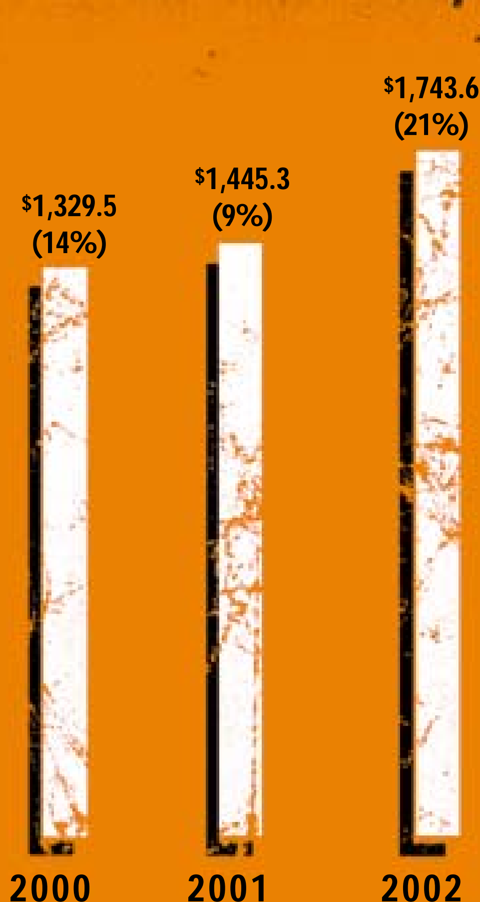
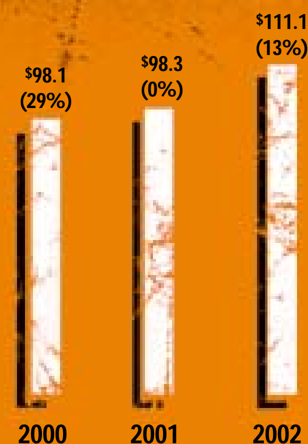
2002 ANNUAL REPORT

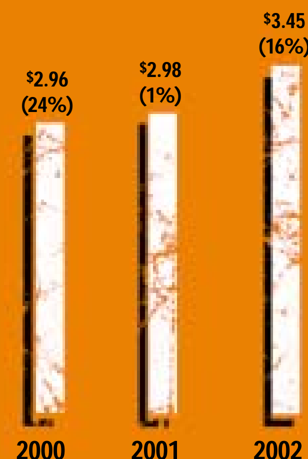
FEEL THE RUMBLE



NET SALES
AND PERCENT GROWTH
(DOLLARS IN MILLIONS)



OPERATING INCOME
AND PERCENT GROWTH
(DOLLARS IN MILLIONS)



EPS
AND PERCENT GROWTH

SUMMARY FINANCIAL HIGHLIGHTS
OSHKOSH TRUCK CORPORATION

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA. FISCAL YEARS ENDED SEPTEMBER 30.
(DOLLARS IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

	2000 (8)	2001 (7) (8)	2002 (9)
NET SALES (1)	$1,329,516	$1,445,293	$1,743,592
OPERATING INCOME	98,051	98,296	111,118
INCOME FROM CONTINUING OPERATIONS (2)	48,508	50,864	59,598
PER SHARE ASSUMING DILUTION (2)	2.96	2.98	3.45
NET INCOME (2) (3) (4)	49,703	50,864	59,598
PER SHARE ASSUMING DILUTION (2) (3) (4)	3.03	2.98	3.45
TOTAL ASSETS	796,380	1,089,268	1,024,329
NET WORKING CAPITAL (5)	76,500	123,949	33,964
LONG-TERM DEBT (INCLUDING CURRENT MATURITIES) (6)	162,782	359,280	149,958
SHAREHOLDERS' EQUITY	301,057	347,026	409,760
BOOK VALUE PER SHARE	18.06	20.76	24.13
BACKLOG	608,000	799,000	908,000

(1) See Note 1 of the Notes to Consolidated Financial Statements for definition of net sales.

(2) Fiscal 2001 includes a $1,727 one-time foreign currency transaction gain in connection with euros acquired prior to the purchase of the Geesink Norba Group and includes a $1,400 reduction in income tax expense related to settlement of certain income tax audits.

(3) Fiscal 2000 includes a $2,015 after-tax gain resulting from a technology transfer agreement and collection of previously written-off receivables related to the Company's former bus chassis joint venture in Mexico.

(4) Includes after-tax extraordinary charges of $820 ($0.05 per share) in 2000 related to early retirement of debt.

(5) Cash from operating activities, including an $86,300 performance-based payment received on September 30, 2002 on the Company's MTVR contract, was principally used to prepay long-term debt. See (6).

(6) On July 23, 2001, the Company amended and restated its senior credit facility and borrowed $140,000 under a new Term Loan B in connection with the acquisition of the Geesink Norba Group. See Notes 4 and 6 of the Notes to Consolidated Financial Statements. In fiscal 2002, the Company used cash generated from operating activities to prepay $132,250 of long-term debt. See (5).

(7) See Note 4 of the Notes to Consolidated Financial Statements for discussion of fiscal 2001 acquisitions of Medtec Ambulance Corporation, certain assets of TEMCO and the Geesink Norba Group.

(8) In fiscal 2002, the Company prospectively adopted provisions of a new accounting standard that eliminated the amortization of goodwill and indefinite-lived assets. Had this new accounting standard been in effect for the earliest period presented, results would have been as follows for fiscal 2000 and 2001, respectively: operating income--$104,580 and $105,483; income from continuing operations--$54,646 and $57,522; income from continuing operations per share assuming dilution--$3.33 and $3.37; net income--$55,481 and $57,522 and net income per share assuming dilution--$3.40 and $3.37.

(9) In fiscal 2002, the Company increased the margin percentage recognized on the MTVR percentage-of-completion method contract by one percentage point as a result of a contract modification and favorable cost performance compared to previous estimates. This change in estimate, recorded as a cumulative catch-up adjustment, increased operating income, net income and net income per share by $4,264, $3,000 and $0.17, respectively, including $1,658, $1,044 and $0.06, respectively, relating to prior year revenues. See Note 1 of the Notes to Consolidated Financial Statements.

GROUND SHAKING PERFORMANCE

OSHKOSH IS ON THE MOVE.

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Please refer to the definition of "markets" and forward-looking statements on page 25. All references to "markets" and forward-looking statements made in this 2002 annual report should be read in conjunction with this disclosure.

FEEL THE RUMBLE

ROBERT G. BOHN
Chairman, President and CEO

Oshkosh is a company on the move. It shows in our performance and is proven by our numbers. We continue to face the challenges of a weak economy with sound business strategies, expand our international presence with effective integration of acquisitions, and lead our markets with technological innovation we believe few others can match. You can feel the rumble of Oshkosh as we move forward.

In the wake of another weak year for U.S. and European commercial markets, Oshkosh delivered a solid financial performance in fiscal 2002. Revenues reached $1.74 billion, a 20.6 percent increase over fiscal 2001, while net income grew 17.2% to $59.6 million, aided by the elimination of goodwill amortization. As a result, earnings per share were $3.45 compared to $2.98 last year.

In these difficult economic conditions, cash is paramount. We paid down $209.3 million of debt by year-end, eliminating Geesink Norba acquisition debt in less than one year and bringing our debt-to-capital ratio down to 26.8%. Throughout the year, we focused on deleveraging our balance sheet to create the financial flexibility to continue our diversification strategy.

MOVE TO NYSE

We're very excited about our move to the Big Board in July and believe it brings the benefits of increased liquidity and reduced trading costs to our shareholders.

This move heralds Oshkosh's emerging position as a global leader in the manufacture and design of commercial and military trucks and truck bodies. We believe that the global focus of the New York Stock Exchange ("NYSE") gives Oshkosh the opportunity to widen its potential investor base by increasing its visibility in both domestic and international markets.

On July 12, 2002, Robert G. Bohn, board members and company executives rang the Opening Bell℠ to begin that day's trading on the New York Stock Exchange.

THE RIGHT ROAD

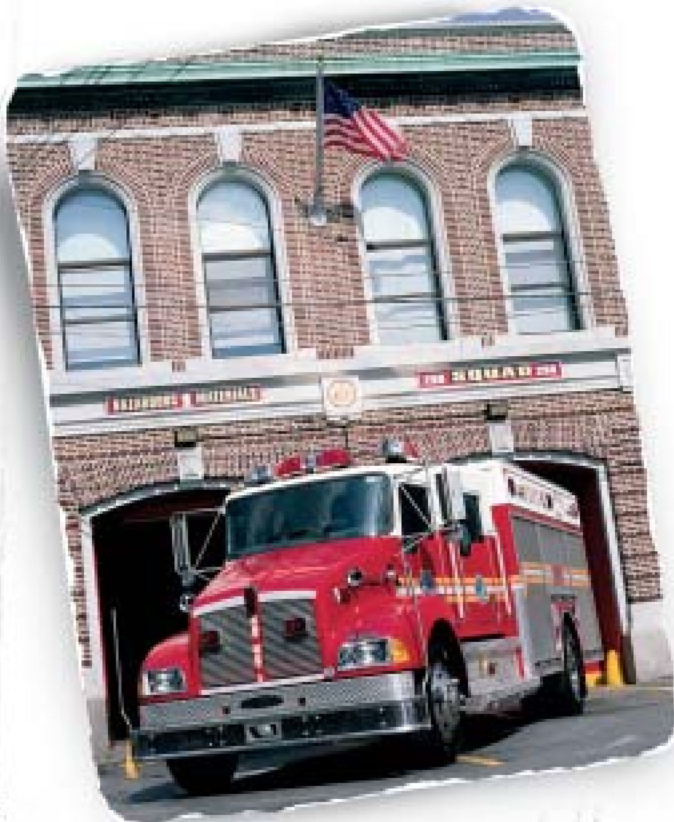
Corporate governance has been an area of concern for the investment community since the beginning of the year. As a company that has always held the highest standards of integrity, we welcome the increased scrutiny. In recent years, we have substantially strengthened our Board of Directors with senior executives from the most respected companies in the U.S. We formed a governance committee in 1998. Our audit committee maintains active oversight of our strong financial reporting practices, and we amended our audit committee charter in November 2002 to incorporate new regulatory requirements. We have signed the appropriate certifications that the SEC required, and in doing so, we took measures beyond our normal, thorough due diligence and audit procedures.

Oshkosh has always followed rigorous closing, forecasting and disclosure processes. We also maintain a commitment to full and fair disclosure as evidenced by our quarterly estimates of sales, earnings and debt.

While we fully support recent legislative and regulatory initiatives, we strongly believe doing the right thing must simply be the obvious, natural choice of all corporate managers. That is the culture we've created at Oshkosh Truck.

SUPPORTING FDNY

It is our passion and our honor to serve this nation's fire fighters. In the wake of the losses suffered by the Fire Department of New York during the September 11 attacks, we were inspired to donate a custom-built rescue truck, helping these brave men and women the best way we can.



At the Fire Department Instructors Conference in Indianapolis, Ind., Pierce Manufacturing and its employees donated a rescue vehicle to the Fire Department of New York ("FDNY").

The new StreetForce™ line of refuse vehicles from McNeilus is a strong example of how the company is using its new product development strategy to help increase sales and market share.

Oshkosh continues the integration of the Geesink Norba Group, working to maximize production efficiencies and profitability, and reposition the company as a single-source supplier to the European refuse market.

SEIZING OPPORTUNITIES

Our refuse business performed well this year. We believe McNeilus took the lead in the U.S. refuse market, with market share gains being driven by new product development, excellent customer service, and orders from major haulers.

This has proven to be a year of dramatic change for the Geesink Norba Group. They have repositioned themselves as a single-source for waste management solutions in major European markets. Formerly sold primarily in Scandinavia, the Norba brand is now marketed throughout Europe alongside Geesink products.

Although the European market went into a recession shortly after we purchased the Geesink Norba Group, we took the opportunity to right-size the business, install new principles in operational efficiency and accelerate the pace of new product development. The restructuring of production processes reduced employment levels by 11%. I expect these actions will bring bottom-line benefits in fiscal 2003.

EXPANDING DEFENSE

We are currently competing for three major defense contracts – the U.S. Army's Family of Medium Tactical Vehicle ("FMTV") Competitive Rebuy program, the U.K. Ministry of Defence's ("MoD") Wheeled Tanker program and the MoD's Cargo Support Vehicle program. Combined, these contracts represent over $3.0 billion in potential defense truck business over the course of the next 12 years.

We submitted our proposal for the FMTV contract on November 18, 2002, after successfully completing operational testing of our prototype units. In March 2003, we expect to hear the award decision for this five-year contract valued at more than $1.0 billion.

The MoD is scheduled to reach a decision on the Wheeled Tanker program early in fiscal 2003. We expect the decision on the Cargo Support Vehicle program late in fiscal 2003. Oshkosh has been competing for this business for several years. Our MoD proposals are largely based on the MTVR chassis platform, again demonstrating the versatility of this model to meet varying mission profiles.

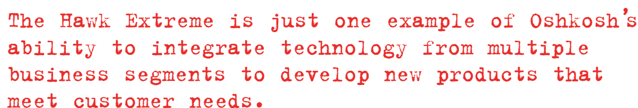
Central to our U.K. proposals is the intent to manufacture a majority of the vehicles at our Llantrisant location, near Cardiff, Wales. We would expand our facilities and create as many as 400 new jobs to support these programs, using that facility as a base for additional commercial expansion in other European markets as well.

Oshkosh is currently competing for major military vehicle programs in the U.S., U.K. and other allied nations, including contracts for the U.S. Army's FMTV (right) and the U.K. Wheeled Tanker (below).

FOCUSED ON TECHNOLOGY

Leadership in technology and product development has been a main driver of our past success, and continues to be a vital foundation for our future. In fiscal 2002, investments in research and development rose 24.8% to $17.9 million corporate-wide. Most notably, we introduced the Revolution™ composite concrete mixer drum, a new StreetForce line of refuse bodies and a new wildland fire truck, the Hawk Extreme™, that contribute to our leadership positions in those markets.

The Revolution mixer is integral to our long-term growth strategy. By the end of fiscal 2003, Oshkosh plans to have a U.S. plant operational at high rate production for sales beginning in fiscal 2004. In fiscal 2005 and 2006, we expect to introduce this technology to Europe and Asia.



The Hawk Extreme is just one example of Oshkosh's ability to integrate technology from multiple business segments to develop new products that meet customer needs.

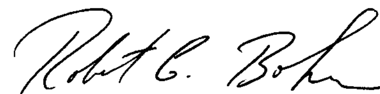
FORGING THE FUTURE

Before closing, I would like to thank Daniel T. Carroll for the 11 years of service he has given to our Board of Directors and wish him the best in his retirement, which will begin at our annual shareholders' meeting in February 2003. He served as chairman of the Board during truly formative years for this corporation. His counsel was invaluable to Oshkosh's success. Dan is a man of outstanding character and vision, and his presence will be missed.

As we look to fiscal 2003, Oshkosh will redouble its efforts to manage costs, expenses and working capital. We will work diligently to meet our performance target of 10% organic sales growth augmented by acquisitions. We are targeting consolidated operating income margins of 8% by fiscal 2004. Because of the impact of poor economies, this projection is a year behind our original target date. We expect to leverage our strong financial flexibility and use free cash flow to fund acquisitions and pay down debt.

We believe that few diversified industrial manufacturers have the core capabilities of Oshkosh. We have some of the brightest and most experienced people in the industry. And we are well prepared to develop new products, open new markets and face whatever challenges are put before us.

We can feel the rumble of Oshkosh on the move.



