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 24, 2003

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 24, 2003.

(99.2) Script for conference call held July 24, 2003.

Item 9. Regulation FD Disclosure (Information Being Provided Under Item 12).

On July 24, 2003, Oshkosh Truck Corporation (the "Company") issued a press release (the "Press Release") announcing its earnings for the third quarter ended June 30, 2003 and its outlook for fiscal 2003 and 2004. A copy of such press release is filed as Exhibit 99.1 and is incorporated by reference herein.

On July 24, 2003, the Company held a conference call in connection with the Company's announcement of its earnings for the third quarter ended June 30, 2003. 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 July 24, 2003. 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, a limited recovery in the U.S. economy and no economic recovery in the European economy; the sale of 1,000 Revolution(TM) composite concrete mixer drums in fiscal 2004 at favorable pricing and costs; the Company's estimates for concrete placement activity, housing starts and mortgage rates; 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; the anticipated level of margins associated with the Medium Tactical Vehicle Replacement ("MTVR") contract and a related MTVR wrecker variant contract; the anticipated level of sales associated with defense parts, international defense truck contracts and the Family of Heavy Tactical Vehicles ("FHTV") contract; the Company's planned spending on product development and bid and proposal activities with respect to defense truck procurement competitions and the outcome of such competitions; the expected level of commercial "package" body and 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; the Company's ability to sustain market share gains by its fire and emergency and refuse products businesses; the Company's estimates for costs relating to insurance, steel, litigation and the Sarbanes-Oxley Act and related matters; anticipated levels of capital expenditures, especially with respect to the rollout of the Revolution(TM) composite concrete mixer drum; and the Company's estimates for debt levels, interest rates and working capital needs. 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. and European economies generally remain weak. In particular, the concrete placement industry continues to experience a downturn, which is materially and adversely affecting the net sales, profitability and cash flows of suppliers to the concrete placement industry, including the Company. In addition, customers of the Company such as municipalities have been reducing their expenditures for fire and emergency and refuse equipment. The Company cannot provide any assurance that these downturns will not continue or become more severe.

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:

o 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.

o 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.

o Most of the Company's government contracts, including its contract for the MTVR program, 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.

o 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.

o 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.

o Certain of the Company's government contracts could be suspended or terminated or could expire in the future and not be replaced, which could reduce expected revenues from these contracts.

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

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, then the Company's earnings per share may be diluted as a result of the issuance of such stock.

International Business. For the fiscal year ended September 30, 2002, approximately 12% 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 will be 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. Pound 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. 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 24, 2003

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 24, 2003

Exhibit
Number

(99.1) Oshkosh Truck Corporation Press Release dated July 24, 2003.

(99.2) Script for conference call held July 24, 2003.

FOR IMMEDIATE RELEASE

For more information contact:

Financial:	Charles L. Szews Executive Vice President and Chief Financial Officer (920) 233-9332
Media:	Kirsten Skyba Vice President, Communications (920) 233-9621

OSHKOSH TRUCK REPORTS THIRD QUARTER NET INCOME UP 12.2%; INCREASES EPS EXPECTATIONS TO $4.00 FOR FISCAL 2003 AND INITIATES FISCAL 2004 EPS EXPECTATIONS OF $4.35

OSHKOSH, WIS. (July 24, 2003) - Oshkosh Truck Corporation (NYSE: OSK), a leading manufacturer of specialty trucks and truck bodies, today reported that third quarter net income increased 12.2 percent to $24.2 million, or $1.39 per share, on sales of $538.2 million for the quarter ended June 30, 2003. This compares with net income of $21.6 million, or $1.24 per share, on sales of $489.5 million for last year's third quarter, which benefited $0.16 per share from an increase in margins on the Company's Medium Tactical Vehicle Replacement ("MTVR") contract from 3.3 percent to 4.3 percent. As a result of strong third quarter earnings, Oshkosh increased its earnings per share estimate for the full year ending September 30, 2003 from $3.70 to $4.00 per share. All per share amounts included in this release are reported on a pre-split basis with respect to a two-for-one stock split separately announced today.

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Sales increased 9.9 percent in the third quarter. Operating income increased 6.6 percent to $40.9 million, or 7.6 percent of sales, compared to $38.4 million, or 7.8 percent of sales, in the prior year's third quarter.

