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
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Symbol	OSK
SIC Code	3711 - Motor Vehicles and Passenger Car Bodies
Industry	Auto & Truck Manufacturers
Sector	Consumer Cyclical
Fiscal Year	09/30

UNITED STATES
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): April 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)	(I.R.S. 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, including area code)

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 April 27, 2004.

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

Item 12 . Results of Operations and Financial Condition .

On April 27, 2004, Oshkosh Truck Corporation (the "Company") issued a press release (the "Press Release") announcing its

earnings for the second quarter ended March 31, 2004 and its revised outlook for fiscal 2004. A copy of such press release is filed as Exhibit 99.1 and is incorporated by reference herein.

On April 27, 2004, the Company held a conference call in connection with the Company's announcement of its earnings for the second quarter ended March 31, 2004, its revised outlook for fiscal 2004 and its initial outlook for fiscal 2005. A copy of the script (the "Script") for such conference call is filed 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 April 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 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 Medium Tactical Vehicle Replacement ("MTVR") contract and a related MTVR wrecker variant contract, 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 price increases and its ability to avoid such price increases based on its supply contracts or recover rising steel prices with increases in prices of its products; the sale of approximately 650 Revolution™ composite concrete mixer drums in fiscal 2004 at favorable pricing and costs; 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, other raw materials and components; 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. In particular, the concrete placement industry is only beginning to recover from a downturn compared to historical levels and customers of the Company such as municipalities are only beginning to increase their expenditures for fire and emergency and refuse equipment. If these recent improvements do not continue or if these markets face downturns, there could be a material adverse effect on the net sales, profitability and cash flows of the Company. In addition, the recent surge in the Company's defense business is due in significant part to demand for defense trucks and replacements parts 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 seven 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 businesses the Company acquires in the future. Any such future 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 Prices . The Company uses thousands of tons of steel annually and steel price increases have a significant impact on production costs for the Company's trucks and truck bodies. Over the last several months, pricing has risen sharply for steel and component parts containing steel, and some industry experts have estimated the increase in steel pricing over the last year at more than 90%. 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. The ultimate duration and severity of the steel pricing and availability issue for major steel consumers like the Company is not presently estimable. 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 early April 2004 to offset increases in steel prices. However, the new product prices apply only to new orders. Accordingly, the Company does not anticipate being able to recover all of the steel cost increases from customers due to the significant amount of orders in backlog prior to the Company's announcement of the new selling prices for its products. In addition, steel prices could 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 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, which could result in lower profits or net losses relating to this product. During the quarter ended March 31, 2004, the Company's production costs exceeded expectations, and the Company expects production costs to remain high for the next three to six months.

- 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 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 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: April 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 April 27, 2004

Exhibit Number	
(99.1)	Oshkosh Truck Corporation Press Release dated April 27, 2004.
(99.2)	Script for conference call held April 27, 2004.

FOR IMMEDIATE RELEASE

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OSHKOSH TRUCK REPORTS SECOND QUARTER EPS UP 55.0%; INCREASES EPS EXPECTATIONS TO $2.90 FOR FISCAL 2004

OSHKOSH, WIS. (April 27, 2004) – Oshkosh Truck Corporation (NYSE: OSK), a leading manufacturer of specialty trucks and truck bodies, today reported that second quarter net income increased 59.2 percent to $22.5 million, or $0.62 per share, on sales of $518.2 million for the quarter ended March 31, 2004. This compares with net income of $14.1 million, or $0.40 per share, on sales of $453.4 million for last year's second quarter. Oshkosh also increased its sales and earnings per share estimates for the full year ending September 30, 2004 to $2.085 billion and $2.90 per share, respectively.

Sales increased 14.3 percent in the second quarter. Operating income increased 43.9 percent to $35.1 million, or 6.8 percent of sales, compared to $24.4 million, or 5.4 percent of sales, in the prior year's second quarter.