ROBERT G. BOHN
Chairman, President and CEO
December 9, 2002

BUSINESS OVERVIEW

PRODUCTS

DEFENSE

Heavy Expanded Mobility Tactical Trucks ("HEMTT"); HEMTT-Load Handling System ("LHS"); Palletized Load System ("PLS") trucks and trailers; Logistic Vehicle Systems ("LVS"); Heavy Equipment Transporters ("HET"); Medium Tactical Vehicle Replacements ("MTVR"); Euro-tanker and cargo vehicles; HEMTT remanufacturing; worldwide integrated logistics support, including service, parts, training and manuals

FIRE AND EMERGENCY

Custom chassis – Contender™, Saber™, Enforcer™, Dash™, Lance™, Quantum® and Arrow; custom pumpers; commercial pumpers; aerials-75' ladder, 105' ladder, 85' platform, 100' platform, 95' mid-mount platform, 95' mid-mount ladder; Sky-Boom® telescoping waterway; Sky-Arm® articulating ladder platform; heavy, medium and light-duty rescues; ENCORE™ rescues; Contender™ rescues; Hawk Extreme™ wildland vehicles; elliptical tankers; pumper tankers; specialty fire apparatus; Type I, II, III and additional duty ambulances; T-Series and Striker® Aircraft Rescue and Fire Fighting ("ARFF") vehicles; HB-Series snow blowers; P-Series plow trucks; MPT-Series municipal plow trucks; financing; aftermarket service; training

BRANDS

DEFENSE

FIRE AND EMERGENCY

COMPETITIVE ADVANTAGES

DEFENSE

- Comprehensive product line
- Long-standing reputation for superior performance at low life-cycle cost
- Leading truck technologies, including TAK-4™ independent suspension, corrosion resistance, transfer cases, Command Zone™ electronics, ProPulse™ hybrid electric drive technology, and steering technologies
- HEMTT and MTVR are C-130 air transportable
- Worldwide integrated logistics support
- Flexible, integrated manufacturing

FIRE AND EMERGENCY

- Single-source designer and manufacturer of fire apparatus and ambulances
- Industry leader in new product development
- Proprietary technologies, including:
  Hercules™ and Husky® foam systems
  Command Zone™ advanced electronics
  TAK-4™ independent suspension and
  ALL STEER® all-wheel steering
- Reputation for outstanding quality and safety
- Strong distribution network

MARKET TRENDS

DEFENSE

- U.S. Army transformation initiative emphasizes trucks that are deployable worldwide by C-130 aircraft
- Medium tactical truck programs are a priority to replace aging U.S. fleets
- Diagnostic/prognostic electronics
- Alternative drive technologies
- U.K. in midst of major fleet replacement initiative

FIRE AND EMERGENCY

- Approximately 10,000 fire apparatus and ambulances sold last year in the United States
- Federal funding through Federal Emergency Management Agency increased to $360 million in 2002; potential to increase further in 2003
- Increased integration of foam systems on fire apparatus
- Budget constraints at municipal level driving program truck sales
- Terrorism response
- Purchasing consortiums

YEAR IN REVIEW

- Oshkosh ranked #11 on *Forbes'* Platinum 400 List of Best Big Companies in America
- Oshkosh introduces the first composite concrete mixer drum, the Revolution™

HIGHLIGHTS OF 2002

DEFENSE

- Oshkosh competes for U.S. FMTV and U.K. Wheeled Tanker and Cargo Support Vehicle programs
- Oshkosh receives contract to help modernize Marine Corps supply chain with e-business parts support of MTVR fleet
- Oshkosh signs first major U.K. defense contract for 92 Heavy Equipment Transporters
- Oshkosh begins supplying parts for Stewart & Stevenson built FMTVs under contract designed to provide higher level of service to U.S. Army
- Oshkosh partners with ABRO for integration services, to assemble cargo bodies and to provide in-service support on U.K. MoD programs
- Next generation of Command Zone™ electronics are rolled out to defense market

FIRE AND EMERGENCY

- Pierce donates 10 fire trucks for use during the 2002 Olympic Winter Games
- Striker® ARFF truck earns ARFF Working Group 2002 Certificate of Technical Achievement
- Medtec named official ambulance of Daytona International Speedway
- Pierce introduces Hawk Extreme™ high-mobility wildland fire truck
- Medtec introduces the AD-180, its new additional duty ambulance
- Pierce becomes first fire truck manufacturer certified to new ISO 9001:2000 standard
- Pierce delivers first Tactical Fire Fighting Vehicle, built on HEMTT defense chassis, to U.S. Army Reserve

COMMERCIAL REFUSE HAULING

Refuse collection vehicle bodies: rear loaders - standard heavy-duty, StreetForce,™ Metro-Pak,™ XC and tag axle; front loaders - Atlantic™ and Pacific™ Series; side loaders - StreetForce™ manual-automated, automated and automated full-eject, and AutoReach® automated; roll-offs; mobile and stationary compactors; demountable containers and container handling equipment; waste transfer stations; financing; aftermarket service; all-makes parts; training

McNeilus GEESINK NORBA KIGGEN

- Broad product offering
- Packers offer low maintenance costs and high productivity
- Extensive international direct sales and service network
- Large-scale, high-efficiency manufacturing operations

- Approximately 10,000 refuse trucks sold last year in the United States; 6,500 in Europe
- Per capita waste continues to rise
- Due to limited landfill space, refuse is being hauled greater distances
- Privatization of waste collection is growing in the United States and Europe
- New ergonomic regulations will speed trend toward automation
- Facility sorting of recyclables reducing need for multi-compartment vehicles
- Alternative fuel vehicles
- Growing wealth of Eastern Europe expected to increase demand over time

- McNeilus launches four StreetForce™ refuse body models designed to handle all types of routes
- The Geesink Norba Group introduces a new, compact refuse collection vehicle, the Geesink GPM MINI
- The Geesink Norba Group expands service network with new center in Amsterdam
- The Geesink Norba Group sells 30 refuse collection vehicles to Munich, Germany

COMMERCIAL CONCRETE PLACEMENT

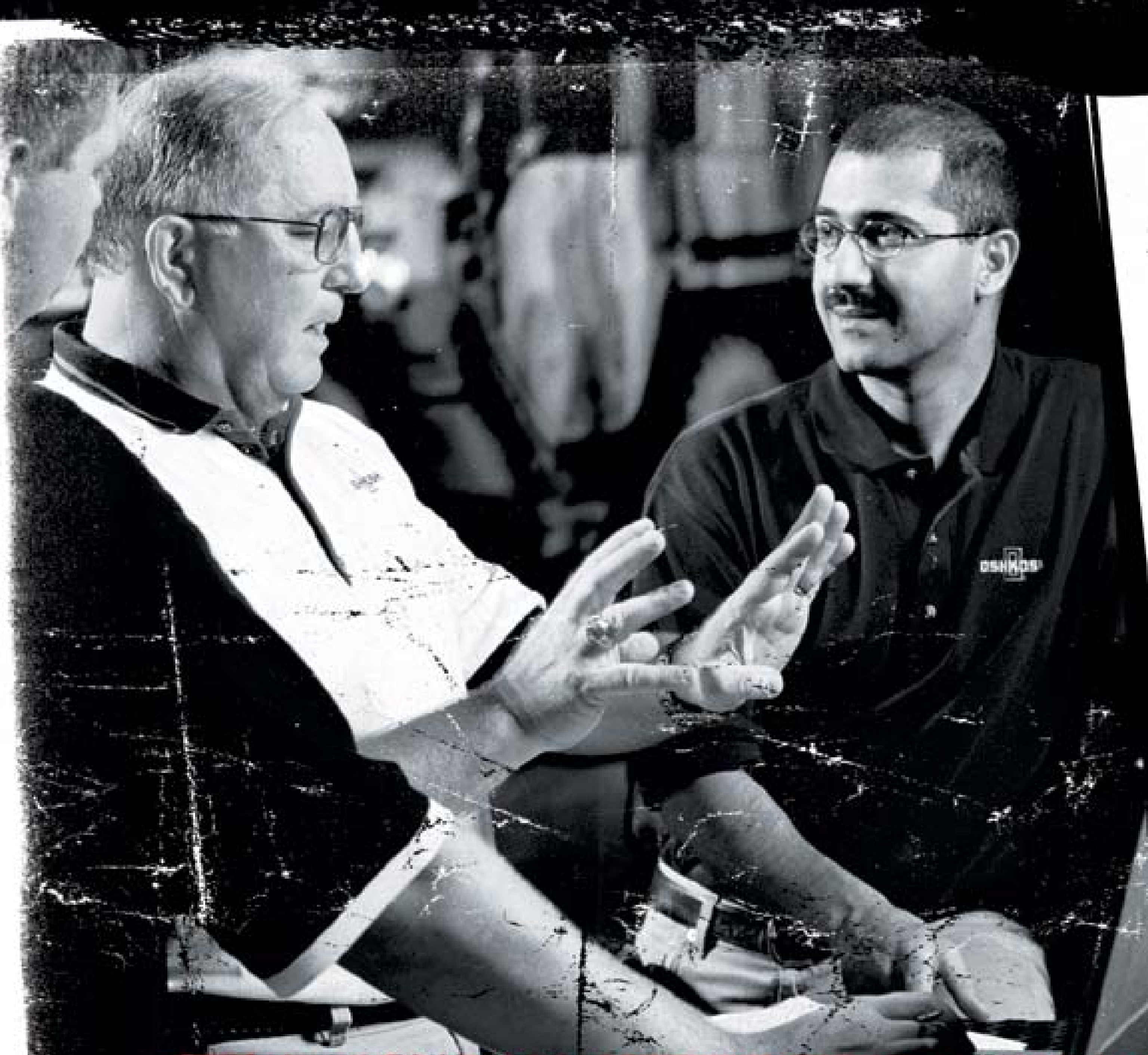
Standard rear-discharge mixers; Bridgemaster® rear-discharge mixers; Revolution™ mixer drum; sliding mixer systems; S-Series front-discharge mixers; central-mix, mobile and portable concrete batch plants; Highland™ all-wheel-drive trucks; all-makes parts; financing; aftermarket service; training

McNeilus OSHKOSH

- Mixers have a reputation for reliability and longevity
- Broad product line provides single-source solutions for concrete producers
- Nationwide service network
- Large installed base for ongoing parts and service
- Revolution™ composite mixer offers unique profitability benefits to producers

- Consolidation of concrete producers worldwide
- Use of concrete in place of other construction materials is on the rise
- Portland Cement Association is forecasting stable cement volumes (-0.8% in 2003, +3.2% in 2004)

- McNeilus unveils Revolution™ composite mixer drum at Con-Agg/Con Expo show; offers dramatic weight savings and discharge efficiency



COMMAND

OUT IN FRONT

The development of the ProPulse™ hybrid electric drive system exemplifies Oshkosh Truck's ability to deliver new technologies to meet the changing demands of all Oshkosh business segments.

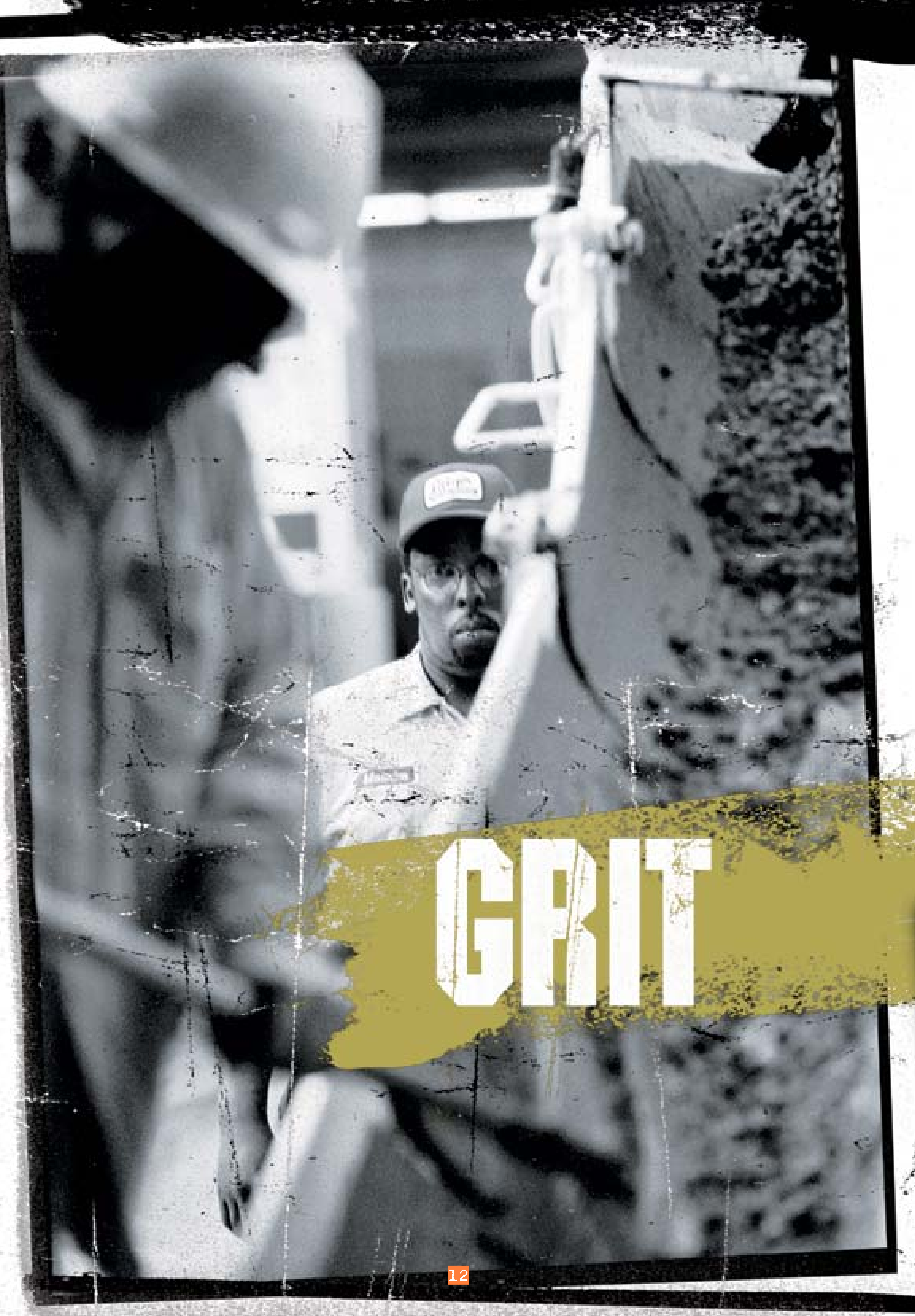
Oshkosh was the first company to apply hybrid technology to severe-duty vehicles. With some of the most experienced engineers in the industry working on the project, the Oshkosh team developed many breakthrough technologies for the ProPulse project. Oshkosh has patents pending for many of the technologies incorporated into the ProPulse system.

The ProPulse technology has applications well beyond military use, including refuse trucks, fire apparatus, snow removal and other commercial vehicles. In fact, Oshkosh is already adapting the ProPulse technology to a refuse-hauling vehicle.

POWER CORE

Oshkosh Truck Corporation is at the forefront of severe-duty truck technology development. It is a core capability of the corporation, and it continues to spur growth. ProPulse is just one example of how Oshkosh develops new ideas and creates technology to maximize the value of its vehicles for customers and shareholders alike.

ProPulse alternative drive technology increases fuel economy up to 40 percent and generates 400kW of electricity on-board, enough to power an airport, hospital, command center or an entire city block.


GRIT

GETTING THERE FIRST

Much of Oshkosh Truck Corporation's power lies in its commitment of resources to develop products that allow customers to meet the challenges of a changing market. The new Revolution concrete mixer drum from McNeilus exemplifies this principle.

In an industry where efficiency and productivity go directly to the bottom line, the working payload of concrete mixers is a primary concern. Understanding this, McNeilus and its partner invested more than $10 million over the past four years in exhaustive research, engineering, prototype building and testing to develop a composite drum that is lighter, quieter, and carries more concrete than a typical drum.

McNeilus worked with Geiger Ready Mix in Kansas City, Kansas, to field test the drum. Geiger is a long-time McNeilus customer and a company always looking for better ways of doing business.

In its first six months of service, Geiger reported the Revolution outperformed all expectations. The composite material makes it easier to load and unload concrete. It does not require the kind of dirty, difficult cleaning that steel drums need, and it keeps the concrete cooler, giving the operator more time to pour a load.

Because the drum is lighter, it uses less fuel, and customers can carry 2000 pounds of additional payload. That equates to a 1/2 yard of concrete.

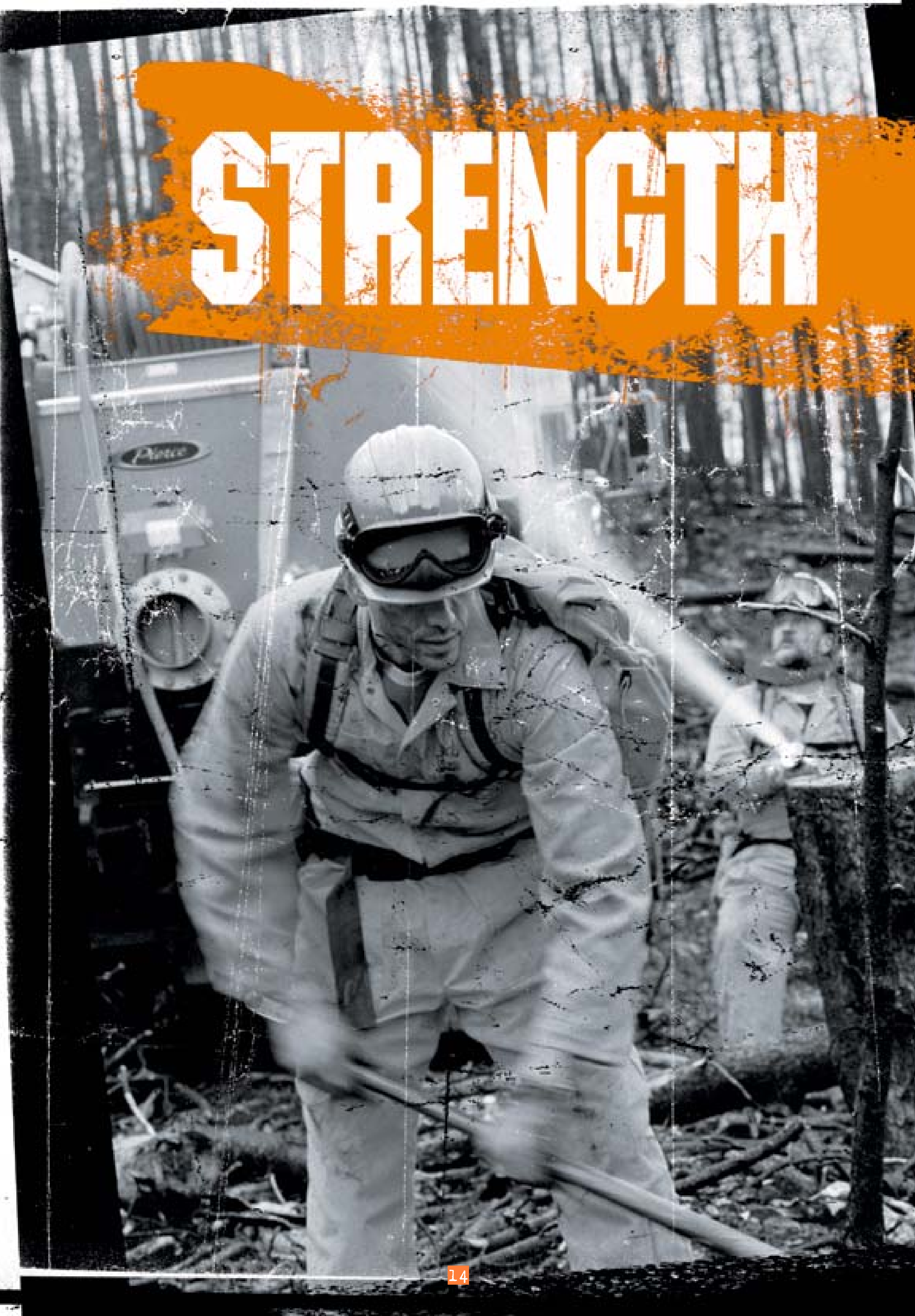
All of these features have the potential to reduce the life-cycle costs and increase the profitability of trucks equipped with the Revolution drum.