"The positive business opportunities facing Oshkosh Truck are reflected in our third quarter earnings performance, and certainly in our improved outlook for fiscal 2004. And, while the loss in April of the competition for the U.S. Army's FMTV fleet was a disappointment, we took it as an opportunity to conduct an assessment of our fundamental business models within each of our businesses. As a result, I believe that our company is positioned better than ever to execute on our growth strategies," said Robert G. Bohn, Oshkosh chairman, president and chief executive officer.

Bohn continued, "With full scale production of the Revolution(TM) composite mixer drum in the near future and a strong defense backlog, we believe that Oshkosh Truck is positioned for solid growth in fiscal 2004, despite softness in municipal spending. Indeed, today we are initiating our estimate of fiscal 2004 earnings per share at $4.35, up approximately 8.8% over our improved estimate of fiscal 2003 earnings. This estimate assumes no further margin enhancement on the MTVR contract in fiscal 2004, although we continue to target improved operating efficiencies to increase margins under the contract."

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

Fire and emergency--Fire and emergency segment sales increased 19.7 percent, to $148.3 million for the quarter. Operating income was up 11.4 percent to $16.1 million, or 10.9 percent of sales, compared to prior year operating income of $14.5 million, or 11.7 percent of sales. Third quarter results reflected strong orders in fiscal 2002. Beginning in the fourth quarter

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of fiscal 2002, fire and emergency orders began to soften due to municipal budget pressures. The Company does not expect such order weakness to impact earnings until fiscal 2004.

Defense--Defense sales increased 9.8 percent to $178.8 million for the quarter, largely due to increased parts sales and shipments of the Heavy Equipment Transporter to the U.K. Ministry of Defence during the quarter. Operating income in the third quarter was up 13.0 percent to $16.9 million, or 9.5 percent of sales, compared to prior year operating income of $15.0 million, or 9.2 percent of sales. Earnings for the current year quarter reflect increased sales of higher-margin parts and heavy trucks. Prior year quarter results included the effect of a $4.0 million cumulative catch-up adjustment to operating income related to an increase in the margins on the MTVR contract to 4.3%. Margins on the MTVR contract have since remained at 4.3% through the third quarter of fiscal 2003.

Commercial--Commercial sales increased 4.4 percent to $213.6 million for the quarter. Operating income decreased 15.4% to $15.0 million, or 7.0 percent of sales, compared to 8.7 percent of sales in the prior year quarter. Unit sales volumes declined in all product lines except front-discharge concrete mixers during the third quarter, but segment sales were higher due to a higher mix of lower-margin package sales of truck bodies and purchased chassis and favorable translation of Geesink Norba Group sales into U.S. dollars due to strengthening of the euro.

Corporate and other--Corporate and other operating expenses and inter-segment profit elimination decreased $1.7 million to $7.1 million, largely due to expenses incurred related to acquisition investigations and higher variable compensation during the third quarter of fiscal 2002. Net interest expense for the quarter decreased $1.9 million to $3.0 million, compared to the prior year quarter. Lower interest costs were largely due to debt reduction in the second half of fiscal 2002 and in fiscal 2003 resulting from "performance-based" payments received on the

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multi-year MTVR and Family of Heavy Tactical Vehicles contracts and free cash flow from operations.

Nine-Month Results

The company reported that net income increased 17.2 percent to $49.6 million, or $2.85 per share, for the first nine months of fiscal 2003 on sales of $1,417.9 million compared to $42.3 million, or $2.45 per share, for the first nine months of fiscal 2002 on sales of $1,266.6 million.

Operating income increased 7.4 percent to $85.6 million, or 6.0 percent of sales, in the first nine months of fiscal 2003 compared to $79.7 million, or 6.3 percent of sales, in the first nine months of fiscal 2002.

The company will comment on third quarter earnings and expectations for the remainder of fiscal 2003 and fiscal 2004 during a live conference call at 11:00
a.m. Eastern Daylight Time this morning. 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 the Company's new website at 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 one year 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(R), McNeilus(R), Pierce(R), Medtec(R), Geesink and Norba brand names. Oshkosh's products are valued worldwide by fire and emergency units, defense forces, municipal

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and airport support services, and concrete placement and refuse businesses where high quality, superior performance, rugged reliability and long-term value are paramount.