Commenting on the results, Robert G. Bohn, Oshkosh's chairman, president and chief executive officer, said: "Our financial performance, particularly the favorable year-over-year earnings growth, during the second quarter was very positive. It's our strongest second quarter ever, and our defense business, including its robust parts sales, was the driving force behind it.

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"Unfortunately, business unit performance was somewhat unbalanced, and I am disappointed by the profitability performance of our fire and emergency and commercial businesses. We expected the reduction in profitability in our fire and emergency business which reflects the depressed market conditions and aggressive price competition of 2003. However, we are optimistic about our performance in the second half of this fiscal year, since the recent order rate indicates improving fundamentals in the municipal fire apparatus market. In our commercial business, the situation needs improvement. Throughout the remainder of fiscal 2004, we will focus on improving operating efficiency and reducing costs at McNeilus. As a result, I believe that we will be able to improve profitability in both our fire and emergency and commercial businesses as the year progresses."

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

Fire and emergency— Fire and emergency segment sales decreased 4.2 percent, to $135.6 million for the quarter. Operating income was down 21.7 percent to $11.2 million, or 8.3 percent of sales, compared to prior year operating income of $14.3 million, or 10.1 percent of sales. Second quarter results were impacted by a weak mix of custom pumpers and aerials and a very competitive pricing environment when the second quarter's shipments were ordered in fiscal 2003. During fiscal 2003, fire and emergency orders were down over 10% for the industry, driving down pricing on many bids.

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Defense— Defense sales increased 28.8 percent to $168.1 million for the quarter, largely due to higher heavy-payload truck sales to the U.S. Department of Defense and international customers and higher parts sales as a result of the conflicts in Iraq and Afghanistan which more than offset a $32.2 million decrease in MTVR contract sales as the production rate on this contract declined in advance of contract expiration in fiscal 2005. Operating income in the second quarter was up 241.9 percent, to $23.0 million, or 13.7 percent of sales, compared to prior year operating income of $6.7 million, or 5.2 percent of sales. Higher earnings for the quarter reflect the increased sales of these higher margin heavy-payload trucks and parts as well as strong manufacturing cost performance.

Commercial— Commercial sales increased 19.4 percent, to $217.8 million, for the quarter on strong order intake in the U.S. markets. Operating income decreased 17.1% to $9.4 million, or 4.3 percent of sales, compared to 6.2 percent of sales in the prior year quarter. Operating income margins were lower principally due to manufacturing inefficiencies, a weak sales mix, competitive pricing and start-up costs associated with initial production of the Revolution™ composite mixer drum in the U.S. and of new smooth-sided rear, front and side loader refuse products in Europe.

Corporate and other— Operating expenses and inter-segment profit elimination increased $0.6 million to $8.6 million, due largely to increased acquisition investigation costs. Net interest expense for the quarter decreased $2.1 million to $1.1 million, compared to the prior year quarter. Lower interest costs were largely due to lower average borrowings.

Six-Month Results

The company reported that net income increased 105.3 percent to $52.2 million, or $1.46 per share, for the first six months of fiscal 2004 on sales of $1,011.4 million compared to $25.4 million, or $0.73 per share, for the first six months of fiscal 2003 on sales of $879.7 million.

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Operating income increased 82.8 percent to $81.8 million, or 8.1 percent of sales, in the first six months of fiscal 2004 compared to $44.7 million, or 5.1 percent of sales, in the first six months of fiscal 2003.

Dividend Announcement

Oshkosh Truck Corporation's Board of Directors declared a quarterly dividend of $0.05000 per share for Class A Common Stock and $0.05750 per share for Common Stock. These dividends, unchanged from the prior quarter, will be payable May 13, 2004 to shareholders of record as of May 6, 2004.

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®, 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.

Oshkosh Truck Corporation officials will comment on the second quarter earnings and their current outlook for fiscal 2004 and 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.