Currently, patents are pending in major markets worldwide on the drum, the composite materials used, the production process and other features of the new mixer. And in fiscal 2003, McNeilus expects to invest an additional $8.5 to $12 million in capital to roll out this product.

A SOLID FOOTING

Oshkosh Truck Corporation has the grit it takes to develop products and technologies to answer the changing needs of the industries it serves. By bringing to market new products that help customers increase their own productivity and profitability, the individual brands of Oshkosh provide value to their customers and build the overall value of Oshkosh Truck Corporation for its shareholders.

The Revolution mixer has been well received by the industry. McNeilus is planning to add capacity in 2003 to move to a high rate of production to meet expected customer demand.


STRENGTH
Pierce

SHARING TECHNOLOGY

Oshkosh Truck has product development power that is unmatched by most severe-duty truck manufacturers. Oshkosh is able to adapt and leverage technologies from several business segments to develop new products like the Hawk Extreme wildland fire truck.

The Hawk Extreme is a high-mobility water tender, specifically designed for the wildland segment of the fire service. It is built on an Oshkosh MTVR chassis, originally developed for the U.S. Marines, with all-wheel drive, TAK-4™ independent suspension, central tire inflation, a 7-ton off-road payload and unmatched off-road capabilities. To that chassis, Pierce added a fire fighting system including a 2,500-gallon water tank, 60-gallon foam tank, front-mounted water turret, scene lighting and more.

Pierce Manufacturing is already the leader in custom fire apparatus for the municipal market. By tapping into Oshkosh technology, Pierce has expanded its wildland product line with a vehicle that allows fire fighters to fight wildland blazes more efficiently. This truck goes where others simply can't.

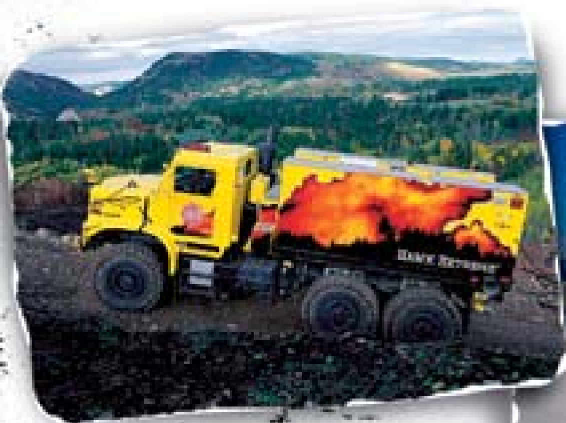
In the past, water tenders would stay on the perimeter of a fire and "nurse" 4-wheel-drive pickup trucks equipped with 100-gallon water tanks. The smaller vehicles would then tackle the tough terrain to fight the fire. The Hawk Extreme is able to traverse extremely rugged terrain, allowing the fire fighters to bring large amounts of water directly to the fire, saving time in critical situations.

The Hawk Extreme was put to the test this summer in South Dakota. This truck was on hand when a large wild fire raged near the town of Spearfish. Its performance was so impressive, the Governor of South Dakota approved special funding to purchase two Hawk Extremes for the protection of the western half of the state.

MAXIMIZING INVESTMENTS

The strength of Oshkosh Truck Corporation is in its ability to create new technology that is applicable to multiple markets. This allows the company to maximize its investment in research and development.

The Hawk Extreme fills a specific need in the wildland market and is a strong complement to Pierce's line of custom and commercial fire apparatus and rescues for the municipal market.



IMPACT

DRIVING MARKETS

The Striker® is the newest Aircraft Rescue and Fire Fighting ("ARFF") vehicle in the Oshkosh line. Called the Porsche 959 of fire trucks by Car & Driver magazine, it is the most revolutionary truck to hit the ARFF market in the last twenty years.

It all started by engineering a truck to meet the new Federal Aviation Administration ("FAA") regulations requiring quicker response times and higher performance standards for all ARFF vehicles. Then, Oshkosh engineers went to customers and had discussions about what features were important to the people who use these vehicles.

The result: in less than seven months, the Striker went from design to market. The Striker features a center console, wrap-around dash, and provides maximum upward visibility. It also incorporates technology from other Oshkosh businesses, such as the TAK-4 independent suspension system and Command Zone™ electronics.

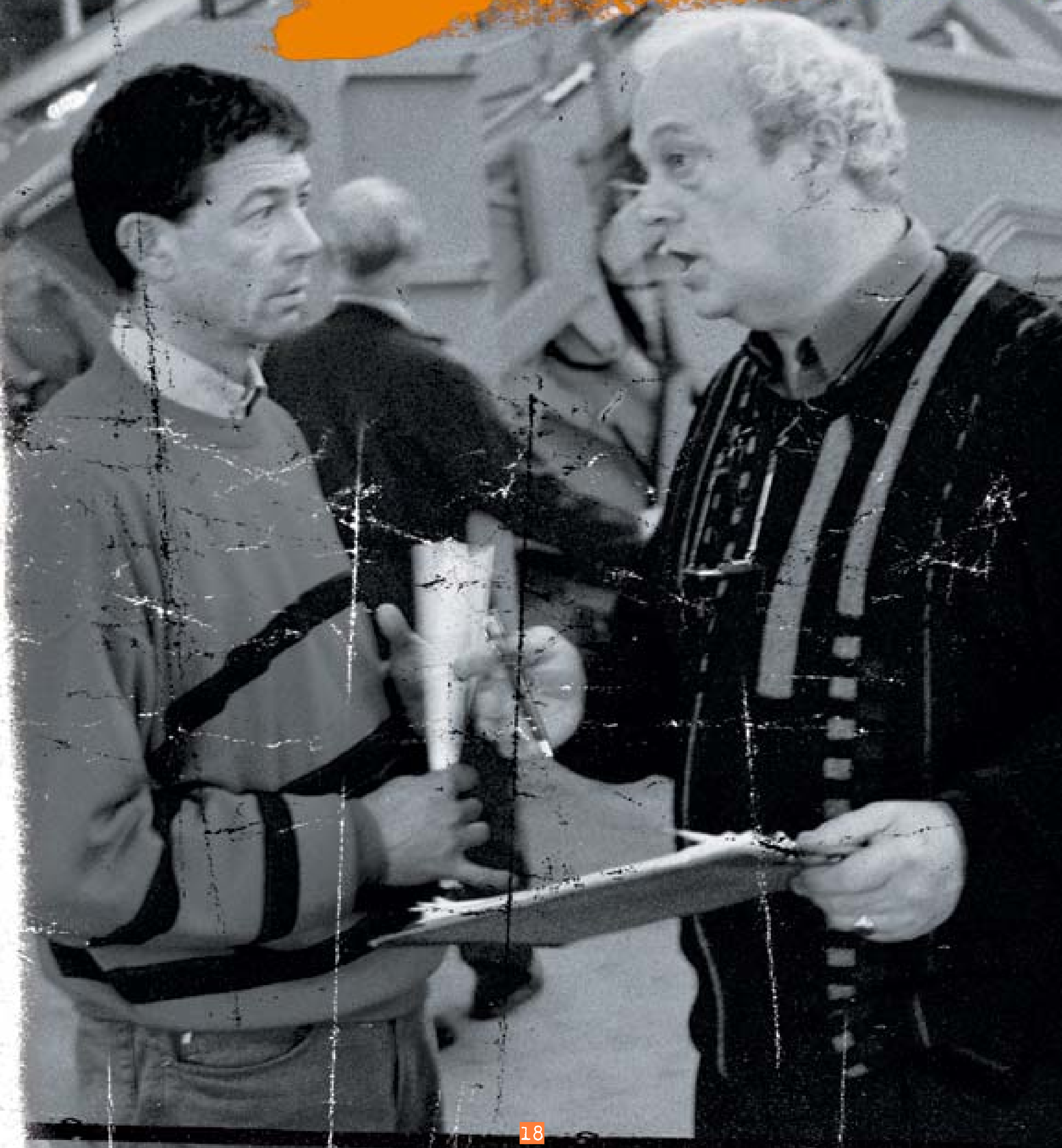
In the fifteen months since its introduction, Oshkosh has received orders for more than fifty of these trucks, making the Striker the most successful ARFF vehicle introduction in the company's history. In addition, the ARFF Working Group awarded Oshkosh Truck Corporation its 2002 Certificate of Technical Achievement for development of the Striker.

SETTING THE PACE

The introduction of the Striker illustrates how Oshkosh uses its core capacities to help customers and enhance its leadership position. Whether it is in response to customer needs or working to increase its lead in individual markets, Oshkosh continues to introduce new products and technologies to ensure value for customers and shareholders.

The Striker has been so well received that Oshkosh counts the Indianapolis International Airport, Palm Springs International Airport, and the Port Authority of New York and New Jersey among its customers.

DRIVE



INTEGRATING ACQUISITIONS

Acquisition is a key growth strategy for Oshkosh Truck Corporation and vital to the long-range success of the company. To make the most of every acquisition, the distribution, technology, procurement, workforce expertise and production techniques of that company must be seamlessly integrated with those of all Oshkosh business units.

In late fiscal 2001, Oshkosh acquired the Geesink Norba Group and significantly expanded its presence outside North America. The job of integrating the new acquisition is a prime example of Oshkosh Truck's drive to maximize the company's return on its investments.

Significant changes needed to be made. In the 16 months that followed the acquisition, productivity and efficiency levels were increased by changing from a bay build assembly operation to a fully integrated assembly line.

Storage was changed from large, inefficient warehousing operations to point-of-use storage with Just-In-Time inventories. Body mounting operations were also consolidated to maximize efficiency.

The Geesink Norba Group has also streamlined its new product development program, empowering employees and helping reduce time-to-market for vehicle enhancements and new products alike. This effort has already produced results. In fiscal 2002, the company developed SmartPak, a packing system that operates at engine idle to reduce fuel consumption and life cycle costs. In addition, Geesink was able to update its sideloader design to meet the market's growing demand for automation.

BUILDING THE FUTURE

Oshkosh has a strong track record of acquiring and successfully integrating new companies, combining the best of an acquired company's capabilities with proven management strategies for growth. By increasing operational efficiencies of all business units, Oshkosh drives margin enhancement and maintains profitability.

The Geesink Norba Group has undergone a significant change in management style in the last 16 months, resulting in higher productivity and efficiency. These changes have helped Geesink Norba deliver a strong financial performance in spite of a soft European refuse market.

RESPONSIVE

The new StreetForce line of refuse bodies from McNeilus features models ranging from 10 to 31 cubic yard capacities in a variety of configurations.

DRIVING FORWARD

The launch of the new StreetForce refuse bodies from McNeilus is a remarkable example of how Oshkosh Truck capitalized on its core capacities to build a line of trucks that customers needed and no one else in the industry could deliver.

In the summer of 2001, Western Disposal Services, Inc., of Boulder, Colorado, came to McNeilus with a challenge. Western needed an automated refuse hauler with a rear-loading mechanism, a lower rear-loading height, the ability to handle all forms of trash, and one that reduced spillage and noise.

To create the StreetForce line, McNeilus engineers complemented their expertise with designs and technology from the Geesink Norba Group and Oshkosh.

McNeilus also worked in close partnership with the team at Western Disposal. Six months later, what started as a drawing on a dry-erase board had become one of the most productive members of Western Disposal's fleet.

GROWING THE GAP

Developing new products and technologies in partnership with customers is the lifeblood of Oshkosh Truck. The ability to create products that meet the needs of customers – as the StreetForce example clearly demonstrates – is one more way Oshkosh Truck works to grow its leadership position.

RELENTLESS

WHATEVER IT TAKES

The vehicles Oshkosh builds face extreme terrain, tough duties, and are required to deliver peak performance at all times. For that reason, Oshkosh backs its products with strong, comprehensive aftermarket support. The worldwide parts and logistics support Oshkosh offers all its military customers illustrates well the company's commitment to its customers.

In fiscal 2001, Oshkosh created comprehensive electronic parts and service manuals for its military vehicles. Today, this software – a package that exceeded customer expectations – delivers detailed technical and parts information. It allows users to order parts via an e-commerce system that integrates seamlessly into the existing government parts ordering system. And, it provides comprehensive vehicle diagnostics whether the truck is on base or in the field. Oshkosh is the first military truck supplier to field this type of system.

Oshkosh further backs this software with a global parts and service network of more than 150 dealer service locations. This system ensures fast turnaround on parts orders anywhere in the world. And, Oshkosh field service representatives are ready to go wherever Oshkosh vehicles are in service.

In fact, to ensure the readiness of the MTVR, Oshkosh provides a field service technician who is currently attached to an active Marine Expeditionary Unit deployed at sea. This representative is responsible for training the Marines to service the vehicles, use the electronic manuals, and keep the vehicles at peak readiness. Oshkosh field representatives have also delivered immediate on-site support to several forward-deployed units, including those in Bosnia, Kosovo and the Middle East.

ANYTIME. ANYWHERE.

Relentless customer support is a critical factor differentiating Oshkosh Truck from its competition. All Oshkosh customers benefit from a global service network and 24/7 technical support. The aftermarket support programs are just one more way to serve those who put their faith in the individual brands of Oshkosh.

Oshkosh Truck successfully fielded a global Contractor Logisitics Support program to ensure Oshkosh military vehicles are always at peak readiness.

DIRECTORS AND OFFICERS

BOARD OF DIRECTORS

J. WILLIAM ANDERSEN [2]
Retired Executive Director of Development, University of Wisconsin-Oshkosh

ROBERT G. BOHN [1]
Chairman, President and Chief Executive Officer of the Company

DANIEL T. CARROLL [1, 2, 5]
Chairman and President, The Carroll Group, Inc., Management Consultants

RICHARD M. DONNELLY [4]
Industrial Partner, Ripplewood Holdings LLC; Retired President, General Motors, Europe

DONALD V. FITES [3]
Retired Chairman and Chief Executive Officer, Caterpillar Inc.

FREDERICK M. FRANKS, JR. [3,4]
Retired General, U.S. Army

MICHAEL W. GREBE [2, 4]
President and Chief Executive Officer, The Lynde & Harry Bradley Foundation

KATHLEEN J. HEMPEL [3]
Retired Vice Chairman and Chief Financial Officer, Fort Howard Corporation

J. PETER MOSLING, JR. [1, 4]
Retired Officer of the Company

STEPHEN P. MOSLING [1]
Retired Officer of the Company

RICHARD G. SIM [2]
Chairman, President and Chief Executive Officer, APW, Ltd.

[1] Member of the Executive Committee, of which Mr. Carroll is the chair.
[2] Member of the Audit Committee, of which Mr. Sim is the chair.
[3] Member of the Human Resources Committee, of which Ms. Hempel is the chair.
[4] Member of the Governance Committee, of which Mr. Grebe is the chair.
[5] Retiring from the Board at 2003 Annual Shareholders' Meeting.

PRINCIPAL CORPORATE OFFICERS

ROBERT G. BOHN
Chairman, President and Chief Executive Officer

PAUL C. HOLLOWELL
Executive Vice President and Chief Executive Officer, Defense Business

DANIEL J. LANZDORF
Executive Vice President and President, McNeilus Companies, Inc.

MARK A. MEADERS
Executive Vice President and General Manager, European Operations

JOHN W. RANDJELOVIC
Executive Vice President and President, Pierce Manufacturing Inc.

W. JOHN STODDART
Executive Vice President and President, Defense Business

CHARLES L. SZEWS
Executive Vice President and Chief Financial Officer

MATTHEW J. ZOLNOWSKI
Executive Vice President, Chief Administration Officer

BRYAN J. BLANKFIELD
Vice President, General Counsel and Secretary

J. DAVID BRANTINGHAM
Vice President, Information Systems

THOMAS D. FENNER
Vice President, Manufacturing Operations Pierce Manufacturing, Inc.

FRED C. FIELDING
Sr. Vice President, Government Operations, Washington, DC Office

TED L. HENSON
Vice President, International Sales

JOSEPH KIMMITT
Vice President, Government Operations, Washington, DC Office

SCOTT L. NEY
Vice President and Treasurer

THOMAS J. POLNASZEK
Vice President and Controller

KIRSTEN A. SKYBA
Vice President, Communications

DONALD H. VERHOFF
Vice President, Technology

JAMES D. VOSS
Vice President, Human Resources

MICHAEL J. WUEST
Vice President, Chief Procurement Officer and General Manager, Airport Business

MANAGEMENT'S DISCUSSION AND ANALYSIS

OSHKOSH TRUCK CORPORATION AND SUBSIDIARIES

As used herein, the "Company" refers to Oshkosh Truck Corporation, including Pierce Manufacturing Inc. ("Pierce"), McNeilus Companies, Inc. ("McNeilus") and its wholly-owned subsidiaries, Viking Truck and Equipment, Inc. ("Viking"), Kewaunee Fabrications, LLC ("Kewaunee"), Medtec Ambulance Corporation ("Medtec") and Geesink Group B.V., Norba A.B. and Geesink Norba Limited and their wholly-owned subsidiaries (together the "Geesink Norba Group"). "Oshkosh" refers to Oshkosh Truck Corporation, not including Pierce, McNeilus, Viking, Kewaunee, Medtec or the Geesink Norba Group or any other subsidiaries.

The "Oshkosh," "McNeilus," "Pierce," "Medtec," "Geesink," "Norba," "Kiggen," "Revolution," "Command Zone," "ALL-STEER," "TAK-4," "Hawk Extreme," "Hercules," "Husky," "SmartPak," "Auto Reach Arm" and "Pro-Pulse" trademarks and related logos are registered trademarks of the Company. All other product and service names referenced in this document are the trademarks or registered trademarks of their respective owners.

All information in this Annual Report to Shareholders has been adjusted to reflect the three-for-two split of the Company's Common Stock effected on August 19, 1999 in the form of a 50% stock dividend.

For ease of understanding, the Company refers to types of specialty trucks for particular applications as "markets." When the Company refers to "market" positions, these comments are based on information available to the Company concerning units sold by those companies currently manufacturing the same types of specialty trucks and truck bodies and are therefore only estimates. Unless otherwise noted, these market positions are based on sales in the United States. There can be no assurance that the Company will maintain such market positions in the future.