Forward-Looking Statements

This press release contains statements that the company believes 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 cyclical nature of the Company's commercial and fire and emergency markets, the outcome of defense truck procurement competitions, risks related to reductions in government expenditures, the uncertainty of government contracts, the challenges of identifying acquisition candidates and integrating acquired businesses and risks associated with international operations and sales, including foreign currency fluctuations. In addition, the Company's expectations for fiscal 2003 and 2004 are based in part on certain assumptions made by the Company, including, without limitation, those relating to anticipated sales and pricing of the Revolution(TM) composite mixer drum; 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 commercial waste haulers; spending on bid and proposal activities and 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 June 30,		Nine Months Ended June 30,	
	2003	2002	2003	2002
	(In thousands, except per share amounts)			
Net sales	$538,183	$489,532	$ 1,417,896	$ 1,266,630
Cost of sales	456,571	410,272	1,212,853	1,077,850
Gross income	81,612	79,260	205,043	188,780
Operating expenses:				
Selling, general and administrative	39,100	39,392	114,573	104,636
Amortization of purchased intangibles	1,621	1,506	4,830	4,421
Total operating expenses	40,721	40,898	119,403	109,057
Operating income	40,891	38,362	85,640	79,723
Other income (expense):				
Interest expense	(3,273)	(5,209)	(10,179)	(17,248)
Interest income	306	344	800	900
Miscellaneous, net	(465)	(174)	(140)	(373)
	(3,432)	(5,039)	(9,519)	(16,721)
Income before provision for income taxes and equity in earnings of unconsolidated partnership	37,459	33,323	76,121	63,002
Provision for income taxes	13,796	12,276	28,178	22,286
Income before equity in earnings of unconsolidated partnership	23,663	21,047	47,943	40,716
Equity in earnings of unconsolidated partnership, net of income taxes	546	527	1,672	1,633
Net income	$ 24,209	$ 21,574	$ 49,615	$ 42,349
Earnings per share	$ 1.42	$ 1.28	$ 2.92	$ 2.52
Earnings per share assuming dilution	$ 1.39	$ 1.24	$ 2.85	$ 2.45
Weighted average shares outstanding:				
Basic	17,015	16,883	16,981	16,796
Assuming dilution	17,439	17,355	17,424	17,262
Cash dividends:				
Class A Common Stock	$0.07500	$0.07500	$ 0.22500	$ 0.22500
Common Stock	$0.08625	$0.08625	$ 0.25875	$ 0.25875

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OSHKOSH TRUCK CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2003	September 30, 2002
	(Unaudited)	
	(In thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 39,718	$ 40,039
Receivables, net	170,236	142,709
Inventories	228,319	210,866
Prepaid expenses	8,800	7,414
Deferred income taxes	34,019	26,008
Total current assets	481,092	427,036
Investment in unconsolidated partnership	23,434	22,274
Other long-term assets	21,147	11,625
Property, plant and equipment	275,439	261,045
Less accumulated depreciation	(131,734)	(120,684)
Net property, plant and equipment	143,705	140,361
Purchased intangible assets, net	100,953	104,316
Goodwill	336,408	318,717
Total assets	$ 1,106,739	$ 1,024,329
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 106,039	$ 116,422
Floor plan notes payable	24,861	23,801
Customer advances	159,829	119,764
Payroll-related obligations	32,881	34,474
Income taxes	21,520	8,597
Accrued warranty	28,001	24,015
Other current liabilities	56,517	47,754
Revolving credit facility and current maturities of long-term debt	225	18,245
Total current liabilities	429,873	393,072
Long-term debt	101,514	131,713
Deferred income taxes	41,088	39,303
Other long-term liabilities	51,318	50,481
Commitments and contingencies		
Shareholders' equity	482,946	409,760
Total liabilities and shareholders' equity	$ 1,106,739	$ 1,024,329