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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 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 prices and the Company's ability to recover such rising prices 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 are based in part on certain assumptions made by the Company, including, without limitation, the sale of 650 Revolution composite concrete mixer drums in the U.S. in fiscal 2004 at favorable pricing and costs; those relating to 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 impact of steel price increases on the Company's earnings; spending on pre-contract costs; interest costs; and that the Company does not complete any acquisitions. 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,	
	2004	2003	2004	2003
	(In thousands, except per share amounts)			
Net sales	$ 518,213	$ 453,377	$ 1,011,407	$ 879,713
Cost of sales	440,450	387,585	845,222	756,282
Gross income	77,763	65,792	166,185	123,431
Operating expenses:				
Selling, general and administrative	41,009	39,798	81,040	75,473
Amortization of purchased intangibles	1,669	1,607	3,332	3,209
Total operating expenses	42,678	41,405	84,372	78,682
Operating income	35,085	24,387	81,813	44,749
Other income (expense):				

Interest expense	(1,401)	(3,497)	(2,549)	(6,906)
Interest income	331	307	581	494
Miscellaneous, net	600	601	560	325
	(470)	(2,589)	(1,408)	(6,087)
Income before provision for income taxes and equity in earnings of unconsolidated affiliates	34,615	21,798	80,405	38,662
Provision for income taxes	12,636	8,178	29,348	14,382
Income before equity in earnings of unconsolidated affiliates	21,979	13,620	51,057	24,280
Equity in earnings of unconsolidated affiliates, net of income taxes	494	494	1,114	1,126
Net income	$ 22,473	$ 14,114	$ 52,171	$ 25,406
Earnings per share	$ 0.64	$ 0.42	$ 1.49	$ 0.75
Earnings per share assuming dilution	$ 0.62	$ 0.40	$ 1.46	$ 0.73
Weighted average shares outstanding:				
Basic	34,996	33,976	34,897	33,929
Assuming dilution	36,031	34,884	35,851	34,834
Cash dividends:				
Class A Common Stock	$ 0.05000	$ 0.03750	$ 0.10000	$ 0.07500
Common Stock	$ 0.05750	$ 0.04313	$ 0.11500	$ 0.08625

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OSHKOSH TRUCK CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2004	September 30, 2003
	(Unaudited)	
	(In thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 24,458	$ 19,245
Receivables, net	221,533	159,752
Inventories	328,900	242,076
Prepaid expenses	8,793	10,393
Deferred income taxes	33,516	35,092
Total current assets	617,200	466,558
Investment in unconsolidated affiliates	22,601	21,977
Other long-term assets	16,145	7,852
Property, plant and equipment	295,371	285,270
Less accumulated depreciation	(144,849)	(138,801)
Net property, plant and equipment	150,522	146,469
Purchased intangible assets, net	99,596	102,460
Goodwill	344,114	337,816

Total assets	$ 1,250,178	$ 1,083,132
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 153,403	$ 115,739
Floor plan notes payable	36,057	18,730
Customer advances	174,866	164,460
Payroll-related obligations	35,602	33,712
Income taxes	1,369	263
Accrued warranty	29,232	29,172
Other current liabilities	61,740	54,293
Revolving credit facility and current maturities of long-term debt	69,093	51,625
Total current liabilities	561,362	467,994
Long-term debt	691	1,510
Deferred income taxes	41,764	47,619
Other long-term liabilities	69,323	47,146
Commitments and contingencies		
Shareholders' equity	577,038	518,863
Total liabilities and shareholders' equity	$ 1,250,178	$ 1,083,132

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

	Six Months Ended March 31,	
	2004	**2003**
	(In thousands)	
Operating activities:		
Net income	$ 52,171	$ 25,406
Non-cash and other adjustments	13,630	9,979
Changes in operating assets and liabilities	(61,440)	(25,469)
Net cash provided from operating activities	4,361	9,916
Investing activities:		
Additions to property, plant and equipment	(13,446)	(11,767)
Proceeds from sale of assets	104	3,760
Increase in other long-term assets	(4,195)	(8,409)
Net cash used for investing activities	(17,537)	(16,416)
Financing activities:		
Net borrowings under revolving credit facility	17,500	--
Proceeds from issuance of long-term debt	965	--
Repayment of long-term debt	(1,824)	(12,219)
Dividends paid	(4,012)	(2,927)
Other	4,471	964
Net cash provided from (used for) financing activities	17,100	(14,182)
Effect of exchange rate changes on cash	1,289	437