FORWARD-LOOKING STATEMENTS

This Annual Report to Shareholders contains statements that the Company believes to be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact included in this report, 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, including those under the caption "Fiscal 2003 Outlook," are forward-looking statements. When used in this Annual Report to Shareholders, words such as the Company "expects," "intends," "estimates," "anticipates," "believes," "should" or "plans" or the negative thereof or variations thereon or similar terminology are generally intended to identify forward-looking statements. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties, assumptions and other factors, some of which are beyond the Company's control, that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. These factors include the outcome of defense truck procurement competitions, the extent of economic recovery, if any, in 2003 in the U.S. and Europe, 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, disruptions in the supply of parts or components from sole source suppliers and subcontractors, competition, the challenges of identifying acquisition candidates and integrating acquired businesses and risks associated with international operations and sales, including foreign currency fluctuations. 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 SEC filings, including, but not limited to, the Company's Current Report on Form 8-K filed with the SEC on October 29, 2002.

All forward-looking statements, including those under the caption "Fiscal 2003 Outlook" speak only as of November 25, 2002. The Company has adopted a policy that if the Company makes a determination that it expects earnings for future periods for which projections are contained in this Annual Report to Shareholders to be lower than those projections, then the Company will publicly announce that fact. The Company's policy also provides that the Company does not intend to make such a public announcement if the Company makes a determination that it expects earnings for future periods to be at or above the projections contained in this Annual Report to Shareholders. Except as set forth above, the Company assumes no obligation, and disclaims any obligation, to update information contained in this Annual Report to Shareholders. Investors should be aware that the Company may not update such information until the Company's next quarterly conference call, if at all.

GENERAL

The Company is a leading designer, manufacturer and marketer of a wide range of specialty trucks and truck bodies, including concrete mixers, refuse bodies, fire and emergency vehicles and defense trucks. Under the "McNeilus" and "Oshkosh" brand names, the Company manufactures rear- and front-discharge concrete mixers. Under the "McNeilus," "Geesink" and "Norba" brand names, the Company manufactures a wide range of automated, rear, front, side and top loading refuse truck bodies and mobile and stationary refuse compactors and transfer systems. Under the "Pierce" brand name, the Company is among the leading domestic manufacturers of fire apparatus assembled on both custom and commercial chassis. The Company manufactures aircraft rescue and fire fighting ("ARFF") and airport snow removal vehicles under the "Oshkosh" brand name and ambulances under the "Medtec" brand name. The Company also manufactures defense trucks under the "Oshkosh" brand name and is the leading manufacturer of severe-duty heavy tactical trucks for the U.S. Department of Defense ("DoD").

Major products manufactured and marketed by each of the Company's business segments are as follows:

Commercial - concrete mixer systems, refuse truck bodies, mobile and stationary compactors and waste transfer units, portable concrete batch plants and truck components sold to ready-mix companies and commercial and municipal waste haulers in the U.S., Europe and other international markets.

Fire and emergency - commercial and custom fire trucks, ARFF trucks, snow removal trucks, ambulances and other emergency vehicles primarily sold to fire departments, airports, and other governmental units in the U.S. and abroad.

Defense - heavy- and medium-payload tactical trucks and supply parts sold to the U.S. military and to other militaries around the world.

ACQUISITION HISTORY

Since 1996, the Company has selectively pursued strategic acquisitions to enhance its product offerings and diversify its business. The Company has focused its acquisition strategy on providing a full range of products to customers in specialty truck and truck body markets that are growing and where it can develop strong market positions and achieve acquisition synergies. Identified below is information with respect to these acquisitions, all of which have been accounted for using the purchase method of accounting and have been included in the Company's results of operations from the date of acquisition.

On September 18, 1996, the Company acquired for cash all of the issued and outstanding capital stock of Pierce, a leading manufacturer and marketer of fire trucks and other emergency apparatus for $156.9 million, including acquisition costs and net of cash acquired. The acquisition was financed from borrowings under a subsequently retired bank credit facility.

On December 19, 1997, Pierce acquired certain inventory, machinery and equipment, and intangible assets of Nova Quintech, a division of Nova Bus Corporation, for $3.6 million. Nova Quintech was engaged in the manufacture and sale of aerial devices for fire trucks.

On February 26, 1998, the Company acquired for cash all of the issued and outstanding capital stock of McNeilus and entered into related non-compete and ancillary agreements for $217.6 million, including acquisition costs and net of cash acquired. McNeilus is a leading manufacturer and marketer of rear-discharge concrete mixers and portable concrete batch plants for the concrete placement industry and refuse truck bodies for the waste services industry in the United States. The acquisition was financed from borrowings under the Company's senior credit facility and the issuance of senior subordinated notes.

On November 1, 1999, the Company acquired the manufacturing assets of Kewaunee for $5.5 million in cash plus the assumption of certain liabilities aggregating $2.2 million. Kewaunee manufactures all of the Company's requirements for aerial devices in its fire and emergency segment.

On April 28, 2000, the Company acquired all of the issued and outstanding capital stock of Viking for $1.7 million, including acquisition costs and net of cash acquired.

On October 30, 2000, the Company acquired all of the issued and outstanding capital stock of Medtec and an affiliate and certain related assets for $14.5 million in cash, including acquisition costs and net of cash acquired. Medtec is a U.S. manufacturer of custom ambulances. The acquisition was financed from available cash and borrowings under the Company's senior credit facility.

On March 6, 2001, the Company acquired certain machinery and equipment, parts inventory and certain intangible assets from TEMCO, a division of Dallas-based Trinity Industries, Inc. ("TEMCO"). TEMCO, a manufacturer of concrete mixers, batch plants and concrete mixer parts had discontinued its business. Consideration for the purchase was valued at $15.7 million and included cash of $8.1 million and credits to the seller valued at $7.6 million for future purchase of certain concrete placement products from the Company over the next six years. The acquisition was financed from borrowings under the Company's senior credit facility.

On July 25, 2001, the Company acquired all of the outstanding capital stock of the Geesink Norba Group for $137.6 million, including acquisition costs, and net of cash acquired. The Geesink Norba Group is a leading European manufacturer of refuse collection truck bodies, mobile and station compactors and transfer stations. The acquisition was financed from the proceeds of a new Term Loan B under the Company's senior credit facility.

RESULTS OF OPERATIONS

ANALYSIS OF CONSOLIDATED NET SALES – THREE YEARS ENDED SEPTEMBER 30, 2002

The following table presents net sales (see definition of net sales contained in Note 1 of the Notes to Consolidated Financial Statements) by business segment (in thousands):

	FISCAL YEAR ENDED SEPTEMBER 30,		
	2002	2001	2000
NET SALES TO UNAFFILIATED CUSTOMERS:			
Commercial	**$ 678,334**	$ 559,871	$ 663,819
Fire and emergency	**476,148**	463,919	390,659
Defense	**594,856**	423,132	275,841
Intersegment	**(5,746)**	(1,629)	(803)
Consolidated	**$ 1,743,592**	$ 1,445,293	$ 1,329,516

The following table presents net sales by geographic region based on product shipment destination (in thousands):

	FISCAL YEAR ENDED SEPTEMBER 30,		
	2002	2001	2000
NET SALES:			
United States	**$ 1,541,629**	$ 1,314,930	$ 1,227,038
Other North America	**7,037**	7,343	7,429
Europe and Middle East	**165,961**	93,263	68,317
Other	**28,965**	29,757	26,732
Consolidated	**$ 1,743,592**	$ 1,445,293	$ 1,329,516

Fiscal 2002 Compared to Fiscal 2001

Consolidated net sales increased 20.6% to $1,743.6 million in fiscal 2002 compared to fiscal 2001. Excluding the impact of the Geesink Norba Group acquisition, net sales were up 12.7% largely as a result of increased production of Medium Tactical Vehicle Replacement ("MTVR") vehicles and increased defense parts sales.

Commercial segment net sales increased 21.2% to $678.3 million in fiscal 2002 compared to fiscal 2001. Excluding the impact of the Geesink Norba Group acquisition, commercial segment sales would have increased 0.2%. Concrete placement sales were down 0.6% for the year compared to the prior year and down 27.0% from fiscal 2000 as the Company continued to be impacted by the U.S. economic recession. U.S. refuse truck body and parts sales increased 1.8% for the year compared to the prior year largely due to increased sales to the three largest U.S. waste haulers while overall market shipments declined.

Fire and emergency segment net sales increased 2.6% to $476.1 million in fiscal 2002 compared to fiscal 2001. Sales were up only slightly due to the impact of the U.S. recession on municipal spending for fire and emergency apparatus.

Defense segment net sales increased 40.6% to $594.9 million in fiscal 2002 compared to fiscal 2001. Increased production and sales of MTVR trucks and increased parts sales were the major factors contributing to the defense segment sales increase. The Company produced at full-rate production under its MTVR contract for the entire fiscal 2002. During fiscal 2001, the Company was in the process of ramping up to full-rate production on this multi-year production contract.

Fiscal 2001 Compared to Fiscal 2000

Consolidated net sales increased 8.7% to $1,445.3 million in fiscal 2001 compared to fiscal 2000. Excluding the impact of the acquisitions of Medtec and the Geesink Norba Group, consolidated net sales increased 5.6% in fiscal 2001 compared to fiscal 2000.

Commercial segment net sales decreased 15.7% in fiscal 2001 compared to fiscal 2000. Excluding the impact of the Geesink Norba Group acquisition, commercial segment sales would have decreased 18.5% in fiscal 2001. Concrete placement sales were down 26.6% while domestic refuse sales were up 4.7%. Fiscal 2000 results were impacted by unusually strong end-markets for concrete placement sales. In fiscal 2001, economic uncertainties caused the Company's concrete placement customers to scale back or delay their equipment purchases. Domestic refuse product sales increased in the period compared to fiscal 2000 levels as the Company began shipping units under a three year agreement with a large national waste hauler.

Fire and emergency segment sales increased 18.8% in fiscal 2001 compared to fiscal 2000. Traditional fire truck sales accounted for about one-half of the increase, with sales up across all categories, including custom and commercial pumpers, aerials, heavy-duty rescues and parts sales and service. Inclusion of Medtec sales following its October 2000 acquisition contributed another one-third of the increase, with the balance of the increase generally attributable to organic growth in Oshkosh snow removal and ARFF vehicles.

Defense segment net sales increased 53.4% in fiscal 2001 compared to fiscal 2000. Over 75% of the sales increase was due to increased sales of the MTVR truck.

Early in fiscal 2000, Oshkosh began start-up of low-rate initial production of the MTVR truck and in April of fiscal 2001 Oshkosh received approval to commence full-rate production of the MTVR truck. Full-rate production was achieved in August 2001 and is expected to continue at this level through fiscal 2003. Vehicle sales to international customers and domestic parts sales also increased while domestic, heavy-payload vehicle sales declined.

ANALYSIS OF CONSOLIDATED OPERATING INCOME – THREE YEARS ENDED SEPTEMBER 30, 2002

The following table presents operating income by business segment (in thousands):

	FISCAL YEAR ENDED SEPTEMBER 30,		
	2002	2001	2000
OPERATING INCOME (LOSS):			
Commercial	**$ 47,171**	$ 29,891	$ 54,654
Fire and emergency	**48,988**	45,841	32,922
Defense	**40,720**	39,545	30,119
Corporate and other	**(25,761)**	(16,981)	(19,644)
Consolidated	**$ 111,118**	$ 98,296	$ 98,051

Fiscal 2002 Compared to Fiscal 2001

Consolidated operating income increased 13.0% to $111.1 million, or 6.4% of sales, in fiscal 2002 compared to $98.3 million, or 6.8% of sales, in fiscal 2001. In fiscal 2002, the Company adopted a new accounting standard that required the elimination of amortization of goodwill and indefinite-lived intangible assets. In fiscal 2001, the Company acquired the Geesink Norba Group in its fourth fiscal quarter. Excluding the impact of the Geesink Norba Group acquisition and adjusting for the change in accounting to eliminate amortization of goodwill and indefinite-lived intangible assets, operating income would have decreased 1.2% in fiscal 2002 compared to fiscal 2001. This decrease was largely due to increased bid and proposal spending on U.S. and U.K. multi-year defense truck procurement competitions, higher legal defense costs with respect to various contract and environmental claims and lower sales of higher-margin defense trucks sold into export markets.

Commercial segment operating income increased 57.8% to $47.2 million, or 7.0% of sales, in fiscal 2002 compared to $29.9 million, or 5.3% of sales, in fiscal 2001.

Excluding the results of the Geesink Norba Group and adjusting for the adoption of the new accounting standard that eliminated amortization of goodwill and indefinite-lived assets, operating income would have increased 19.8% in fiscal 2002 compared to fiscal 2001. This improvement was largely due to sales of used trucks and favorable manufacturing and workers' compensation experience.

Fire and emergency segment operating income increased 6.9% to $49.0 million, or 10.3% of sales, for fiscal 2002 compared to $45.8 million, or 9.9% of sales, in fiscal 2001. Excluding the impact of the adoption of the new accounting standard that eliminated amortization of goodwill and indefinite-lived intangible assets, operating income would have declined 0.1%, on a 2.6% increase in net sales compared to fiscal 2001, due to a slightly less favorable product mix, partially offset by favorable manufacturing cost performance.

Defense segment operating income increased 3.0% to $40.7 million, or 6.8% of sales, in fiscal 2002, compared to $39.5 million, or 9.3% of sales, in fiscal 2001. Fiscal 2002 results included substantially higher volume under the Company's lower-margin MTVR contract. Fiscal 2002 results also included a $4.3 million cumulative benefit from a change in estimated margins on the MTVR long-term production contract from 3.3% recorded in fiscal 2001 to 4.3% recorded in fiscal 2002, including $1.7 million related to prior year shipments. Partially offsetting these operating income increases was a decrease in sales of higher-margin, heavy payload vehicles to international customers. Operating income and margins in fiscal 2002 also were negatively impacted by significant increases in spending for bid and proposal activities in connection with multi-year truck procurement competitions with the U.S. Army and the U.K. Ministry of Defence ("U.K. MoD").

Consolidated selling, general and administrative expenses increased to 8.2% of sales in fiscal 2002 compared to 7.2% of sales in fiscal 2001. Excluding the impact of the Geesink Norba Group acquisition and corporate expenses, selling, general and administrative expenses were 6.0% of sales in fiscal 2002 compared to 5.9% in fiscal 2001. The Geesink Norba Group was acquired in the fourth quarter of fiscal 2001, and generally carries higher gross margins and higher selling, general and administrative expenses than the Company's other businesses. Corporate operating expenses and inter-segment profit elimination increased $8.8 million to $25.8 million, or 1.5% of consolidated sales, in fiscal 2002 from $17.0 million, or 1.2% of consolidated sales, for fiscal 2001. The increase was largely due to higher variable incentive compensation costs, higher legal defense costs with respect to various contract and environmental claims, investments in additional personnel and services to manage the Company's growing businesses and costs incurred in fiscal 2002 related to acquisition investigations that were not consummated.

Fiscal 2001 Compared to Fiscal 2000

Consolidated operating income increased 0.2% in fiscal 2001 compared to fiscal 2000. Consolidated operating income margin decreased from 7.4% in fiscal 2000 to 6.8% in fiscal 2001.

Commercial segment operating income decreased 45.3% to $29.9 million, or 5.3% of sales, in fiscal 2001 compared to $54.7 million, or 8.2% of sales, in fiscal 2000. Significant reductions in concrete placement sales volumes and the related impact on fixed overhead absorption contributed to the decline in operating income.

Fire and emergency segment operating income increased 39.2% to $45.8 million, or 9.9% of sales, in fiscal 2001 compared to $32.9 million, or 8.4% of sales, in fiscal 2000. Excluding the impact of the Medtec acquisition, operating income increased 32.3%. Fiscal 2000 results were adversely affected by inefficiencies following an enterprise-wide resource planning system installation. Improved gross margins of the Company's ARFF and snow removal vehicles resulting from cost reduction efforts and manufacturing efficiencies and a favorable product mix contributed most of the remaining improvement in the segment operating income.

Defense segment operating income increased 31.3% to $39.5 million, or 9.3% of sales, in fiscal 2001 compared to $30.1 million, or 10.9% of sales, in fiscal 2000. Increased sales volume of the lower-margin MTVR vehicles was partially offset by increased international sales of higher-margin heavy payload vehicles.

Consolidated selling, general and administrative expenses increased to 7.2% of consolidated net sales in fiscal 2001 compared to 7.0% in fiscal 2000. Excluding the impact of the acquisition of the Geesink Norba Group, selling, general and administrative expenses were 7.1% of sales in fiscal 2001 as the Geesink Norba Group generally has higher gross margins and higher selling, general and administrative expenses than the Company's other businesses. A decrease in corporate and other expenses to $17.0 million, or 1.2% of consolidated net sales in fiscal 2001, from $19.6 million, or 1.5% of consolidated net sales, in fiscal 2000 offset most of the impact of the flat concrete placement selling, general and administrative expenses. Lower corporate expenses resulted from cost reduction initiatives and lower variable incentive compensation expense.

ANALYSIS OF NON-OPERATING INCOME STATEMENT ITEMS – THREE YEARS ENDED SEPTEMBER 30, 2002

Fiscal 2002 Compared to Fiscal 2001

Net interest expense decreased $1.1 million to $20.1 million in fiscal 2002 compared to fiscal 2001. Interest costs on increased borrowings to fund the acquisition of the Geesink Norba Group were largely offset by lower interest rates and lower borrowings due to debt reduction associated with strong operating cash flows and receipt of performance-based payments on defense segment, long-term production contracts.

The effective income tax rate for fiscal 2002 was 36.1% compared to 37.3% in fiscal 2001. In December 2001, the Company concluded an audit settlement of a research and development tax credit claim resulting in a $0.9 million credit to income tax expense in fiscal 2002. Excluding the impact of the $0.9 million tax settlement in fiscal 2002, and the impact of the $1.4 million tax settlement and $5.8 million of nondeductible goodwill, both in fiscal 2001, the Company's effective income tax rate was 37.1% in fiscal 2002 and 36.5% in fiscal 2001. The Company benefited from a lower effective tax rate in fiscal 2001 due to more foreign sales.