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

	Nine Months Ended June 30,	
	2003	2002
	(In thousands)	
Operating activities:		
Net income	$ 49,615	$ 42,349
Non-cash adjustments	10,043	8,550
Changes in operating assets and liabilities	10,540	124,271
Net cash provided from operating activities	70,198	175,170
Investing activities:		
Additions to property, plant and equipment	(16,753)	(6,883)
Proceeds from sale of assets	3,770	5
Decrease (increase) in other long-term assets	(7,910)	309
Net cash used for investing activities	(20,893)	(6,569)
Financing activities:		
Net repayments under revolving credit facility	-	(65,200)
Repayment of long-term debt	(48,241)	(93,855)
Dividends paid	(4,395)	(4,326)
Other	2,065	1,961
Net cash used for financing activities	(50,571)	(161,420)
Effect of exchange rate changes on cash	945	549
Increase (decrease) in cash and cash equivalents	(321)	7,730
Cash and cash equivalents at beginning of period	40,039	11,312
Cash and cash equivalents at end of period	$ 39,718	$ 19,042
Supplementary disclosure:		
Depreciation and amortization	$ 18,943	$ 18,720

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OSHKOSH TRUCK CORPORATION
SEGMENT INFORMATION
(Unaudited)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2003	2002	2003	2002
	(In thousands)			
Net sales to unaffiliated customers:				
Commercial	$ 213,585	$ 204,535	$ 562,734	$ 503,942
Fire and emergency	148,345	123,956	402,887	339,504
Defense	178,779	162,774	457,939	426,475
Intersegment eliminations	(2,526)	(1,733)	(5,664)	(3,291)
Consolidated	$ 538,183	$ 489,532	$ 1,417,896	$ 1,266,630
Operating income (expense):				
Commercial	$ 15,011	$ 17,747	$ 34,047	$ 37,204
Fire and emergency	16,113	14,461	40,453	33,824
Defense	16,913	14,965	33,239	28,094
Corporate and other	(7,146)	(8,811)	(22,099)	(19,399)
Consolidated	$ 40,891	$ 38,362	$ 85,640	$ 79,723
Period-end backlog:				
Commercial			$ 131,105	$ 160,485
Fire and emergency			266,291	290,657
Defense			812,377	613,980
Consolidated			$ 1,209,773	$ 1,065,122

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Third Quarter 2003 Earnings Conference Call July 24, 2003 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 24, 2003 earnings conference call as our "previous estimates." Also, unless specifically described otherwise, all per share results discussed in this call today are reported on a pre-split basis with respect to the two-for-one stock split announced this morning.

Bob, please lead off.

Bob

Thank you. As you can imagine, we are pleased with the third quarter financial results that we achieved. The $1.39 EPS was substantially above our previous estimate of $0.95 per share. These results were 12% better than our prior year's performance for the third quarter of $1.24, when we benefited from a $0.16 per share

margin pick-up on our MTVR contract. This year, there are no large items benefiting results, so I consider this a particular success on the part of the corporation as a whole.

So, how did we beat our previous estimate by a full $0.44 per share? Let me walk you through that a bit:

o First, our defense business really exceeded our forecasts by over $5.0 million. About one-half of the better than expected performance by our defense business was attributable to parts sales that resulted from Operation Iraqi Freedom. Replacement parts requirements generated by the recent conflict are difficult to predict, and sales have been exceeding our expectations. Add to that a very good manufacturing performance for the quarter, and you have results that were significantly better than we expected.
o Second, Pierce delivered over $2 million in operating income in excess of our previous estimate. This was largely due to a timing issue in shipments between the third and fourth quarters, in addition to exceptional operational cost performance during the quarter.
o And, finally, our concrete placement and refuse businesses performed more than $2 million better than projected as a result of slightly better than anticipated economic conditions during the quarter.

The cash flow generated also allowed us to repay additional debt, reducing our debt from $138 million at the end of March to just $102 million at the end of June, a $36 million reduction.

All of these positive developments lead us to increase our estimate for fiscal 2003 to $4.00 per share, up from the $3.70 confirmed at the end of last quarter. We're proud of an estimated 15.9% annual increase in earnings per share in this economy. This estimate takes into account the fact that some fire and emergency shipments were accelerated from the fourth to the third quarter, and that the economy and its effects on the refuse and concrete placement markets are soft.