Increase (decrease) in cash and cash equivalents	5,213	(20,245)
Cash and cash equivalents at beginning of period	19,245	40,039
Cash and cash equivalents at end of period	$ 24,458	$ 19,794
Supplementary disclosure:		
Depreciation and amortization	$ 13,213	$ 12,328

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OSHKOSH TRUCK CORPORATION
SEGMENT INFORMATION
(Unaudited)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2004	2003	2004	2003
	(In thousands)			
Net sales to unaffiliated customers:				
Commercial	$ 217,802	$ 182,398	$ 400,798	$ 349,149
Fire and emergency	135,639	141,586	258,500	254,542
Defense	168,137	130,551	358,524	279,160
Intersegment eliminations	(3,365)	(1,158)	(6,415)	(3,138)
Consolidated	$ 518,213	$ 453,377	$ 1,011,407	$ 879,713
Operating income (expense):				
Commercial	$ 9,439	$ 11,384	$ 16,626	$ 19,036
Fire and emergency	11,211	14,315	22,817	24,340
Defense	23,035	6,738	60,199	16,326
Corporate and other	(8,600)	(8,050)	(17,829)	(14,953)
Consolidated	$ 35,085	$ 24,387	$ 81,813	$ 44,749
Period-end backlog:				
Commercial			$ 238,870	$ 145,617
Fire and emergency			358,245	306,707
Defense			1,012,552	907,782
Consolidated			$ 1,609,667	$ 1,360,106

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Second Quarter 2004 Earnings
Conference Call
April 27, 2004
10:00 a.m. CDT

Charlie

Welcome, and thank you for joining us today for our second 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 January 22, 2004 earnings conference call as our "previous estimates."

Bob, please lead off.

Bob

Good morning to everyone, and thanks for joining us. This morning, I'll discuss my perspective on our performance and major developments in view of our current growth strategies. As you saw in our press release, this was the best second quarter in company history, with EPS up 55.0% at $0.62 per share and total operating income reaching $35.1 million. These results significantly exceeded our expectations. Charlie will describe these results more fully in a few minutes.

We also announced that we increased our estimate for fiscal 2004 EPS up from $2.80 to $2.90. That would be up 34.3% over fiscal 2003. We're moving this business straight forward.

Clearly, our defense business, including its robust parts sales, was the driving force behind our second quarter performance. In fact, the defense business has grown so quickly in fiscal 2004, including a near doubling in our defense parts business from fiscal 2003, that between known funding and an assumed $40 million decline in parts business, our sales for fiscal 2005 could fall $100 million short of this fiscal year's level and could cause defense operating income to decline about 25% in fiscal 2005. Granted, this is a conservative view of our potential. For example, a federal supplemental funding bill planned for January or February 2005 may offer some relief. And, while about 4,500 Oshkosh trucks continue to perform very well in the extreme conditions of the Iraqi conflict, they are going through heavy continued use. In the near term, funding levels may not keep pace with replacement and refurbishment requirements, but those requirements do exist. Additional Iraqi Reset funds may become available for fiscal 2005 to meet these requirements and our parts business may not decline in fiscal 2005. And, we continue to pursue small additional international defense truck contracts for fiscal 2005. Now, we do expect our fire and emergency and commercial businesses to continue to strengthen in fiscal 2005, but we expect such strengthening may be insufficient alone to offset the entire potential decline in defense business, especially in light of rising steel prices.