Other miscellaneous expenses of $1.6 million in fiscal 2002 included the write-off of deferred financing expenses and net foreign currency exchange losses. Other miscellaneous income of $1.8 million in fiscal 2001 included a $1.7 million one-time foreign currency exchange gain in connection with funds borrowed to acquire the Geesink Norba Group in July 2001.

Equity in earnings of an unconsolidated partnership, net of income taxes, of $2.4 million in fiscal 2002 and $1.4 million in fiscal 2001 represents the Company's equity interest in Oshkosh/McNeilus Financial Services Partnership ("OMFSP"). Increased earnings resulted from favorable lease portfolio performance, improved interest rate spreads between lease rates and related interest on debt to fund lease originations and gains on lease terminations.

Fiscal 2001 Compared to Fiscal 2000

Net interest expense increased $1.2 million to $21.2 million in fiscal 2001 compared to fiscal 2000. Interest on borrowings to fund the Medtec and the Geesink Norba Group acquisitions and the purchase of certain assets of TEMCO, and increased borrowings to fund higher working capital requirements associated with full-rate production under the MTVR contract, was partially offset by a more favorable short-term interest rate environment.

Other miscellaneous income increased $1.1 million to $1.8 million in fiscal 2001 compared to fiscal 2000. The Company recorded a $1.7 million one-time foreign currency exchange gain in connection with funds borrowed to acquire the Geesink Norba Group in July 2001. Favorable movement of the U.S. dollar compared to the euro in the two days between the time the Company purchased euros for the Geesink Norba Group acquisition and the time the acquisition was closed caused the one-time gain.

The provision for income taxes in fiscal 2001 was 37.3% of pre-tax income, compared to 39.9% of pre-tax income in fiscal 2000. The effective tax rate was impacted by a nonrecurring reduction in tax expense of $1.4 million related to the settlement of certain income tax audits during fiscal 2001 and nondeductible goodwill amortization of $5.8 million in fiscal 2001 and $5.4 million in fiscal 2000, primarily related to the acquisitions of McNeilus, Pierce and Medtec. Excluding the effects of nondeductible goodwill amortization and the impact of the tax audit settlement, the Company's effective tax rate decreased from 37.4% in fiscal 2000 to 36.5% in fiscal 2001 due to the tax benefit related to increased foreign sales.

Equity in earnings of an unconsolidated lease financing partnership of $1.4 million in fiscal 2001 was up from $1.2 million in fiscal 2000. The Company recorded a lower share of increased partnership earnings as the Company's share of pre-tax earnings of the partnership declined from 59% in fiscal 2000 to 57% in fiscal 2001. The Company's equity in the partnership continued to decline from approximately 70% at formation in fiscal 1998 to 52% at September 30, 2001.

FINANCIAL CONDITION

The following table highlights the impact of changes in operating assets and liabilities on cash provided from (used for) operating activities for each of the last three fiscal years:

	FISCAL YEAR ENDED SEPTEMBER 30,		
	2002	2001	2000
Cash provided from (used for) operating activities	**$ 263,968**	$ (8,370)	$ 49,683
Cash provided from (used for) changes in operating assets and liabilities:			
Receivables, net	**70,588**	(71,489)	(9,702)
Inventories:			
Progress/performance-based payments	**33,537**	8,518	9,362
Other	**15,400**	(23,353)	(2,032)
Net change in inventory	**48,937**	(14,835)	7,330
Accounts payable	**6,899**	(1,156)	(7,802)
Floor plan notes payable	**4,530**	(7,938)	(2,691)
Customer advances	**61,694**	(892)	(12,059)
Income taxes	**(12,409)**	14,672	8,776
Other	**4,475**	(1,103)	(7,217)
Net cash provided from (used for) changes in operating assets and liabilities	**184,714**	(82,741)	(23,365)
Operating cash flow excluding changes in operating assets and liabilities	**$ 79,254**	$ 74,371	$ 73,048

Fiscal Year Ended September 30, 2002

During fiscal 2002, cash and cash equivalents increased by $28.7 million to $40.0 million at September 30, 2002. Cash provided from operating activities of $264.0 million and proceeds from stock option exercises of $2.3 million were used to fund capital expenditures of $15.6 million, pay dividends of $5.8 million, fund the increase in long-term assets (primarily increased pension contributions) of $7.8 million, reduce current- and long-term debt by $209.3 million and fund the increase in cash and cash equivalents of $28.7 million.

In fiscal 2001, the Company was investing cash in operating assets and liabilities to support the ramp-up under the MTVR contract to full-rate production. The ramp-up from low-rate of initial production operations in April 2001 to full-rate production was achieved in August 2001 and has been subsequently sustained through September 30, 2002. In fiscal 2002, the Company negotiated and received a contract modification under the MTVR contract that provides for performance-based payments, a process that allows the Company to bill the customer upon achievement of certain contract milestones. The Company also receives performance-based payments in connection with the Family of Heavy Tactical Vehicles ("FHTV") contract and certain other defense programs. Cash received on performance-based payments is first used to "liquidate" or reduce outstanding receivables for units accepted. Any remaining cash is then recorded as a reduction of inventory to the extent of inventory on hand, with any remaining amount shown as a "customer advance." The Company received its first performance-based payment on the MTVR contract on September 30, 2002 in the amount of $86.3 million. This receipt was applied against outstanding MTVR receivables of $20.9 million and to reduce inventories by $24.0 million. The balance, or $41.4 million has been recorded as a customer advance.

Reductions in receivables generated $70.6 million in operating cash flow in fiscal 2002. Receivables were generally lower at September 30, 2002 compared to 2001 due to changes in sales mix in the defense segment to more U.S. government sales under performance-based payment terms and fewer export sales under net 30 day payment terms. In the commercial segment, receivables were lower due to changes in sales mix to more concrete placement sales and lower sales to large, U.S. waste haulers. Sales to large, U.S. waste haulers and export sales to international defense customers generally carry longer payment terms than sales to the Company's other customers.

Timing of estimated U.S. federal income tax payments (five payments in fiscal 2002 compared to three payments in fiscal 2001) resulted in a decrease in income taxes payable of $12.4 million in fiscal 2002 compared to an increase in income taxes payable of $14.7 million in fiscal 2001. Cash paid for income taxes was $49.8 million in fiscal 2002 compared to $18.0 million in fiscal 2001.

Fiscal Year Ended September 30, 2001

During fiscal 2001, cash and cash equivalents decreased by $2.3 million to $11.3 million at September 30, 2001. Borrowings under the Company's revolving credit facility of $65.2 million were used to fund cash used in operating activities of $8.4 million, capital expenditures of $18.5 million, scheduled debt repayments of $8.9 million, the acquisition of Medtec for $14.5 million, including acquisition costs and net of cash acquired, the cash portion of the acquisition of certain assets from TEMCO aggregating $8.1 million and to pay dividends of $5.7 million. The Company used proceeds from its $140.0 million Term Loan B borrowing under the Company's senior credit facility to fund the Geesink Norba Group acquisition of $137.6 million, which includes acquisition costs and is net of cash acquired. Cash totaling $8.4 million was used in operations in fiscal 2001. In fiscal 2000, operating activities generated cash totaling $49.7 million. The decrease in cash provided from operating activities in fiscal 2001 compared to fiscal 2000 principally arose from approximately $50.9 million of receivables and inventory invested in the ramp-up of the MTVR contract and about $21.0 million of higher domestic refuse receivables due to increased business with large waste haulers. Timing of estimated income tax payments in fiscal 2001 compared to fiscal 2000 reduced cash used in operations in fiscal 2001 by approximately $14.7 million.

LIQUIDITY AND CAPITAL RESOURCES

The Company had cash and cash equivalents of $40.0 million and approximately $155.3 million of unused availability under the terms of its senior credit facility (See Note 6 to Notes to Consolidated Financial Statements) as of September 30, 2002. The Company's primary cash requirements include working capital, interest and principal payments on indebtedness, capital expenditures, dividends and, potentially, future acquisitions. The Company expects its primary sources of cash to be cash flow from operations, cash and cash equivalents on hand at September 30, 2002 and borrowings from unused availability under the Company's revolving credit facility. Based upon current and anticipated future

operations, the Company believes that these capital resources will be adequate to meet future working capital, debt service and other capital requirements for fiscal 2003. Debt levels and capital resource requirements beyond fiscal 2003 are not currently estimable because the Company maintains an active acquisitions strategy and the capital requirements of this strategy cannot be reasonably estimated. In addition, the Company could face significant working capital requirements beyond fiscal 2003 in the event of an award of major new business arising from current competitions for new defense contracts in the U.S. and the U.K.

The Company's cash flow from operations was positively impacted in fiscal 2002 by the receipt of performance-based payments on its MTVR and FHTV contracts in its defense segment. The Company's cash flow from operations in fiscal 2001 was negatively impacted by the ramp-up in production of the multi-year MTVR contract and by the initial effect of substantially higher sales to major waste haulers who were granted longer payment terms as an accommodation to obtain their business. The Company's cash flow from operations has fluctuated, and will likely continue to fluctuate, significantly from quarter to quarter due to changes in working capital requirements arising principally from the timing of receipt of performance-based payments in its defense segment, changes in working capital requirements arising from seasonal fluctuations in commercial segment sales and changes in working capital requirements associated with the start-up of large defense contracts.

The Company's debt-to-capital ratio at September 30, 2002 was 26.8% compared to 50.9% at September 30, 2001. Debt-to-capital at September 30, 2002 was favorably impacted by the Company's receipt of its initial performance-based payment on its MTVR contract in the amount of $86.3 million on September 30, 2002 which was used to pay down debt of $41.1 million on that same date. Debt-to-capital was higher at September 30, 2001 because of debt incurred to acquire the Geesink Norba Group in July 2001 and because of working capital incurred in connection with the ramp-up of the MTVR contract to full-rate production. Debt-to-capital may vary from time to time as the Company borrows under its revolving credit facility to fund seasonal or defense contract working capital requirements and to the extent that the Company uses debt to fund acquisitions.

The Company's senior credit facility and senior subordinated notes contain various restrictions and covenants, including (1) limits on payments of dividends and repurchases of the Company's stock; (2) requirements that the Company maintain certain financial ratios at prescribed levels; (3) restrictions on the ability of the Company to make additional borrowings, or to consolidate, merge or otherwise fundamentally change the ownership of the Company; and (4) limitations on investments, dispositions of assets and guarantees of indebtedness. These restrictions and covenants could limit the Company's ability to respond to market conditions, to provide for unanticipated capital investments, to raise additional debt or equity capital, to pay dividends or to take advantage of business opportunities, including future acquisitions.

Interest rates on borrowings under the Company's senior credit facility are variable and are equal to the "Base Rate" (which is equal to the higher of a bank's reference rate and the federal funds rate plus 0.5%) or the "IBOR Rate" (which is a bank's inter-bank offered rate for U.S. dollars in off-shore markets) plus a margin of 1.00%, 1.00% and 2.50% for IBOR Rate loans under the Company's revolving credit facility, Term Loan A and Term Loan B, respectively, as of September 30, 2002. The margins are subject to adjustment, up or down, based on whether certain financial criteria are met. The weighted average interest rates on borrowings outstanding at September 30, 2002 were 2.82% and 4.32% for Term Loans A and B, respectively. The Company presently has no plans to enter into interest rate swap arrangements to limit exposure to future increases in interest rates. There were no outstanding borrowings on the revolving credit facility at September 30, 2002.

CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

Following is a summary of the Company's contractual obligations and payments due by period following September 30, 2002 (in thousands):

CONTRACTUAL OBLIGATION	PAYMENTS DUE BY PERIOD				
	Total	1 Year	2-3 Years	4-5 Years	After 5 Years
Debt:					
Term Loan A	$ 36,000	$ 6,000	$ 28,000	$ 2,000	$ -
Term Loan B[1]	12,000	12,000	-	-	-
Senior subordinated notes	100,000	-	-	-	100,000
Other debt	1,958	245	289	142	1,282
Total debt	149,958	18,245	28,289	2,142	101,282
Guaranteed residual value obligations	6,033	1,635	4,398	-	-
Operating leases	24,915	5,186	7,346	4,304	8,079
Euro forward contracts	2,600	2,600	-	-	-
Total contractual cash obligations	$ 183,506	$ 27,666	$ 40,033	$ 6,446	$ 109,361

(1) The Company retired the Term Loan B in October, 2002

The company maintains a revolving credit facility of $170.0 million which matures in January 2006. At September 30, 2002 open standby letters of credit totaling $14.7 million reduced the availability under the revolving credit facility to $155.3 million. See Note 6 of the Notes to Consolidated Financial Statements.

The following is a summary of the Company's commercial commitments (in thousands):

	AMOUNT OF COMMITMENT EXPIRATION PER PERIOD				
	Total	1 Year	2-3 Years	4-5 Years	After 5 Years
Customer lease guarantees to third parties	$ 10,000	$ 1,000	$ 2,000	$ 2,000	$5,000
Standby letters of credit	14,651	10,960	3,691	-	-
Corporate guarantees	1,414	1,414	-	-	-
Total commercial commitments	$ 26,065	$ 13,374	$ 5,691	$ 2,000	$ 5,000

OFF-BALANCE SHEET ARRANGEMENTS

McNeilus has a $22.3 million investment in an unconsolidated general partnership, OMFSP, which offers lease financing to customers of the Company. McNeilus and an unaffiliated third party, BA Leasing & Capital Corporation ("BALCAP" -- a subsidiary of Bank of America Corporation), are general partners in OMFSP. Each of the two general partners has identical voting, participating and protective rights and responsibilities in OMFSP. See Notes 1 and 2 of the Notes to Consolidated Financial Statements.

OMFSP purchases trucks, truck bodies and concrete batch plants for lease to user-lessees. The Company sold equipment totaling $62.8 million, $88.8 million and $79.9 million to OMFSP in fiscal 2002, 2001 and 2000, respectively. Banks and other financial institutions lend to OMFSP approximately 90% of the purchase price of the equipment, with recourse solely to OMFSP, secured by a pledge of lease payments due from the user-lessees. Each partner funds one-half of the approximate 8% equity portion of the cost of the new equipment purchases. Customers provide a 2% down payment. Each partner is allocated its proportionate share of OMFSP cash flow and taxable income in accordance with the partnership agreement. Indebtedness of OMFSP is secured by the underlying leases and assets of, and is with recourse to, OMFSP. However, all OMFSP indebtedness is non-recourse to the Company and BALCAP.

OMFSP debt financing is bid among a pool of third party banks and other financial institutions. OMFSP's available but unused borrowing capacity with such banks and other third party financial institutions was $92.8 million at September 30, 2002. OMFSP lenders do not guarantee its borrowing capacity and may withdraw such borrowing availability at any time. Should debt financing not be available to OMFSP in the future, certain of the Company's customers would need to find sources of lease financing other than through OMFSP, which could have an adverse impact on the Company's sales of equipment.

OMFSP and its predecessor have operated since 1989, with profits in each year. OMFSP seeks to maintain strict credit standards. Each general partner approves each lease financing transaction. Lessee-customers guarantee the residual value with respect to each lease. Infrequently, a customer will default on a lease. In such instances, OMFSP has historically been successful in disposing of the underlying equipment at values in excess of the then residual values on the leases. Lease losses historically have not been material in any one year, including the 2001 to 2002 recession in the U.S. In the event that material lease losses did occur, the Company believes its losses would be limited to its investment in OMFSP because OMFSP's debt is nonrecourse to the Company. In addition, the Company could decide to discontinue OMFSP's leasing activities at any time and manage an orderly winding-up of the OMFSP lease portfolio.

Summarized financial information of OMFSP as of September 30, 2002 and 2001 and for the fiscal years ended September 30, 2002, 2001 and 2000 is as follows:

	SEPTEMBER 30,	
	2002	2001
Cash and cash equivalents	$ 2,037	$ 2,973
Investment in sales type leases, net	209,440	204,772
Other assets	553	869
	$ 212,030	$ 208,614
Notes payable	$ 166,442	166,635
Other liabilities	4,146	6,211
Partners' equity	41,442	35,768
	$ 212,030	$ 208,614

	FISCAL YEAR ENDED SEPTEMBER 30,		
	2002	2001	2000
Interest income	$ 16,315	$ 15,429	$ 13,132
Net interest income	4,346	4,048	3,160
Excess of revenues over expenses	4,286	3,961	3,295

A proposed interpretation has been issued which may result in the Company including the assets and liabilities (or some portion thereof) of OMFSP in its financial statements. Alternatively, the Company may sell or restructure its interest in OMFSP. See New Accounting Standards - Special Purpose Entities.

FISCAL 2003 OUTLOOK

The Company expects consolidated net sales to grow approximately 3.2% in fiscal 2003 to $1.8 billion. The Company expects consolidated operating income to increase 8.0% to approximately $120.0 million in fiscal 2003, or approximately 6.7% of sales. The Company expects earnings per share from continuing operations assuming dilution of $3.70 per share in fiscal 2003.