We also introduced our fiscal 2004 estimate of earnings per share at $4.35, up about 9.0% from our fiscal 2003 EPS estimate of $4.00.

In the months following the loss of the FMTV contract, we have taken the opportunity to perform a comprehensive assessment of our business model and our business practices. Both remain viable and effective; however, we have identified opportunities where a refocus or a restructuring of our resources could enhance our competitive position within each of our businesses. We will be pursuing those initiatives with vigor in the coming months, with an eye on enhancing our sales and earnings growth.

Beyond this internal assessment, there have been a number of major developments over the past three months. Chief among these is the progress that we have made on the Revolution(TM) concrete mixer drum program, which has been the main focus for our concrete placement business for more than a year now. Progress has been appropriate for the full-scale launch of production and sales in the U.S. market in early fiscal 2004. At this point, we have completed the first U.S. production unit in our fully complete and equipped new production facility. We will continue with very low-rate production through the end of the fourth fiscal quarter, so you won't see any impact on sales and earnings this fiscal year. We anticipate reaching full-rate production by mid first quarter 2004 and that sales will approach 1,000 units during fiscal 2004.

In particular, I'm extremely pleased to tell you that Waste Management and McNeilus have signed a letter of intent for McNeilus to provide a large portion of Waste Management's refuse body purchases over the next five years. We are in the final stages of developing the purchasing agreement and expect that agreement to be finalized in the next thirty days.

In recognition of these and other positive developments, the Board approved a two-for-one stock split in the form of a stock dividend effective August 6, 2003. The Board also approved a 33 1/3% increase in the cash dividend. The increase in the cash dividend is

modest in relation to the share price increase since our last stock split, in recognition of our active acquisitions strategy. These Board actions confirm our belief that our growth prospects remain good.

Fire & Emergency

Turning to a discussion of our business segments, the fire apparatus market is under pressure from three sides - a weak economy combined with state budgetary crises and a municipal tax recession. Many anticipate that the financial crises weighing on U.S. state budgets will persist into 2004, with continued constraints on fire department budgets. The state budgetary crises have impacted local municipalities, who, in many cases, redirect funds from services such as fire and police departments to cover shortfalls in other areas. Across America, fire departments' budgets are facing cuts -- fire fighters are being layed off, fire stations are closing and capital budgets are being reduced.

Despite the current environment, Pierce and Medtec performed very well this quarter. However, we do anticipate that these market conditions will present a challenge to continued growth in fiscal 2004. And, we are addressing that challenge on several fronts.

First and foremost, we are focusing on continuing to lead in new product development. Buoyed by the successful introduction of the industry's first side roll protection system ("SRP") and TAK-4(TM) independent suspension, we believe that fire departments will continue to value exceptional performance, safety features and quality.

A bright spot on the horizon is the increased federal funding and support for the fire service since 9/11. In fiscal 2002, funds awarded by the Federal Emergency Management Agency ("FEMA") under the Fire Act reached $360 million. The 2003 Assistance to Firefighter Grant program will award approximately $750 million by year's end. The House Appropriations Committee has approved the same amount for fiscal 2004, $250 million more than requested by the President. We expect most of the new apparatus purchased as a result of

departments receiving grant money to fall into the value-priced, commercial apparatus market segment.

Defense

In our defense business, we expect earnings growth in fiscal 2004 based on our current heavy truck programs and international business opportunities. Our focus in recent months has been on structuring our business to deliver strong results and improve our competitive position even further for upcoming opportunities. We believe our products are among the best in the world and perfectly suited to the demands of true military applications. We have highly efficient production operations in the U.S. And, we expect to benefit from lower bid-and-proposal costs.

The third round of tendering on the United Kingdom's Cargo Support Vehicle program is in full swing. All four competitors received the revised requests for proposals in June and will be submitting revised proposals by September 4. At this time, the Ministry of Defence has indicated that it still expects to name a preferred bidder in the spring of next year.

In terms of bid activities, we are also in full gear for a bid for the U.S. Marine Corps' Logistics Vehicle System Replacement ("LVSR") program. We received the tender documents in June and will submit a bid before the September 30 deadline. This is the first step in a several year competition for an estimated 900 - 1,500 vehicles.