In regard to our acquisitions strategy, as you know, we've been quiet since 2001 when we successfully acquired Geesink Norba Group in Europe. That is not to say that we haven't been very active in pursuing opportunities. We have been patient and diligent in our efforts to find the right additions to our company. At this point, I'm hopeful that we will be in a position to announce and possibly complete one or more acquisitions before fiscal year end. In that case, we then believe that we can achieve EPS of $3.00 to $3.50 in fiscal 2005, but the high end of the range is only possible if we can land one or two larger acquisitions and if economic conditions continue to improve. Without acquisitions, we currently estimate fiscal 2005 earnings per share assuming dilution will approximate $3.00 to $3.30.

Now, we're informing you, our investors, about the fiscal 2005 outlook one quarter earlier than normal because defense funding levels for fiscal 2005 are known, unless a federal supplemental funding bill is passed or Iraqi Reset funds become available more quickly than we estimate, and we are concerned that another strong earnings quarter like our second quarter, and improving market conditions that we will discuss today, may

lead to unrealistic earnings expectations. We believe that we can deliver earnings growth next year, even off an extraordinary fiscal 2004, but it will take hard work and some time to develop. That is your expectation of us, and we will do our best to deliver.

Before we talk about each of our businesses, let me touch on steel pricing in the industry. As you can imagine, steel price increases and steel availability have had a pronounced impact on production costs for the truck and truck body industries. Oshkosh uses thousands of tons of steel annually and some industry experts have pegged the increase in steel pricing over the last year at more than 90%. Based on long-term agreements with our suppliers, Oshkosh has been able to avoid some of the impact. But to mitigate these increases, Oshkosh announced 3% — 4% price increases in all its commercial and fire and emergency business units effective in early April to offset these commodity cost increases from the steel industry. The new prices apply to all new orders, but we don't anticipate being able to recover all the steel cost increases from customers due to the significant amount of orders in backlog prior to our announcement of the new selling prices for our products. If steel prices continue to rise sharply, then we expect to announce further price increases later this year. Now, in the defense business, we are generally limited in our ability to raise prices as we largely do business under firm, fixed-price contracts. We limit our risk by obtaining firm pricing from suppliers at contract award. If these suppliers, including steel mills, do not honor their contracts, we could face margin pressure in our defense business. Charlie and I will both talk more about this later.

Defense

The defense business delivered a stellar performance this quarter. Truck production has been smooth, and major parts orders have flowed in on a consistent basis during the past few months.

Use of Oshkosh fleets in the Gulf remains heavy and intense. The vital role of high-mobility tactical trucks such as the HEMTT, HET, PLS and MTVR has never been more prominent than during this conflict. In the long run, I believe we'll see a fundamental shift in requirements for heavy tactical trucks as a result of the conflict in Iraq, even if there is a funding shortfall in the near-term.

I'd specifically like to recognize the parts and service teams that have worked around the clock to support the military missions in the Middle East. We really appreciate their dedication. Our service facilities in Kuwait and field service technicians throughout the area have provided valuable support for U.S. troops and fleets. In fact, we have armored and air-conditioned numerous Oshkosh trucks and armored more than a thousand Humvees for use by forces in the field.

There were several developments in regard to our U.K. defense business as well. HET deliveries contributed to our second quarter revenue gains, and we delivered the last unit under this contract, slightly ahead of schedule. In regard to the Support Vehicle program, the time frame for this procurement has again shifted out. The Ministry of Defence has delayed announcement of the preferred bidder for this contract until this summer. As we have noted, this contract involves potentially $2.0 billion of sales over a seven-year period beginning in fiscal 2007. We continue to believe that we have offered a very attractive proposal to the British military – including outstanding product performance, value for money and worldwide logistics support, as well as industrial participation and job creation for British industry.

Commercial – Refuse & Concrete Placement

In our domestic refuse business, the most significant development of the quarter was that McNeilus Companies signed the supply contract with Waste Management Inc. that we originally discussed in July 2003. It names McNeilus as Waste Management's primary supplier for rear loader and recycler refuse collection bodies. The contract also names McNeilus as Waste Management's primary supplier for front loaders, except in their Western region. And, McNeilus was named one of two suppliers of front loaders in their Western Region and one of two suppliers of side loaders nationwide.