The Company estimates that commercial segment sales will increase 1.0% in fiscal 2003 to $685.0 million. The Company expects continued softness in the concrete placement market, estimating a 2.0% increase in concrete placement sales in fiscal 2003. This assumes that concrete placement sales remain approximately 27.0% lower than peak concrete placement sales in fiscal 2000. The Company expects its U.S. refuse sales to decline about 2.0% in fiscal 2003. Industry volume is expected to decline about 10% in fiscal 2003, but the Company expects volume increases from its largest commercial customers and other market share gains to offset most of the industry decline. The Company expects its U.S. refuse sales to decline approximately 10.0% in the first half of fiscal 2003 before increasing in the second half, each compared to prior year. The Company estimates that the Geesink Norba Group sales will increase approximately 3.0% in fiscal 2003 based on an estimated weak European economy, but aided by new product introductions. The Company expects operating income in the commercial segment to increase approximately 8.1% to approximately $51.0 million in fiscal 2003. The Company estimates that concrete placement operating income will decline approximately 10.0% in fiscal 2003, due to anticipated development spending with respect to the Revolution composite concrete mixer drum. The Company plans to sell a few hundred Revolution drums in fiscal 2003, utilizing the production facilities of the Company's partner in Australia. Freight costs from Australia will limit any profit opportunity from those sales. By the end of fiscal 2003, the Company plans to have a U.S. production facility for the Revolution concrete mixer drum operational and to reach high rate of production for sales in fiscal 2004. In fiscal 2005 and fiscal 2006, the Company plans to acquire the rights to this technology for Europe, Asia, Australia and perhaps Africa/Middle East. The Company expects domestic refuse operating income to be up slightly in fiscal 2003 due to cost reduction plans in place. The Company estimates that most of the growth in commercial operating income in fiscal 2003 will be due to growth of the Geesink Norba Group earnings resulting from lower production costs following a workforce reduction in fiscal 2002.

The Company estimates fire and emergency segment sales to be up 7.1% to $510.0 million in fiscal 2003. This increase reflects a strong backlog that is up 13.6% at September 30, 2002 compared to the prior year and extends into the third quarter of fiscal 2003. While municipal spending remains soft, spending on the fire service has remained stable due to an emphasis on homeland security and increased federal spending on the fire service. The Company estimates fire and emergency operating income to increase 6.1% to approximately $52.0 million in fiscal 2003, consistent with the estimated sales increase.

The Company estimates defense segment sales to increase 2.5% to $610.0 million in fiscal 2003. The Company estimates that sales under the MTVR contract will decline approximately $16.0 million, but that sales under a new U.K. tank transporter contract will be approximately $46.0 million. The Company estimates defense operating income to increase 8.1% to approximately $44.0 million in fiscal 2003. This estimate assumes significant bid and proposal spending and pre-contract costs in fiscal 2003 at levels above fiscal 2002 with respect to several U.S. and U.K. defense truck programs. This estimate further assumes that MTVR contract margins remain at 4.3% in fiscal 2003. The Company continues to target margins of 6.0% to 6.5% over the contract life. Subject to attaining certain milestones and cost performance, the Company estimates that a one percentage point increase in MTVR margins in fiscal 2003 on a full-year basis would amount to $7.6 million in operating income, or $0.27 per share. The Company reviews its estimated costs to complete the MTVR long-term production contract periodically, or as events change, based on factors such as the cost performance achieved to date and the durability of fielded trucks. In June 2002, the Company negotiated a modification of the MTVR contract to replace bare chassis with requirements for vehicles with a dump or a wrecker variant. The wrecker variants are complex vehicles that will undergo significant testing. The U.S. Marine Corps has until January 2004 to fund the wrecker requirements under the contract. How these wreckers perform in the testing, the timing and number of wreckers actually funded by the U.S. Marine Corps under the contract and the cost performance on those trucks will be important factors in the Company's ability to achieve its targeted MTVR margins of 6.0% to 6.5% over the life of the contract.

The Company expects corporate expenses to increase from $25.8 million in fiscal 2002 to $27.0 million in fiscal 2003. The increase reflects investments planned to build the Company's management team. The Company expects net interest expense to be approximately flat at $20.0 million in fiscal 2003.

While the Company projects debt to decline on average in fiscal 2003 following the significant debt reduction in fiscal 2002, the Company expects interest rates to rise and working capital requirements to increase progressively during fiscal 2003 due to the start-up of a U.K. tank transporter contract.

The Company expects debt to increase from $150.0 million at September 30, 2002, to approximately $175.0 million at December 31, 2002, $200.0 million at March 31, 2003 and $210.0 million at June 30, 2003 before declining to $150.0 million at September 30, 2003. These fluctuations reflect seasonal working capital requirements of the commercial segment and the start-up of a tank transporter contract for the U.K. MoD. The Company estimates capital spending at no more than $30.0 million in fiscal 2003, including the required capital spending to construct a Revolution composite concrete mixer drum manufacturing facility.

The expectations with respect to projected sales, costs, earnings and debt levels in this "Fiscal 2003 Outlook" are forward-looking statements and 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. These assumptions include, without limitation, no economic recovery in U.S. and European economies; 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 sales and margins associated with the FHTV contract, international defense truck sales and production under the MTVR contract; the Company's estimates for capital expenditures of municipalities for fire and emergency and refuse products, of airports for rescue products and of large commercial waste haulers; the expected level of sales and operating income of the Geesink Norba Group; the Company's ability to sustain market share gains by its fire and emergency and refuse products businesses; the Company's planned spending on product development, bid and proposal activities and pre-contract costs with respect to defense truck procurement competitions and the outcome of such competitions; anticipated levels of sales of, and capital expenditures associated with, the Revolution composite mixer; the Company's estimates for insurance, steel and litigation costs; the Company's estimates for debt levels and associated interest costs; and that the Company does not complete any acquisitions. 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 the forward-looking statements.

APPLICATION OF CRITICAL ACCOUNTING POLICIES

The Company prepares its consolidated financial statements in conformity with generally accepted accounting principles in the United States of America ("U.S. GAAP"). This requires management to make estimates and judgments that affect reported amounts and related disclosures. Actual results could differ from those estimates. The Company considers the following policies to be the most critical in understanding the judgments that are involved in the preparation of the Company's consolidated financial statements and the uncertainties that could impact the Company's financial condition, results of operations and cash flows.

WARRANTY: Sales of the Company's products generally carry typical explicit manufacturers' warranties based on terms that are generally accepted in the Company's marketplaces. The Company records provisions for estimated warranty and other related costs at the time of sale based on historical warranty loss experience and periodically adjusts these provisions to reflect actual experience. Certain warranty and other related claims involve matters of dispute that ultimately are resolved by negotiation, arbitration or litigation. Infrequently, a material warranty issue can arise which is beyond the scope of the Company's historical experience. The Company provides for any such warranty issues as they become known and estimable. It is reasonably possible that from time to time additional warranty and other related claims could arise from disputes or other matters beyond the scope of the Company's historical experience.

REVENUE RECOGNITION: The Company recognizes and earns revenue when all of the following circumstances are satisfied: persuasive evidence of an arrangement exists, the price is fixed or determinable, collectibility is reasonably assured and delivery has occurred or services have been rendered. The Company records revenues under long-term, fixed-price defense contracts using the percentage-of-completion method of accounting. The Company records revenues and anticipated profits under the MTVR multi-year, fixed-price production contract on a percentage-of-completion basis, generally using units accepted as the measurement basis for effort accomplished. The Company records estimated contract profits in earnings in proportion to recorded revenues based on the estimated average cost determined using total contract units under order (including exercised options). The Company records revenues under certain long-term, fixed-price defense contracts which, among other things, provide for delivery of minimal quantities or require a significant amount of development effort in relation to total contract value, using the percentage-of-completion method upon achievement of performance milestones, or using the cost-to-cost method of accounting where sales and profits are recorded based on the ratio of costs incurred to estimated total costs at completion. The Company includes amounts representing contract change orders, claims or other items in sales only when they can be reliably estimated and realization is probable. The Company reflects adjustments in contract value or estimated costs on contracts accounted for using the percentage-of-completion method in earnings in the current period as a cumulative catch-up adjustment. The Company charges anticipated losses on contracts or programs in progress to earnings when identified.

GOODWILL AND OTHER INTANGIBLE ASSETS: The Company adopted Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets" effective October 1, 2002. Under SFAS No. 142, goodwill and indefinite-lived intangible assets are no longer amortized; however, they must be tested for impairment periodically, or more frequently under certain circumstances, and written down when impaired. The Company continues to record amortization for other intangible assets with definite lives. The Company is subject to financial statement risk to the extent that goodwill and indefinite-lived intangible assets become impaired. Any impairment review is, by its nature, highly judgmental as estimates of future sales, earnings and cash flows are utilized to determine impairment. There was no impairment of goodwill upon adoption of SFAS No. 142, nor upon the Company's subsequent testing conducted in the fourth quarter of fiscal 2002.

PRODUCT LIABILITY: Due to the nature of the Company's products, the Company is subject to product liability claims in the normal course of business. A substantial portion of these claims and lawsuits involve the Company's concrete placement and domestic refuse businesses, while such lawsuits in the Company's defense and fire and emergency businesses have historically been rare. To the extent permitted under applicable law, the Company maintains insurance to reduce or eliminate risk to the Company. Most insurance coverage includes self-insured retentions that vary by business segment and by year. Such self-insured retentions increased sharply following the terrorist acts of September 11, 2001. As of November 19, 2002, the Company maintained self-insured retentions of $1.0 million per claim for each of its businesses.

The Company establishes product liability reserves for its self-insured retention portion of any known outstanding matters based on the likelihood of loss and the Company's ability to reasonably estimate such loss. There is inherent uncertainty as to the eventual resolution of unsettled matters due to the unpredictable nature of litigation. The Company makes estimates based on available information and the Company's best judgment after consultation with appropriate experts. The Company periodically revises estimates based upon changes to facts or circumstances. The Company also utilizes actuarial methodologies to calculate reserves required for estimated incurred but not reported claims as well as to estimate the effect of the adverse development of claims over time.

CRITICAL ACCOUNTING ESTIMATES

Management of the Company has discussed the development and selection of the following critical accounting estimates with the Audit Committee of the Company's Board of Directors and the Audit Committee has reviewed the Company's disclosures relating to such estimates in this Management's Discussion and Analysis.

WARRANTY: The Company's products generally carry explicit warranties that extend from six months to two years, based on terms that are generally accepted in the marketplace. Selected components included in the Company's end products (such as engines, transmissions, tires, etc.) may include manufacturers' warranties. These manufacturers' warranties are generally passed on to the end customer of the Company's products and the customer would generally deal directly with the component manufacturer.

The Company's policy is to record a liability for the expected cost of warranty-related claims at the time of the sale. The amount of warranty liability accrued reflects management's best estimate of the expected future cost of honoring Company obligations under the warranty plans. The Company believes that the warranty accounting estimate is a "critical accounting estimate" because: changes in the warranty provision can materially affect net income; the estimate requires management to forecast estimated product usage levels by customers; in the case of new models, components or technology, there may be a different, higher level of warranty claims experience than with existing, mature products; and certain warranty and other related claims involve matters of dispute that ultimately are resolved by negotiation, arbitration or litigation. The estimate for warranty obligations is a critical accounting estimate for each of the Company's operating segments.

Historically, the cost of fulfilling the Company's warranty obligations has principally involved replacement parts, labor and sometimes travel for any field retrofit campaigns. Over the past three years, the Company's warranty cost as a percentage of sales has ranged from 0.72% of sales to 1.16% of sales. Warranty costs tend to be higher shortly after new product introductions when field warranty campaigns may be necessary to correct or retrofit certain items. Accordingly, the Company must make assumptions about the number and cost of anticipated field warranty campaigns. The Company's estimates are based on historical experience, the extent of pre-production testing, the number of units involved and the extent of new features/components included in new product models.

Each quarter, the Company reviews actual warranty claims experience to determine if there are any systemic defects which would require a field campaign. Also, warranty provision rates on new product introductions are established at higher than standard rates to reflect increased expected warranty costs associated with any new product introduction.

Infrequently, a material warranty issue can arise which is beyond the scope of the Company's historical experience, generally with respect to a new product launch. If the estimate of warranty costs in fiscal 2002 was increased or decreased by 50%, the Company's accrued warranty costs, costs of sales and operating income would each change by $10.1 million, or 42.1%, 0.7% and 9.1%, respectively.

PERCENTAGE-OF-COMPLETION METHOD OF ACCOUNTING: The Company records revenues and anticipated profits under the MTVR multi-year, fixed-price production contract on a percentage-of-completion basis, generally using units accepted as the measurement basis for effort accomplished. Estimated contract profits are taken into earnings in proportion to recorded sales based on estimated average cost determined using total contract units under order. Changes in estimated contract profits are recognized in earnings using the cumulative catch-up method. Under this method, current estimated contract profits are compared with previously estimated contract profits and a cumulative adjustment is recorded to income for all previously accepted units. The Company believes that the accounting estimate is a "critical accounting estimate" because changes in estimated costs can materially affect net income. The estimate requires management to forecast estimated material costs on non-quoted components, to estimate manufacturing overhead rates which are dependent in part on sales forecasts of non-MTVR volume, to estimate manufacturing hours per unit over a broad spectrum of volume, including low-rate of initial production, high-rate of production and ramp-down to the end of the contract. The estimate is a critical accounting estimate for the Company's defense segment.

Quarterly, or upon the occurrence of a significant event impacting the contract, Company management reviews actual contract performance to date to determine if there are any factors that would require an adjustment of the overall contract estimated margin. In fiscal 2002, the Company increased the margin percentage recognized on the MTVR contract by one percentage point as a result

of a contract modification and favorable cost performance compared to estimates. The change in estimate increased operating income by $4.3 million in fiscal 2002, or 3.9% of consolidated operating income. The Company has targeted margins on the MTVR contract in excess of the 4.3% margin recognized on the contract life-to-date by initiating actions to negotiate contract modifications and reduce contract costs. Should the Company be successful with respect to these actions, the Company estimates that a one percentage point increase in MTVR margins in fiscal 2003 (on a full year basis) would increase operating income by approximately $7.6 million.

NEW ACCOUNTING STANDARDS

ACCOUNTING FOR IMPAIRMENT: In August 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 144, "Accounting for Impairment or Disposal of Long-Lived Assets," which supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." SFAS No. 144 also supercedes the accounting and reporting provisions of Accounting Principles Board ("APB") Opinion No. 31, "Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business and Extraordinary, Unusual and Infrequently Occurring Events and Transactions." SFAS No. 144 is intended to establish one accounting model for long-lived assets to be disposed of by sale and to address significant implementation issues of SFAS No. 121. The Company adopted SFAS No. 144 on October 1, 2001. The adoption of SFAS No. 144 did not have a material effect on the consolidated financial statements.

CHANGES TO REPORTING GAINS AND LOSSES FROM EXTINGUISHMENT OF DEBT AND OTHER TECHNICAL CORRECTIONS: In April 2002, the FASB issued SFAS No 145, "Recission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13 and Technical Corrections." SFAS No. 145 rescinds SFAS No. 4, "Reporting Gains and Losses from Extinguishment of Debt," and an amendment of that statement, SFAS No. 64, "Extinguishment of Debt Made to Satisfy Sinking-Fund Requirements." SFAS No. 145 also rescinds SFAS No. 44, "Accounting for Intangible Assets of Motor Carriers," and amends SFAS No. 13, "Accounting for Leases," eliminating the inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. SFAS No. 145 also amends other existing authoritative pronouncements to make various technical corrections, clarify meanings or describe their applicability under changed conditions. The provisions of SFAS No. 145 related to SFAS No. 13 are effective for transactions occurring after May 15, 2002. All other provisions of SFAS No. 145 are effective for financial statements issued on or after May 15, 2002. The Company does not expect that the adoption of this statement will have a material impact on its financial condition, results of operations or cash flows.

ACCOUNTING FOR EXIT OR DISPOSAL ACTIVITIES: In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 nullifies Emerging Issues Task Force Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)" and requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. SFAS No. 146 is effective for exit or disposal activities that are initiated after December 31, 2002. The Company does not expect that the adoption of this statement will have a material impact on its financial condition, results of operations or cash flows.

SPECIAL PURPOSE ENTITIES: In June 2002, the FASB issued Exposure Draft "Consolidation of Certain Special-Purpose Entities—an Interpretation of ARB No. 51." The proposed interpretation is intended to provide consolidation accounting guidance for special purpose entities, recognizing that existing consolidation accounting guidance involving a control-based approach contained in Accounting Research Board ("ARB") Statement No. 51 and FASB Statement No. 94 does not adequately consider the uniqueness of special purpose entities in which controlling rights may not be substantive. The proposed interpretation would explain how to identify a special purpose entity that is not subject to control through voting ownership interests and would require each enterprise involved with a special purpose entity to determine whether it provides financial support to the special purpose entity through a variable interest. Variable interests may arise from financial instruments, service contracts, minority ownership interests or other arrangements. If an entity holds a majority of the variable interests, or a significant variable interest that is significantly more than any other party's variable interest, that entity would be the primary beneficiary. The primary beneficiary would

be required to include the assets, liabilities and results of activities of the special purpose entity in its consolidated financial statements.

A special purpose entity would be evaluated for consolidation based on voting interests, rather than provisions of this proposed interpretation, if one or more parties hold equity investments that meet certain conditions. If the equity investment fails to meet these conditions, then the investment would be considered to be a variable interest to be assessed under the provisions of the proposed interpretation. An equity investment would be presumed to be insufficient to allow the special purpose entity to finance its own activities without relying on support by the variable interest holders (i.e, presumed to lack sufficient independent economic substance) unless the investment is equal to at least 10% of the special purpose entity's total assets.

The proposed interpretation would require existing unconsolidated special purpose entities that lack sufficient independent economic substance to be consolidated by primary beneficiaries if they do not effectively disperse risks among parties involved. Special purpose entities that effectively disperse risks would not be consolidated unless a single party holds an interest or combination of interests that effectively recombines risks that were previously dispersed.

The proposed interpretation would be applied immediately to special purpose entities created after the issuance date of the final interpretation. For special purpose entities created before that date, the provisions of the proposed interpretation would be applied to those special purpose entities still existing as of the beginning of the first fiscal year or interim period beginning after June 15, 2003. Disclosures would be required in financial statements for periods ending December 31, 2002 regarding certain unconsolidated entities in which a company holds a variable interest.

The Company is in the process of assessing the impact of this proposed interpretation on its interest in OMFSP (see Note 2 to Notes to Consolidated Financial Statements). A final interpretation may result in the Company including the assets and liabilities (or some portion thereof) of OMFSP in its consolidated financial statements. Alternatively, the Company may sell or restructure its interest in OMFSP.