Commercial

Diversification can prove a critical factor in success, for investors and corporations alike. The past three years have driven that point home with us. This is most evident in talking about our commercial business. Both our refuse and concrete placement businesses have been affected by difficult economic conditions over the past two years, but the balance that our defense and fire and emergency

businesses bring to sales and earnings performance has allowed the corporation to deliver increasingly better results.

Recently, there have been reasons to be more confident that a sustainable economic recovery is in process. Despite the budgetary difficulties that plague our municipal refuse customers, the economy appears to be strengthening and we believe the fundamentals for an improvement in the economy and our commercial markets are present.

In regard to our European refuse body subsidiary, Geesink Norba Group, its markets remain largely unchanged, which is to say down. However, the company has been successfully focused on managing its cost structure and has been able to maintain solid sales and margin performance.

Now I'll turn the call over to Charlie to review the financial results in more detail. Then, I'll sum up later.

Charlie

Third Quarter Results

Let's start by looking closer at third quarter results.

Consolidated sales were up 9.9% compared to last year, with consolidated operating income margins of 7.6%, compared to 7.8% last year. Consolidated operating income was $40.9 million, up 6.6% compared to last year. A cumulative catch-up adjustment to increase MTVR margins from 3.3% to 4.3% benefited last year's third quarter results by $4.0 million.

Now, let's look at individual business segment results.

Fire and Emergency

First, fire and emergency sales increased 19.7% to $148.3 million in the third quarter, and operating income was up 11.4% to $16.1

million, or 10.9% of sales. A strong product mix and favorable manufacturing cost performance contributed to the higher operating income compared to the prior year. Several trucks shipped unexpectedly early, contributing to significantly better performance than our previous estimates.

Pierce's backlog was down 9.3% at June 30, 2003, compared to June 30, 2002. That's consistent with our remarks in conference calls over the last nine months that fire apparatus markets were weakening due to state and municipal budget constraints.

Defense

In defense, sales were up 9.8% to $178.8 million in the third quarter due to higher truck sales to international customers and higher parts sales resulting from Operation Iraqi Freedom. Operating income rose 13.0% in the third quarter to $16.9 million. These results significantly exceeded our April 24, 2003 estimates due to the unanticipated parts sales and strong manufacturing cost performance. Last year's third quarter results reflected a cumulative catch-up to operating income of $4.0 million arising from the Company's increase of its MTVR margins to 4.3%. Margins on the MTVR contract have remained at 4.3% through June 30, 2003.

Commercial

Compared to the prior year, sales in the commercial segment were up 4.4% in the third quarter to $213.6 million, while operating income was down 15.4% to $15.0 million. Unit sales volumes declined in all product lines during the third quarter, except for front-discharge concrete mixers, but segment sales were higher due to a higher mix of lower margin package sales of truck bodies and purchased chassis and favorable translation of Geesink Norba Group sales into U.S. dollars due to strengthening of the euro. Sales and operating income were both higher than our previous estimates due to a modest improvement in order rates beyond our previous expectations. Compared to the prior year, concrete placement and

international refuse sales were up 5.0% and 20.7%, respectively, during the quarter, while domestic refuse sales were down 9.0%.

Orders in our concrete placement business declined sharply in the third quarter compared to the prior year, probably due to pre-buying in last year's third quarter of chassis with engines under old emission standards requirements. At June 30, rear-discharge unit backlog was down 38.0% compared to prior year levels, while our front-discharge backlog was down 59.2%.

Domestic refuse body customers continued to restrain spending in the quarter, and we expect domestic refuse orders to remain soft through at least December 31, 2003. However, our domestic refuse unit backlog was up 49.2% at June 30, 2003 compared to prior year levels, primarily due to a very low backlog at June 30, 2002.

European refuse markets also remain extremely weak. Geesink Norba backlog was down 7.3% at June 30, 2003 compared to prior year levels.

Corporate

At corporate, our expenses were down $1.7 million in the third quarter compared to the prior year largely due to expenses incurred related to acquisition investigations and higher variable compensation during the third quarter of fiscal 2002.