Clearly, we're delighted that McNeilus was selected by Waste Management as a key supplier and that the contract has been finalized. The contract has a potential value of approximately $250 million over the five-year life of the agreement and represents a significant part of McNeilus Companies' refuse body business.

Domestically, the first half of fiscal 2004 also saw a significant increase in orders from municipal refuse customers. Order volume from municipal refuse customers is up more than 50% year-over-year for the first half of the year. I believe this to is due both to market share gains

and a general resurgence in municipal capital purchases.

International markets have not fared as well. Pricing pressure continues throughout Europe. Geesink Norba Group's second quarter results were lower than expectations, primarily due to low production volumes as European refuse markets remain extremely weak. On a more positive note, the production line for our new GPM III models is fully operational and the first GPM III was delivered. We've also introduced a new ValuPak rear loader in Europe targeted at the price conscious customer.

On the concrete placement side of the business, we've just come off a very successful World of Concrete exhibition in Orlando. All the McNeilus mixers in the booth were Revolutions™. Producers were positive and upbeat, both in regard to the latest generation of the Revolution drum and to business prospects in general. Since the show, we've seen a strengthening in overall mixer order rates as well as in Revolution orders.

In this business, we announced a $0.10 per pound surcharge in North America to deal with steel price increases.

Fire & Emergency

In the fire and emergency business we were encouraged that our new order volume has surged to the highest point in more than a year. We believe this is not only as an indication that municipal markets are beginning to rebound, lagging the economy as they always do, but also that Pierce is seeing the benefits of its innovation leadership strategy and its ability to build highly-customized fire apparatus within a lean manufacturing environment.

That innovation leadership will be reinforced at the FDIC exhibition on Thursday, April 29. Pierce is introducing several major new models to its comprehensive product line and a host of safety innovations that support our commitment to 360º Protection from Every Angle. We'll also be showcasing our full-line of homeland security apparatus, including high-tech mobile command posts, rescues and tactical trucks.

In addition, we're integrating Command Zone electronics into Medtec's premium ambulance models and will be introducing that technology at the show as well.

The impact of steel price increases has affected Pierce as well. They announced a 3.8% price increase within the last month to help offset some of the impact.

Now, I'll turn over the call to Charlie to provide the details on this second quarter and expand on our guidance for fiscal 2004 as a whole.

Charlie

Second Quarter Results

Our defense business, driven by the conflicts in Iraq and Afghanistan, continued to propel our business straight forward in the second quarter. Consolidated sales were up 14.3% compared to last year, with consolidated operating income up 43.9% compared to last year, all driven by our defense business. EPS rose 55.0% during the second quarter.

Let's now look at individual business segment results.

Defense

First, our defense business continued to be quite busy in the second quarter. Higher heavy-payload truck sales to the U.S. Department of Defense ("DoD") and international customers and a doubling of our parts sales more than offset a $32.2 million decrease in MTVR contract sales to lift defense sales up 28.8% to $168.1 million in the second quarter. Year-over-year operating income rose 241.9% in the second quarter to $23.0 million. The biggest contributor to the higher operating income performance involved the higher heavy-payload defense truck sales. Earnings in the second quarter also benefited significantly from increased sales of higher-margin parts compared to the prior year.

Now, let me explain why operating income performance also exceeded previous estimates by $7.5 million. There were two primary factors. First, parts sales were substantially higher than our estimates, and second, manufacturing cost performance was much improved over our

estimates. When we have solid production volumes, earnings performance follows.

Fire and Emergency

In fire and emergency, sales decreased 4.2% to $135.6 million in the second quarter, principally due to lower airport product sales, but operating income was down 21.7% to $11.2 million, or 8.3% of sales.

Earnings declined much more than sales in the quarter largely due to a weak mix of custom pumpers and aerials and a very competitive pricing environment last fiscal year when this quarter's shipments were ordered. Last fiscal year, we believe orders decreased over 10% for the industry, which we believe drove pricing down on many bids during that time. Now, these results were disappointing, but operating income was up $0.6 million from our previous estimates.