GUARANTEE OBLIGATIONS: In May 2002, the FASB issued a proposed interpretation that would clarify and expand on existing disclosure requirements for guarantees, including loan guarantees. It also would require that, at the inception of a guarantee, the Company must recognize a liability for the fair value, or market value, of its obligation under that guarantee. The proposed interpretation does not address the subsequent measurement of the guarantor's recognized liability over the term of the guarantee. The proposed interpretation also would incorporate, without change, the guidance in FASB Interpretation No. 34, "Disclosure of Indirect Guarantees of Indebtedness of Others," which is being superseded.

The provisions related to recognizing a liability at inception for the fair value of the guarantor's obligations would not apply to product warranties or to guarantees accounted for as derivatives.

It is currently proposed that the new recognition and initial measurement provisions of the proposed interpretation would be applied to all previously issued guarantees in a company's first fiscal year beginning after September 15, 2002. The cumulative effect of initially applying those provisions would be reported as a change in accounting principle in the first interim period of the year of adoption. The disclosure requirements would be effective for financial statements of interim or annual periods ending after October 15, 2002.

The Company is assessing the potential impact of this proposed interpretation on the Company's financial statements. The Company may be required to estimate the fair value of its contingent obligations and record such value in its balance sheet with a corresponding charge to earnings upon implementation of the proposed accounting standard. Because the proposed interpretation does not provide guidance regarding appropriate methodologies to value such contingent obligations, the Company is unable to estimate the impact of this proposed interpretation at this time.

CUSTOMERS AND BACKLOG

Sales to the U.S. Government comprised approximately 36% of the Company's net sales in fiscal 2002. No other single customer accounted for more than 10% of the Company's net sales for this period. A substantial majority of the Company's net sales are derived from customer orders prior to commencing production.

The Company's backlog at September 30, 2002 was $907.8 million compared to $799.5 million at September 30, 2001. Commercial backlogs increased by $4.6 million to $139.0 million at September 30, 2002 compared to the prior year. Backlog for front-discharge concrete mixers was up $26.2 million while backlog for domestic refuse packers was down $27.6 million. Front-discharge concrete mixer backlog increased due to orders received in advance of an engine emissions change effective October 1, 2002. The domestic refuse backlog progressively weakened in fiscal 2002 due to weak economic conditions in the U.S. Fire and emergency backlogs increased by $34.2 million to $285.5 million at September 30, 2002 compared to the prior year as Pierce adjusted its production levels to provide more manufacturing lead time to allow for a more efficient manufacturing flow. Also contributing to the increase in backlog was the award of a multi-unit order for ARFF vehicles. Backlog related to the defense segment increased by $69.6 million to $483.3 million at September 30, 2002 compared to 2001, due principally to a $76.0 million contract for heavy equipment transport trucks and trailers for the U.K. MoD. This award resulted from completion of a multi-year competition and final contract negotiations that were concluded in December 2001. Approximately 6.7% of the Company's September 30, 2002 backlog is not expected to be filled in fiscal 2003.

Reported backlog excludes purchase options and announced orders for which definitive contracts have not been executed. Additionally, backlog excludes unfunded portions of the DoD long-term FHTV and MTVR contracts. Backlog information and comparisons of backlogs as of different dates may not be accurate indicators of future sales or the ratio of the Company's future sales to the DoD versus its sales to other customers.

FINANCIAL MARKET RISK

The Company is exposed to market risk from changes in foreign exchange and interest rates. To reduce the risk from changes in foreign exchange rates, the Company selectively uses financial instruments. The Company does not hold or issue financial instruments for trading purposes.

Interest Rate Risk

The Company's interest expense is sensitive to changes in the interest rates in the U.S. and off-shore markets. In this regard, changes in U.S. and off-shore interest rates affect interest payable on the Company's long-term borrowing under its senior credit facility. The Company has not historically utilized derivative securities to fix variable rate interest obligations or to make fixed-rate interest obligations variable. If short-term interest rates averaged two percentage points higher in fiscal 2003 than in fiscal 2002, then the Company's interest expense would increase, and pre-tax income would decrease by approximately $3.2 million. Similarly, if interest rates increased two percentage points, the fair value of the Company's $100 million fixed-rate, long-term notes at September 30, 2002 would decrease by approximately $8.4 million. These amounts are determined by considering the impact of the hypothetical interest rates on the Company's borrowing cost, but do not consider the effects of the reduced level of overall economic activity that could exist in such an environment. Further, in the event of a change of such magnitude, management would likely take actions to mitigate the Company's exposure to the change. However, due to the uncertainty of the specific actions that would be taken and their possible effects, the foregoing sensitivity analysis assumes no changes in the Company's financial structure other than as noted.

Foreign Currency Risk

The Company's operations consist of manufacturing in the U.S., the Netherlands, the United Kingdom and Sweden and sales and limited truck body mounting activities throughout the U.S. and in various European jurisdictions. International sales were approximately 11.6% of overall net sales in fiscal 2002, including approximately 3.8% of overall net sales in fiscal 2002 which involved

export sales from the U.S. The majority of export sales in fiscal 2002 were denominated in U.S. dollars. Sales outside of the U.S. have increased in fiscal 2002 due to the acquisition of the Geesink Norba Group. For the Company's U.S. operations, the Company generally purchases materials and component parts that are denominated in U.S. dollars and seeks customer payment in U.S. dollars for large multi-unit sales contracts, which span several months or years.

The Company's contract to provide tank transporters and trailers for the U.K. MoD provides that the Company will invoice and be paid in a combination of U.S. dollars, British Pounds Sterling and euros. The payments in different currencies are intended to match cash flow requirements to various suppliers and to the Company to minimize foreign currency exchange gains and losses. Due to the inherent differences in the timing of payment for materials and components and the timing of the receipt of payments from the customer, the Company expects some foreign currency transaction gains and losses to occur.

The Company submitted and has outstanding firm quotes to the U.K. MoD on the Wheeled Tanker and the Cargo Support Vehicle truck competitions. These proposals remain outstanding and contain base quotes that are priced to the customer in British Pounds Sterling, with alternate quotes for funding in source currencies. Should the Company's proposals be accepted by the U.K. MoD, the Company would be subject to foreign currency transaction risks. Similarly, the Company has agreements with certain subcontractors in connection with these U.K. MoD programs that have quoted supply of material and component parts in euros and British Pounds Sterling. The Company has reflected a premium in its pricing quoted to the U.K. MoD to reflect these foreign currency risks. If the Company is successful in being awarded this business, it will seek to hedge its foreign currency risks.

The Company's earnings are affected by fluctuations in the value of the U.S. dollar against foreign currencies primarily as a result of the effects of the translation of the Geesink Norba Group earnings from source currencies into U.S. dollars, euro-denominated purchases of component parts from a European supplier (approximately 7.6 million euros in annual requirements, or approximately $7.5 million based on the exchange rate as of September 30, 2002) and, to a lesser extent, hedging customer orders denominated in currencies other than the U.S. dollar. The Company may use forward foreign exchange contracts to partially hedge against the earnings effects of such fluctuations in exchange rates on non-U.S. dollar denominated sales and purchases. At September 30, 2002, the Company had outstanding forward foreign exchange contracts to purchase 2.6 million euros ($2.6 million based on the exchange rate as of September 30, 2002) for delivery over the next five months. At September 30, 2002, the Company had outstanding forward foreign exchange contracts to sell 0.2 million Canadian dollars for settlement in October 2002 to hedge an outstanding firm sales commitment. A hypothetical 10% weakening of the U.S. dollar relative to all other currencies would not have had a material impact on the Company's fiscal 2002 earnings or cash flows. However, to a certain extent, foreign currency exchange rate movements may also affect the Company's competitive position, as exchange rate changes may affect business practices, the Company's cost structure compared to its competitors' cost structures and/or pricing strategies of non-U.S. based competitors.

Fluctuations in currency exchange rates may also impact the Company's shareholders' equity. Amounts invested in the Company's non-U.S. subsidiaries are translated into U.S. dollars at the exchange rates in effect at year-end. The resulting translation adjustments are recorded in shareholders' equity as cumulative translation adjustments. The cumulative translation adjustments component of shareholders' equity increased $12.2 million in fiscal 2002 and $4.3 million in fiscal 2001. Using the year-end exchange rates, the total amount invested in non-U.S. subsidiaries at September 30, 2002 was approximately $162.0 million.

REPORT OF DELOITTE & TOUCHE LLP, INDEPENDENT AUDITORS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF OSHKOSH TRUCK CORPORATION

We have audited the accompanying consolidated balance sheet of Oshkosh Truck Corporation and subsidiaries (the "Company"), as of September 30, 2002, and the related consolidated statements of income, shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The Company's financial statements as of September 30, 2001, and for each of the two years in the period ended September 30, 2001, were audited by other auditors who have ceased operations. Those auditors expressed an unqualified opinion on those statements in their report dated October 29, 2001.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such 2002 financial statements present fairly, in all material respects, the financial position of Oshkosh Truck Corporation and subsidiaries as of September 30, 2002, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed above, the financial statements of Oshkosh Truck Corporation and subsidiaries as of September 30, 2001, and for each of the two years in the period ended September 30, 2001, were audited by other auditors who have ceased operations. As described in Note 5, these financial statements have been revised for the reclassification of certain purchased intangible assets to goodwill and to include the transitional disclosures required by Statement of Financial Accounting Standards (Statement) No. 142, "Goodwill and Other Intangible Assets," which was adopted by the Company as of October 1, 2001. Our audit procedures with respect to the disclosures in Note 5 with respect to 2001 and 2000 included (i) agreeing the previously reported amounts of the purchased intangible assets reclassified to goodwill to the Company's underlying records obtained from management; (ii) agreeing the previously reported net income to the previously issued financial statements and the adjustments to reported net income representing amortization expense (including any related tax effects) recognized in those periods related to goodwill, intangible assets that are no longer being amortized, deferred credits related to an excess over cost, equity method goodwill, and changes in amortization periods for intangible assets that will continue to be amortized as a result of initially applying Statement No. 142 (including any related tax effects) to the Company's underlying records obtained from management; and (iii) testing the mathematical accuracy of the reconciliation of adjusted net income to reported net income, and the related earnings per share amounts. In our opinion, the disclosures for 2001 and 2000 in Note 5 are appropriate and have been properly applied.

Also, as described in Note 1, the balance sheet as of September 30, 2001 has been restated to reclassify income taxes payable from other current liabilities to a separate component of current liabilities. We audited the adjustment described in Note 1 that was applied to restate the 2001 balance sheet for this reclassification. In our opinion, such adjustments are appropriate and have been properly applied.

We were not engaged to audit, review or apply any procedures to the 2001 and 2000 financial statements of the Company other than with respect to the implementation of Statement No. 142 and the reclass of income taxes payable noted in the two preceding paragraphs and, accordingly, we do not express an opinion or other form of assurance on the 2001 and 2000 financial statements taken as a whole.

Deloitte & Touche LLP

DELOITTE & TOUCHE LLP

Milwaukee, Wisconsin
October 28, 2002

The following report is a copy of a report previously issued by Arthur Andersen LLP in connection with the Company's Annual Report to Shareholders for the year ended September 30, 2001. This opinion has not been reissued by Arthur Andersen LLP. In fiscal 2002, the Company adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS No. 142"). As discussed in Note 5 of the Notes to Consolidated Financial Statements, the Company has presented the transitional disclosures for fiscal 2001 and 2000 required by SFAS No. 142. The Arthur Andersen LLP report does not extend to these transitional disclosures. These disclosures are reported on by Deloitte & Touche LLP as stated in their report appearing herein.

REPORT OF ARTHUR ANDERSEN LLP, INDEPENDENT AUDITORS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS
OF OSHKOSH TRUCK CORPORATION

We have audited the accompanying consolidated balance sheets of Oshkosh Truck Corporation (the "Company") as of September 30, 2001 and 2000 and the related consolidated statements of income, shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform our audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of September 30, 2001 and 2000 and the consolidated results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP

Milwaukee, Wisconsin
October 29, 2001

OSHKOSH TRUCK CORPORATION
CONSOLIDATED STATEMENTS OF INCOME

FISCAL YEAR ENDED SEPTEMBER 30,
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	2002	2001	2000
Net sales	$ 1,743,592	$ 1,445,293	$ 1,329,516
Cost of sales	1,483,126	1,230,800	1,126,582
Gross income	260,466	214,493	202,934
Operating expenses:			
Selling, general and administrative	143,330	104,022	93,724
Amortization of goodwill and purchased intangibles	6,018	12,175	11,159
Total operating expenses	149,348	116,197	104,883
Operating income	111,118	98,296	98,051
Other income (expense):			
Interest expense	(21,266)	(22,286)	(20,956)
Interest income	1,160	1,050	893
Miscellaneous, net	(1,555)	1,753	661
	(21,661)	(19,483)	(19,402)
Income before provision for income taxes and items noted below	89,457	78,813	78,649
Provision for income taxes	32,285	29,361	31,346
Income before items noted below	57,172	49,452	47,303
Equity in earnings of unconsolidated partnership, net of income taxes of $1,425, $829 and $738	2,426	1,412	1,205
Income from continuing operations	59,598	50,864	48,508
Gain on disposal of discontinued operations, net of income taxes of $1,235	–	–	2,015
Extraordinary charge for early retirement of debt, net of income tax benefit of $503	–	–	(820)
Net income	$ 59,598	$ 50,864	$ 49,703
Earning (loss) per share:			
Continuing operations	$ 3.54	$ 3.05	$ 3.01
Discontinued operations	–	–	0.13
Extraordinary charge	–	–	(0.05)
Net income	$ 3.54	$ 3.05	$ 3.09
Earnings (loss) per share assuming dilution:			
Continuing operations	$ 3.45	$ 2.98	$ 2.96
Discontinued operations	–	–	0.12
Extraordinary charge	–	–	(0.05)
Net income	$ 3.45	$ 2.98	$ 3.03

See accompanying notes.

OSHKOSH TRUCK CORPORATION
CONSOLIDATED BALANCE SHEETS

SEPTEMBER 30,
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

	2002	2001
ASSETS		
Current assets:		
Cash and cash equivalents	$ 40,039	$ 11,312
Receivables, net	142,709	211,405
Inventories	210,866	258,038
Prepaid expenses	7,414	6,673
Deferred income taxes	26,008	15,722
Total current assets	427,036	503,150
Investment in unconsolidated partnership	22,274	18,637
Other long-term assets	11,625	8,626
Property, plant and equipment:		
Land and land improvements	14,390	13,355
Equipment on operating lease to others	10,164	11,476
Buildings	90,769	86,224
Machinery and equipment	145,722	130,780
Construction in progress	–	2,331
	261,045	244,166
Less accumulated depreciation	(120,684)	(102,238)
Net property, plant and equipment	140,361	141,928
Purchased intangible assets, net	104,316	124,787
Goodwill	318,717	292,140
Total assets	$ 1,024,329	$ 1,089,268
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 116,422	$ 107,864
Floor plan notes payable	23,801	19,271
Customer advances	119,764	58,070
Payroll-related obligations	34,474	27,084
Income taxes	8,597	25,221
Accrued warranty	24,015	18,338
Other current liabilities	47,754	46,322
Revolving credit facility and current maturities of long-term debt	18,245	77,031
Total current liabilities	393,072	379,201
Long-term debt	131,713	282,249
Deferred income taxes	39,303	40,334
Other long-term liabilities	50,481	40,458
Commitments and contingencies		
Shareholders' equity:		
Preferred Stock, $.01 par value; authorized 2,000,000 shares; none issued and outstanding	–	–
Class A Common Stock, $.01 par value; authorized 1,000,000 shares; issued - 416,619 in 2002 and 418,199 in 2001	4	4
Common Stock, $.01 par value; authorized 60,000,000 shares; issued - 17,415,410 in 2002 and 17,413,830 in 2001	174	174
Paid-in capital	117,179	110,330
Retained earnings	300,713	246,915
Common Stock in treasury, at cost: 851,621 shares in 2002 and 1,116,597 shares in 2001	(7,636)	(10,195)
Unearned compensation	(4,086)	–
Accumulated other comprehensive income (loss)	3,412	(202)
Total shareholders' equity	409,760	347,026
Total liabilities and shareholders' equity	$ 1,024,329	$ 1,089,268

See accompanying notes.

OSHKOSH TRUCK CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	COMMON STOCK	PAID-IN CAPITAL	RETAINED EARNINGS	COMMON STOCK IN TREASURY AT COST	UNEARNED COMPENSATION	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	TOTAL
Balance at September 30, 1999	$ 140	$ 15,997	$ 157,810	$ (11,067)	$ -	$ -	$ 162,880
Net income and comprehensive income	-	-	49,703	-	-	-	49,703
Cash dividends:							
Class A Common Stock ($.300 per share)	-	-	(127)	-	-	-	(127)
Common Stock ($.345 per share)	-	-	(5,595)	-	-	-	(5,595)
Exercise of stock options	-	(55)	-	415	-	-	360
Net proceeds of Common Stock offering	38	93,364	-	-	-	-	93,402
Tax benefit related to stock options exercised	-	434	-	-	-	-	434
Balance at September 30, 2000	178	109,740	201,791	(10,652)	-	-	301,057
Comprehensive income:							
Net income	-	-	50,864	-	-	-	50,864
Change in fair value of derivative instruments (net of income taxes of $7)	-	-	-	-	-	13	13
Minimum pension liability adjustment (net of income tax benefit of $2,637)	-	-	-	-	-	(4,490)	(4,490)
Currency translation adjustment	-	-	-	-	-	4,275	4,275
Comprehensive income							50,662
Cash dividends:							
Class A Common Stock ($.300 per share)	-	-	(126)	-	-	-	(126)
Common Stock ($.345 per share)	-	-	(5,614)	-	-	-	(5,614)
Exercise of stock options	-	23	-	457	-	-	480
Tax benefit related to stock options exercised	-	567	-	-	-	-	567
Balance at September 30, 2001	178	110,330	246,915	(10,195)	-	(202)	347,026
Comprehensive income:							
Net income	-	-	59,598	-	-	-	59,598
Change in fair value of derivative instruments (net of income taxes of $48)	-	-	-	-	-	82	82
Gains reclassified into earnings from other comprehensive income (net of income taxes of $36)	-	-	-	-	-	(62)	(62)
Minimum pension liability adjustment (net of income tax benefit of $5,075)	-	-	-	-	-	(8,640)	(8,640)
Currency translation adjustment	-	-	-	-	-	12,234	12,234
Comprehensive income							63,212
Cash dividends:							
Class A Common Stock ($.300 per share)	-	-	(125)	-	-	-	(125)
Common Stock ($.345 per share)	-	-	(5,675)	-	-	-	(5,675)
Issuance of restricted stock	-	3,440	-	673	(4,113)	-	-
Amortization of unearned compensation	-	-	-	-	27	-	27
Exercise of stock options	-	368	-	1,886	-	-	2,254
Tax benefit related to stock options exercised	-	3,041	-	-	-	-	3,041
Balance at September 30, 2002	$ 178	$ 117,179	$ 300,713	$ (7,636)	$ (4,086)	$ 3,412	$ 409,760

See accompanying notes.