Fourth Quarter Fiscal 2003 Outlook

Looking forward to the fourth quarter of fiscal 2003, we now expect to close the year with sales of approximately $1.9 billion, up from our previous estimate of $1.87 billion. There is no change in our estimate of fire and emergency sales of $535.0 million for fiscal 2003. We are raising our estimate of defense sales by $15.0 million to $640.0 million for the year, largely due to the impact on sales of signing and funding of a contract modification in the third quarter for non-recurring costs on MTVR variant trucks and higher parts sales.

And, we are increasing our estimate of commercial segment sales by $15.0 million to $733.0 million for the year, largely due to a higher mix of package sales in all product lines.

Our new estimate of operating income for the year is $120.0 million. That reflects no change in our estimate of fire and emergency operating income of $53.0 million for the year in spite of the better than expected performance in the third quarter, as trucks were unexpectedly accelerated from the fourth fiscal quarter. We expect defense operating income for the year to increase $4.5 million over our previous estimate to $52.0 million, largely reflecting the improvement in third quarter earnings over previous estimates. In the commercial segment, we are raising our operating income estimate by $2.0 million to $45.0 million for the year. All of the increase was realized in the third quarter.

For the year, we are reducing our corporate expense estimate by $1.0 million, to $30.0 million, reflecting spending reductions implemented over the last quarter. We are maintaining our net interest expense estimate of $13 million for the year.

Summing it up, we expect net income of about $20.2 million and $69.8 million in the fourth quarter and fiscal year 2003 and earnings per share of $1.15 and $4.00, respectively.

And, we are now estimating that our debt will remain at $101.7 million through September 30, 2003.

Fiscal 2004 Outlook

Turning to fiscal 2004, we are assuming no acquisitions in the estimates which follow, and all comparisons refer to our revised estimates for fiscal 2003.

We are estimating consolidated sales of $1.87 billion, down 1.6% from estimated fiscal 2003 sales. Sales would remain flat at $1.9 billion if the U.S. Marine Corps funds a requirement for MTVR wreckers, which could occur any time during the period November

2003 through January 2004, if at all. We expect fire and emergency sales to be down 2.8% to $520.0 million. We expect Pierce sales to decline about 5.0% in fiscal 2004 due to municipal and state budget constraints. We believe industry volumes may decline by double that amount. We expect strong snow removal and aircraft rescue and firefighting vehicle sales to offset some of the weakness in our fire apparatus sales. We are projecting defense sales to decrease 12.5% to $560.0 million. Again, this estimate could increase $30 million if the U.S. Marine Corps funds the MTVR wrecker requirement. We expect MTVR sales to decline about $126.0 million in fiscal 2004. We expect some of that decrease to be offset by higher international sales and higher sales under our Family of Heavy Tactical Vehicles contract. In the commercial segment, we are projecting sales growth of 9.1% to $800.0 million. We continue to be very cautious about any economic recovery, but we are anticipating that the launch of our Revolution(TM) drum will spur some sales growth. We're projecting concrete placement sales growth of 12.3% in fiscal 2004. We're projecting domestic refuse sales to increase 10.5% in fiscal 2004, largely resulting from increased business with the largest commercial waste haulers, while we expect municipal refuse spending to remain soft. We're estimating that Geesink Norba refuse sales will be flat in fiscal 2004 as we project no recovery in European markets next year.

By quarter in fiscal 2004, we believe that these sales expectations by segment would result in consolidated sales of approximately $423.0 million in quarter one, $473.0 million in quarter two, $517.0 million in quarter three and $457.0 million in quarter four.

With respect to operating income, we are projecting consolidated operating income to be up about 10.0% to $132.0 million in fiscal 2004. By segment, we are projecting fire and emergency operating income to decline 4.7% to $50.5 million in fiscal 2004, which is largely consistent with the estimated sales decline in the segment. We are projecting defense operating income to increase 3.8% to $54.0 million in fiscal 2004. This estimate assumes lower bid and proposal spending and an improved product mix involving more heavy payload defense vehicles. Our defense operating income estimate assumes MTVR contract margins of 4.3% in fiscal 2004. We

