiscal 2005 defense sales involves a $30.0 million decline. We're estimating sales decreases of approximately $40.0 million in defense parts, $25.0 million in international trucks and $37.0 million in U.S. heavy-payload trucks, offset in part by increases in total MTVR truck sales (including base, wrecker and Navy Seabee contracts) of $12.0 million and $60.0 million of higher Iraqi Reset sales.

In the commercial segment, we are projecting sales growth of 6.0% to $890.0 million. Following significant sales growth in fiscal 2004, we are projecting modest sales growth of approximately 7.0% in both concrete placement and domestic refuse. Our concrete placement sales estimate includes the sale of an estimated 1,000 Revolution ® drums and fewer package sales. We are estimating flat sales in European refuse in fiscal 2005 where we project no recovery in 2005.

By quarter in fiscal 2005, we believe these sales expectations would result in consolidated sales of approximately $575.0 million in each of the first and second quarters, $645.0 million in the third quarter and $595.0 million in the fourth quarter.

With respect to operating income, we are projecting consolidated operating income to be up about 15.5% to $201.0 million, or 8.4% of sales, in fiscal 2005. By segment, we are projecting fire and emergency operating income to grow 42.3% to $79.0 million, or 10.1% of sales, in fiscal 2005. We expect the operating income associated with the Jerr-Dan and BAI acquisitions to grow from $1.5 million in fiscal 2004 to $17.5 million, or 10.3% of sales, in fiscal 2005, a $16.0 million increase. We estimate that depreciation and amortization associated with these acquisitions will approximate $2.2 million in fiscal 2005. We expect the operating income of our other fire and emergency businesses to grow approximately 13.9%, or $7.5 million, in fiscal 2005.

In defense, we estimate that operating income will decline 12.7%, or $14.5 million, to $100.0 million in fiscal 2005. Our defense operating income estimate in fiscal 2005 assumes MTVR contract margins of 7.1%. In fiscal 2004, cumulative catch-up adjustments to increase MTVR contract margins in the first and third quarters added $14.2 million of operating income. Excluding the effects of these adjustments, operating income margins are expected to improve in fiscal 2005 due to an improved product mix.

Lastly, in the commercial segment, we project operating income to increase 43.9% in fiscal 2005 to $59.0 million. We are projecting concrete placement operating income to grow 35.6% due to estimated improvements in product mix and lower manufacturing costs. We project domestic refuse operating income to grow 8.3% in fiscal 2005. We are also projecting that the Geesink Norba Group returns to modest profitability on flat sales in fiscal 2005 due to manufacturing efficiencies anticipated following the re-layout of manufacturing processes in fiscal 2004.

We expect corporate expenses to be flat at approximately $37.0 million in fiscal 2005. We expect personnel costs increases will be offset by lower expenses related to acquisitions, among other areas. We are projecting net interest costs and other income and expense items to increase to $7.0 million in fiscal 2005 due to higher average borrowings resulting from acquisitions.

These estimates, assuming an effective tax rate of 37.0%, $2.0 million of equity in earnings of our leasing partnership and $0.5 million of minority interest in earnings of BAI, lead to a net income estimate of $124.0 million for fiscal 2005. Assuming 37,600,000 average diluted shares outstanding in fiscal 2005, we expect EPS to grow 10.0% to $3.30. This estimate reflects a $0.30 adverse impact from unrecovered steel cost increases. At this point, we are recovering about one-half of the impact of rising steel costs through our selling price increases.

By quarter, we expect net income to approximate $27.8 million in quarter one, $23.4 million in quarter two, $36.8 million in quarter three and $36.0 million in quarter four. Assuming 37,600,000 average diluted shares outstanding for the year, these net income estimates would translate to earnings per share estimates of $0.76 in quarter one, $0.63 in quarter two, $0.97 in quarter three and $0.94 in quarter four. These quarterly earnings estimates reflect substantially lower earnings per share in the first quarter, flat earnings per share in the second quarter and significantly higher earnings per share in the second half of fiscal 2005.

In the first half of fiscal 2005, we expect a weaker mix of Family of Heavy Tactical Vehicle contract and international defense truck sales. Also, earnings in the first quarter of fiscal 2004 included an adjustment to increase MTVR margins. In the second half of fiscal 2005, we expect sales to commence under the U.K. Wheeled Tanker contract and Geesink Norba Group earnings to improve compared to prior year levels. We also anticipate fire and emergency and domestic commercial earnings improving progressively during fiscal 2005.

The key risks in our estimates involve the launch of the Revolution ® drum which could encounter further difficulties. We may not be able to improve Geesink Norba Group earnings and may be unsuccessful or incur unexpected costs in integrating acquisitions. Upsides to these estimates primarily involve potential new defense truck sales or truck overhaul contracts with the U.S. Department of Defense arising from the conflict in Iraq and the opportunity to improve MTVR margins should manufacturing costs and warranty experience continue to improve. Please review our Form 8-K filed today for other potential risk factors.

From a financial position standpoint, assuming no acquisitions, we estimate that debt will increase from an estimated $90.0 million at September 30, 2004 to $105.0 million at December 31, 2004 and $120.0 million at March 31, 2005 due to seasonal working capital demands and then decline to $75.0 million at June 30, 2005 and $30.0 million at September 30, 2005, assuming no further acquisitions. We expect capital spending to approximate $30 million in fiscal 2005, much of which will continue to support the continued rollout of the Revolution ® composite mixer drum. And, we continue to actively pursue additional acquisitions, which may require further cash resources.

Bob will close our prepared remarks.

Bob:

There’s only one way to follow a great year like fiscal 2004, where we project sales to grow 12.9% to $2.175 billion and EPS to grow 38.9% to $3.00, and that’s to focus on delivering another good year.

- We'll be working to create additional defense sales opportunities

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- We expect to fix our issues in our commercial segment
- We expect to capitalize on improvement in fire apparatus market conditions
- We'll focus on integrating our announced acquisitions and bringing home to Oshkosh those acquisitions in the pipeline

We expect to have another good year in fiscal 2005 and will continue to move straight forward.

Operator, please begin the question and answer period.