While our fire and emergency segment results in the second quarter reflected a downturn in municipal spending last year, we are beginning to see signs that the municipal fire market is improving. For the third straight quarter, our orders improved in this segment year-over-year, and we believe that orders will be favorable in the third fiscal quarter as well. The product mix and pricing on new orders are also improving. At March 31, 2004, this order strength was reflected in Pierce's backlog strengthening 10.2% compared to the prior year.

Commercial

Turning to the commercial segment, compared to the prior year, sales in the commercial segment were up 19.4% in the second quarter to $217.8 million, but operating income was down 17.1% to $9.4 million.

Sales grew at double digit rates in this segment in all product lines except European refuse in the second quarter, including concrete placement, domestic refuse, and parts products. European refuse sales were up at a double-digit rate in U.S. dollars, but down slightly in local currency. We also enjoyed a favorable mix of body only and package sales during the quarter. We simply under-delivered earnings vs. prior year and previous estimates. What caused our underperformance? First, we didn't ramp up production for our principal spring selling season very effectively. Our McNeilus plants operated inefficiently as customer-supplied chassis were delivered late causing us to reschedule production. Our production mix involved more low option standard mixers vs. our higher option Bridgemaster™ units designed to meet road weight restrictions. Pricing was very competitive in rear- and front-discharge concrete mixers. Our Revolution™ composite concrete mixer drum production costs exceeded expectations and we estimate production costs will remain high for the next three to six months. And, we spent heavily on new product launches and on the implementation of an ERP system at McNeilus. Last, our Geesink Norba Group operations were adversely affected by low production volumes in a difficult European market and start-up costs associated with the launch of new smooth-sided rear, front and side loader refuse packers.

Now, orders were up strongly in all product lines in the segment in the second quarter compared to the prior year except for European refuse products. So, we have the opportunity to perform better in the second half of fiscal 2004 in this segment. At March 31, rear-discharge unit backlog was up 140.5% compared to prior year levels, while our front-discharge backlog was up 66.0%. Our domestic refuse unit backlog was up 70.9% at March 31, 2004 compared to prior year levels, while Geesink Norba's unit backlog remained down 23.8% compared to prior year levels.

Corporate

At corporate, our operating expenses were up $0.6 million in the second quarter compared to the prior year primarily due to acquisition investigation expenses. Net interest costs declined $2.1 million during the second quarter due to lower average borrowings.

Rising Steel Prices

Now, many of you listening today are wondering how much the recent steel price increase has impacted our earnings. We have firm, fixed-price contracts for all steel requirements for fiscal 2004 and had firm pricing contracts for most components. We have not been able to hold our steel suppliers to pre-negotiated prices and many of our component suppliers have sought price increases. We estimate that the impact of higher steel prices on second quarter earnings was quite modest at about $0.01 per share, but we expect the impact to grow sharply, to $0.11 per share, in the second half of fiscal 2004. That is factored into our new $2.90 EPS estimate for fiscal 2004. If these steel pricing conditions continue and we are unable to raise our product prices to keep pace with rising steel prices, we believe this condition could cost us over $0.20 per share in EPS in fiscal 2005.

Fiscal 2004 Outlook

With the impact of rising steel prices as a backdrop, let's update our fiscal 2004 outlook. We are assuming no acquisitions in the estimates that follow.