continue to target 6.0% to 6.5% margins over the contract life. A one percentage point increase in MTVR margins in fiscal 2004 would amount to $9.0 million in operating income, or $0.32 per share. Periodically, we will monitor manufacturing cost performance and the durability of fielded trucks, among other factors, and adjust margins accordingly. Another important factor impacting our defense segment earnings in fiscal 2004 will be the status of a U.S. Marine Corp contract modification to fund wreckers on an MTVR chassis. We previously reported that such wrecker contract modification, if funded, would be recognized as a separate contract from the base MTVR contract. If funded, the modification would add about $30.0 million in sales in fiscal 2004 at higher margins than earned under the base MTVR contract. In the commercial segment, we are projecting operating income to increase 24.4% to $56.0 million. We are projecting concrete placement operating income to be up 21.0% in fiscal 2004. We will ramp up the sale of Revolution(TM) drums slowly in fiscal 2004, during which we expect to sell about 1,000 Revolution drums. We expect domestic refuse operating income to be up 41.0% in fiscal 2004, off a low base in fiscal 2003, due to higher projected sales and cost reduction plans in place. We're projecting our Geesink Norba Group operating income to be up 10.5% in fiscal 2004, solely due to cost reduction plans.

We expect corporate expenses to approximate $28.5 million in fiscal 2004, down from $30.0 million in fiscal 2003. This decrease reflects lower costs to implement requirements of the Sarbanes-Oxley Act, since we expect that effort to be largely complete by September 30, 2003, and other cost reduction plans. We are projecting net interest costs to increase $1.0 million to $14.0 million in fiscal 2004. While we expect our debt to be lower on average in fiscal 2004, we anticipate interest rates to rise from these historically low levels.

These estimates, assuming an effective tax rate of 36.8% and $2.7 million of equity in earnings of our leasing partnership, lead to a net income estimate of $77.3 million for fiscal 2004.

By quarter, we expect net income to approximate $13.4 million in quarter one, $18.1 million in quarter two, $25.0 million in quarter

three and $20.7 million in quarter four. Assuming 17,750,000 average diluted shares outstanding for the year on a pre-split basis, these net income estimates would translate to earnings per share estimates of $0.76 in quarter one, $1.02 in quarter two, $1.41 in quarter three and $1.16 in quarter four. These quarterly earnings estimates reflect substantially higher earnings per share in the first half of fiscal 2004 and relatively flat earnings per share in the second half of fiscal 2004.

In the first half of the year, we expect a strong mix of Family of Heavy Tactical Vehicle contract and international defense truck sales to contribute to higher earnings. In the second half of fiscal 2004, we have tough quarterly earnings comparators, and declining MTVR sales. Now, if the U.S. Marine Corps funds the wrecker modification, or if there is a stronger than expected economic recovery, that could contribute to earnings growth in the second half of fiscal 2004.

Starting next quarter, we will be reporting earnings per share after giving effect to the two-for-one stock split announced this morning. Let me make the transition a little easier for you by providing you now with our fiscal 2003 and 2004 EPS, both actual and projected, by quarter, and giving effect to the stock split:

	Fiscal 2003	Fiscal 2004
First quarter	$0.32	$0.38 P
Second quarter	0.40	0.51 P
Third quarter	0.69	0.70 P
Fourth quarter	0.58 P	0.58 P
Fiscal year	2.00 P	2.18 P

P = Projected

Of course, there are downsides to every estimate. The launch of the Revolution could be delayed or encounter difficulties. The economy could enter a double dip recession. Upsides to these estimates primarily involve the opportunity to improve MTVR margins, U.S. Marine Corps funding of the wrecker modification, a better than expected launch of the Revolution drum and a stronger economic

recovery than expected. 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 remain flat in fiscal 2004, but cash will fluctuate with seasonal working capital demands. We presently plan to hold excess cash in furtherance of our acquisition strategy. We expect capital spending to approximate $30 million in fiscal 2004, much of which will continue to support the worldwide rollout of the Revolution composite mixer drum.

Now, Bob will close our prepared remarks.

Bob:

Closing

In wrapping up, we're very pleased with our earnings to date in fiscal 2003, when many industrial companies are continuing to face earnings difficulties. We believe that we have the opportunity to follow fiscal 2003 with an even better financial performance in fiscal 2004 based on strength in our defense and commercial segments. We've built a great company, and we're moving it straight forward.

Operator, please commence the question and answer period.