We are estimating consolidated sales of $2.085 billion, up 8.3% from fiscal 2003 sales, and up $115.0 million from our previous estimates. We expect fire and emergency sales to be up 2.8% to $550.0 million compared to the prior year. That's up $35.0 million from our previous estimates, reflecting higher sales realized in the second quarter and a more robust estimate of fourth quarter sales due to the recent strength in our orders. We are projecting defense sales to increase 11.1% to $730.0 million compared to the prior year. That's up $75.0 million from our previous estimates due to nearly $30 million of funding from the U.S. Marine Corps for MTVR wreckers and from the Navy Seabees for other MTVR trucks. This increase also reflects higher estimated parts sales and the addition of a few small development contracts. In the commercial segment, we are increasing our sales estimate by $10.0 million to $820.0 million, or up 10.5% compared to the prior year. We're projecting concrete placement sales growth of 12.5% 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 beginning to see municipal refuse spending improve. We're estimating that Geesink Norba Group refuse sales will be roughly flat in fiscal 2004 due to no projected recovery in European markets and the benefit of higher exchange rates.

By quarter in fiscal 2004, we believe that these sales expectations by segment would result in consolidated sales of approximately $547.0 million in quarter three and $527.0 million in quarter four.

With respect to operating income, we are now projecting consolidated operating income to be up about 28.1% to $165.5 million in fiscal 2004. That's up $4.5 million from our previous estimates. By segment, we are projecting fire and emergency operating income to be flat at $52.0 million in fiscal 2004, which is largely consistent with a slight estimated sales increase in the segment. The $1.5 million improvement from previous estimates results from improved performance in the second quarter, plus a more robust estimate for the fourth quarter as our orders were stronger than previously estimated. We are now projecting defense operating income to increase 45.6% to $100.0 million in fiscal 2004. This estimate is $6.0 million above our previous estimate. The largest contributors involve higher estimated truck and parts sales, as described earlier. In the commercial segment, we are reducing projected operating income to $47.5 million, still up 18.2% over the prior year. The $3.0 million decrease in our operating income estimate in this segment arises from the $3.3 million shortfall to our previous estimates in the second quarter, the effects of rising steel prices and slightly higher sales expectations.

We expect corporate expenses to approximate $34.0 million in fiscal 2004, up from $31.8 million in fiscal 2003 and unchanged from our previous estimate. We are now projecting net interest costs to decrease to $4.5 million in fiscal 2004.

These estimates, assuming an effective tax rate of 36.5% and $2.1 million of equity in earnings of our leasing partnership, lead to a net income estimate of $104.8 million for fiscal 2004, up from our previous estimate of $101.2 million and up 38.6% compared to fiscal 2003.

By quarter, we expect net income to approximate $27.2 million in quarter three and $25.4 million in quarter four. Assuming 36,150,000 average diluted shares outstanding for the year, these net income estimates would translate to earnings per share estimates of $0.75 in quarter three and $0.70 in quarter four. These estimates reflect lower earnings in the fourth quarter of fiscal 2004 due to a cumulative catch-up adjustment to

MTVR margins in the fourth quarter of fiscal 2003.

Of course, there are downsides to every estimate. The launch of the Revolution™ drum could encounter difficulties. Steel prices 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 new requirements arising from the conflicts in Iraq and Afghanistan and manufacturing performance that is better than expected. Please review our Form 8-K filed today for other risk factors.

From a financial position standpoint, assuming no acquisitions, we estimate that debt will fluctuate with seasonal working capital demands as follows:

June 30, 2004	$30.0 million
September 30, 2004	$00.0 million

Previously, we had estimated debt to be higher by $20.0 million at both June 30 and September 30. We are focused on improved cash flow and these estimate changes reflect our confidence in our ability to deliver improved cash flow.

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.

Bob will close our prepared remarks.

Bob:

Closing

Clearly, we're pleased to have beaten our own estimates of financial performance for the second quarter. It was the strongest second quarter we've ever delivered, and our improving order rates are a welcome signal that our commercial markets are rebounding and getting healthy. We expect to be able to continue delivering throughout fiscal 2004.

When I look at fiscal 2005, I see promise and challenge in equal measure for the company. Defense funding and steel price volatility are influential forces and both are concerns. So, as we move through the remainder of fiscal 2004, our focus will be on strategies to continue to improve our results, in fiscal 2005 and beyond, working to continue a long-string of annual earnings improvements.

Operator, please begin the question and answer period.