OSHKOSH TRUCK CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

FISCAL YEAR ENDED SEPTEMBER 30,
(IN THOUSANDS)

	2002	2001	2000
OPERATING ACTIVITIES			
Income from continuing operations	$ 59,598	$ 50,864	$ 48,508
Depreciation and amortization	25,392	28,497	24,218
Deferred income taxes	(1,898)	(2,697)	2,277
Equity in earnings of unconsolidated partnership	(3,851)	(2,241)	(1,943)
Loss (gain) on disposal of property, plant and equipment	13	(52)	(12)
Changes in operating assets and liabilities:			
Receivables, net	70,588	(71,489)	(9,702)
Inventories	48,937	(14,835)	7,330
Prepaid expenses	(1,168)	311	(436)
Other long-term assets	75	174	256
Accounts payable	6,899	(1,156)	(7,802)
Floor plan notes payable	4,530	(7,938)	(2,691)
Customer advances	61,694	(892)	(12,059)
Payroll-related obligations	6,911	(1,924)	1,639
Income taxes	(12,409)	14,672	8,776
Accrued warranty	3,484	641	1,600
Other current liabilities	(1,782)	284	(9,414)
Other long-term liabilities	(3,045)	(589)	(862)
Net cash provided from (used for) operating activities	263,968	(8,370)	49,683
INVESTING ACTIVITIES			
Acquisitions of businesses, net of cash acquired	-	(160,241)	(7,147)
Additions to property, plant and equipment	(15,619)	(18,493)	(22,647)
Proceeds from sale of property, plant and equipment	8	238	52
Increase in other long-term assets	(7,824)	(4,867)	(2,417)
Net cash used for investing activities	(23,435)	(183,363)	(32,159)
NET CASH PROVIDED FROM DISCONTINUED OPERATIONS	-	-	2,015
FINANCING ACTIVITIES			
Net borrowings (repayments) under revolving credit facility	(65,200)	65,200	(5,000)
Proceeds from issuance of long-term debt	-	140,000	30,913
Repayment of long-term debt	(144,134)	(8,908)	(124,595)
Debt issuance costs	-	(1,183)	(795)
Proceeds from Common Stock offering	-	-	93,736
Costs of Common Stock offering	-	-	(334)
Proceeds from exercise of stock options	2,254	480	360
Dividends paid	(5,777)	(5,735)	(5,392)
Net cash provided from (used for) financing activities	(212,857)	189,854	(11,107)
Effect of exchange rate changes on cash	1,051	(378)	-
Increase (decrease) in cash and cash equivalents	28,727	(2,257)	8,432
Cash and cash equivalents at beginning of year	11,312	13,569	5,137
Cash and cash equivalents at end of year	$ 40,039	$ 11,312	$ 13,569
SUPPLEMENTAL DISCLOSURES			
Cash paid for interest (net of amount capitalized)	$ 20,964	$ 20,068	$ 22,148
Cash paid for income taxes	49,813	17,959	22,438

See accompanying notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2002
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

OPERATIONS – Oshkosh Truck Corporation, with its wholly-owned subsidiaries (the "Company"), is a leading manufacturer of a wide variety of specialized trucks and truck bodies predominately for the U.S. and European markets. "Oshkosh" refers to Oshkosh Truck Corporation, not including its subsidiaries. The Company sells its products into three principal truck markets – commercial, fire and emergency and defense. The Company's commercial business is principally conducted through its wholly-owned subsidiaries, McNeilus Companies, Inc. ("McNeilus"), Viking Truck and Equipment, Inc. ("Viking"), Geesink Group B.V., Norba A.B. and Geesink Norba Limited and their wholly-owned subsidiaries (together, the "Geesink Norba Group") and the commercial division of Oshkosh. The Company's fire and emergency business is principally conducted through its wholly-owned subsidiary, Pierce Manufacturing Inc. ("Pierce"), the airport products division of Oshkosh and the Company's wholly-owned subsidiaries, Kewaunee Fabrications, LLC ("Kewaunee") and Medtec Ambulance Corporation ("Medtec"). The defense business is conducted through the operations of Oshkosh. McNeilus is one of two general partners in Oshkosh/McNeilus Financial Services Partnership ("OMFSP"), which provides lease financing to the Company's customers. Each of the two general partners has identical voting, participating and protective rights and responsibilities, and accordingly, the Company accounts for its equity interest in OMFSP of 54% at September 30, 2002 and 52% at September 30, 2001, under the equity method.

PRINCIPLES OF CONSOLIDATION AND PRESENTATION – The consolidated financial statements include the accounts of Oshkosh and all of its wholly-owned subsidiaries and are prepared in conformity with U.S. generally accepted accounting principles ("U.S. GAAP"). The Company records its interest in OMFSP under the equity method. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. All significant intercompany accounts and transactions have been eliminated.

CASH AND CASH EQUIVALENTS – The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash equivalents, consisting principally of short-term commercial paper, time deposits and money market instruments, totaled $32,458 and $3,770 at September 30, 2002 and 2001, respectively. The cost of these securities approximates fair value due to the short-term nature of the investments.

RECEIVABLES – Receivables consist of amounts billed and currently due from customers and unbilled costs and accrued profits related to revenues on long-term contracts that have been recognized for accounting purposes but not yet billed to customers.

INVENTORIES – Approximately 85.0% and 74.3% of the Company's inventories at September 30, 2002 and 2001, respectively, were valued at the lower of cost, computed on the last-in, first-out ("LIFO") method, or market. The remaining inventories are valued at the lower of cost, computed on the first-in, first-out ("FIFO") method, or market. If the FIFO inventory valuation method had been used exclusively, inventories would have increased by $13,251 and $12,619 at September 30, 2002 and 2001, respectively.

PROPERTY, PLANT AND EQUIPMENT – Property, plant and equipment are recorded at cost. Depreciation is provided over the estimated useful lives of the respective assets using accelerated and straight-line methods. The estimated useful lives range from 10 to 50 years for buildings and improvements, from 4 to 25 years for machinery and equipment and from 3 to 10 years for capitalized software and related costs. Depreciation expense was $17,527, $15,510 and $12,200 in fiscal 2002, 2001 and 2000, respectively. The Company capitalizes interest on borrowings during the active construction period of major capital projects. Capitalized interest is added to the cost of the underlying assets and is amortized over the useful lives of the assets. The Company capitalized interest of $173 and $270 in fiscal 2001 and 2000, respectively. There was no capitalized interest in fiscal 2002. Equipment on operating lease to others represents the cost of vehicles sold to customers for which the Company has guaranteed the residual value. These transactions are accounted for as operating leases with the related assets capitalized and depreciated over their estimated economic life of 10 years. Cost less accumulated depreciation for equipment on operating lease at September 30, 2002 and 2001 was $7,497 and $9,703, respectively.

OTHER LONG-TERM ASSETS – Other long-term assets include deferred financing costs, which are amortized using the interest method over the term of the debt, prepaid funding of pension costs and certain investments. Amortization expense was $1,848, $812 and $859 in fiscal 2002, 2001 and 2000, respectively.

IMPAIRMENT OF LONG-LIVED ASSETS – Property, plant and equipment and other long-term assets (including amortizable intangible assets) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the sum of the expected undiscounted cash flows is less than the carrying value of the related asset or group of assets, a loss is recognized for the difference between the fair value and carrying value of the asset or group of assets. Such analyses necessarily involve significant judgment.

In August 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for Impairment or Disposal of Long-Lived Assets," which supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." SFAS No. 144 also supercedes the accounting and reporting provisions of Accounting Principles Board ("APB") Opinion No. 30, "Reporting the Results of Operations-Reporting the Effects of Disposal of a Segment of a Business and Extraordinary, Unusual and Infrequently Occurring Events and Transactions." SFAS No. 144 is intended to establish one accounting model for long-lived assets to be disposed of by sale and to address significant implementation issues of SFAS No. 121. The Company adopted SFAS No. 144 effective October 1, 2001. Adoption of SFAS No. 144 did not have a material effect on the Company's financial condition, results of operations or cash flows.

FLOOR PLAN NOTES PAYABLE – Floor plan notes payable represent liabilities related to the purchase of commercial truck chassis upon which the Company mounts its manufactured rear-discharge concrete mixers, refuse bodies, ambulance packages and certain fire apparatus. Floor plan notes payable are non-interest bearing for terms ranging from 90 to 180 days and must be repaid upon the sale of the vehicle to a customer. The Company's practice is to repay all floor plan notes for which the non-interest bearing period has expired without sale of the vehicle to a customer.

CUSTOMER ADVANCES – Customer advances principally represent amounts received in advance of the completion of fire and emergency and commercial vehicles. Most of these advances bear interest at variable rates approximating the prime rate. Advances also include any performance-based payments received from the U.S. Department of Defense ("DoD") in excess of the value of related inventory. Advances from the DoD are non-interest bearing. See discussion on performance-based payments that follows.

PERFORMANCE-BASED PAYMENTS – The Company's five-year contracts with the DoD to deliver heavy-payload vehicles (Family of Heavy Tactical Vehicle or "FHTV"), and medium-payload vehicles (Medium Tactical Vehicle Replacement or "MTVR") include requirements for "performance-based payments." The performance-based payment provisions in the contracts require the DoD to pay the Company based on the completion of certain pre-determined events in connection with the production of vehicles under these contracts. Performance-based payments received are first applied to reduce outstanding receivables for units accepted, with any remaining amount shown as a contra-inventory amount, to the extent of FHTV and MTVR inventory on hand. Amounts received in excess of FHTV and MTVR receivables and inventory are included in liabilities as customer advances.

GUARANTEED RESIDUAL VALUE OBLIGATIONS AND DEFERRED INCOME – Prior to acquisition, the Company's wholly-owned subsidiary, Viking, entered into "sales" transactions with customers that provided for residual value guarantees. In accordance with SFAS No. 13 "Accounting For Leases," these transactions have been recorded as operating leases. Net proceeds received in connection with the initial transactions have been recorded as residual value liabilities to the extent of Viking's guarantee. Proceeds received in excess of the guarantee amount have been recorded as deferred income and are being accreted to income on a straight-line basis over the period to the first exercise date of the guarantee. Amounts outstanding at September 30, 2002 and 2001 and included in other liabilities were:

	SEPTEMBER 30, 2002		
	CURRENT	LONG-TERM	TOTAL
Deferred revenue	$ 1,112	$ 607	$ 1,719
Residual value guarantees	1,635	4,398	6,033
	$ 2,747	$ 5,005	$ 7,752

	September 30, 2001		
	Current	Long-Term	Total
Deferred revenue	$ 1,276	$ 1,719	$ 2,995
Residual value guarantees	981	6,033	7,014
	$ 2,257	$ 7,752	$ 10,009

Residual value guarantees are first exercisable by the customer as follows: 2003 – $1,635; 2004 – $4,090; 2005 – $308.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NET SALES – Net sales (other than sales under long-term, fixed-priced production contracts – see "Revenue Recognition and Long-Term Contracts" which follows) includes amounts invoiced to the Company's customers net of any amounts invoiced for taxes imposed on the customer such as excise or value-added taxes.

REVENUE RECOGNITION AND LONG-TERM CONTRACTS – In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin ("SAB") No. 101, which deals with revenue recognition issues, excluding revenue accounted for using the percentage-of-completion method. The Company adopted SAB No. 101 (as modified by SAB No. 101A and 101B) in the fourth quarter of fiscal 2001. The adoption of SAB No. 101 did not have a significant effect on the Company's financial condition, results of operations or cash flows.

In conformity with SAB No. 101, revenue is recognized and earned when all of the following circumstances are satisfied: persuasive evidence of an arrangement exists, the price is fixed or determinable, collectibility is reasonably assured, and delivery has occurred or services have been rendered. Sales under fixed-price defense contracts generally are recorded using the percentage-of-completion method of accounting. Sales and anticipated profits under the MTVR long-term fixed-price production contract are recorded on a percentage-of-completion basis, generally using units accepted as the measurement basis for effort accomplished. Estimated contract profits are taken into earnings in proportion to recorded sales based on estimated average cost determined using total contract units under order (including exercised options of 737) of 6,403, of which 3,264 units have been completed as of September 30, 2002.

Sales under certain long-term, fixed-price defense contracts which, among other things, provide for delivery of minimal quantities or require a significant amount of development effort in relation to total contract value, are recorded using the percentage-of-completion method upon achievement of performance milestones, or using the cost-to-cost method of accounting where sales and profits are recorded based on the ratio of costs incurred to estimated total costs at completion. Amounts representing contract change orders, claims or other items are included in sales only when they can be reliably estimated and realization is probable. When adjustments in contract value or estimated costs are determined, any changes from prior estimates are reflected in earnings in the current period. Anticipated losses on contracts or programs in progress are charged to earnings when identified.

Margins recorded on the MTVR contract are subject to change based on a number of factors, including actual cost performance and product warranty experience compared to estimated amounts and changes or contract modifications agreed to by the Company and its customer. In fiscal 2002, the Company increased the margin percentage recognized on the MTVR contract by one percentage point to 4.3% as a result of a contract modification and favorable cost performance compared to estimates. This change in estimate increased fiscal 2002 operating income by $4,264, net income by $3,000 and earnings per share by $0.17, including $1,658, $1,044 and $0.06, respectively, relating to prior year revenues.

The Company has targeted higher margins on the MTVR contract by initiating actions to negotiate contract modifications and reduce contract costs. Should the Company be successful with respect to these actions, the Company estimates a one percentage point increase in MTVR margins in fiscal 2003, including amounts related to prior year revenues, would increase operating income, net income and net income per share by approximately $7,600, $4,800 and $0.27, respectively.

RESEARCH AND DEVELOPMENT AND SIMILAR COSTS – Except for certain arrangements described below, research and development costs are generally expensed as incurred and included as part of cost of sales. Research and development costs charged to expense amounted to $17,866, $14,321 and $14,137, during fiscal 2002, 2001 and 2000, respectively. Customer sponsored research and development costs incurred pursuant to contracts are accounted for as contract costs.

WARRANTY – Provisions for estimated warranty and other related costs are recorded in cost of sales at the time of sale and are periodically adjusted to reflect actual experience. Amounts expensed were $20,263, $12,278 and $9,648, respectively, in fiscal 2002, 2001 and 2000.

ADVERTISING – Advertising costs are included in selling, general and administrative expense and are expensed as incurred. These expenses totaled $3,001, $2,616 and $2,132 in fiscal 2002, 2001 and 2000, respectively.

SHIPPING AND HANDLING FEES AND COSTS – Revenue received from shipping and handling fees is reflected in net sales. Shipping fee revenue was insignificant for all periods presented. Shipping and handling costs are included in cost of sales.

FOREIGN CURRENCY TRANSLATION – The financial statements of foreign subsidiaries have been translated into U.S. dollars in accordance with SFAS No. 52, "Foreign Currency Translation". All balance sheet accounts have been translated using the exchange rates in effect at the balance sheet date. Income statement amounts have been translated using the average exchange rate during the period in which the transactions occurred. Resulting translation adjustments are included in "accumulated other comprehensive income (loss)." The Company recorded a $1,727 foreign currency transaction gain in miscellaneous other income in fiscal 2001 related to the purchase of euros prior to the acquisition of the Geesink Norba Group in July 2001. All other foreign currency transaction gains and losses were insignificant for all years presented.

INCOME TAXES – Deferred income taxes are provided to recognize temporary differences between the financial reporting basis and the income tax basis of the Company's assets and liabilities using currently enacted tax rates and laws. Income taxes are provided currently on financial statement earnings of non-U.S. subsidiaries expected to be repatriated. The Company intends to determine annually the amount of undistributed non-U.S. earnings to invest indefinitely in its non-U.S. operations.

FINANCIAL INSTRUMENTS – Based on Company estimates, the carrying amounts of cash equivalents, receivables, accounts payable, accrued liabilities and variable rate debt approximated fair value as of September 30, 2002 and 2001. The fair value of the Company's $100,000, 8¾%, senior subordinated notes (based on published market information) was approximately $103,000 and $98,000 at September 30, 2002 and 2001, respectively.

CONCENTRATION OF CREDIT RISK – Financial instruments which potentially subject the Company to significant concentrations of credit risk consist principally of cash equivalents, trade accounts receivable, OMFSP leases receivable and guarantees of certain customers' obligations under deferred payment contracts and lease purchase agreements.

The Company maintains cash and cash equivalents, and other financial instruments, with various major financial institutions. The Company performs periodic evaluations of the relative credit standing of these financial institutions and limits the amount of credit exposure with any institution.

Concentration of credit risk with respect to trade accounts and leases receivable is limited due to the large number of customers and their dispersion across many geographic areas. However, a significant amount of trade and leases receivable are with the U.S. government, with companies in the ready-mix concrete industry, municipalities and with several large waste haulers in the United States. The Company does not currently foresee a significant credit risk associated with these receivables.

DERIVATIVE FINANCIAL INSTRUMENTS – As of October 1, 2000, the Company adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," which was amended by SFAS No. 137 and SFAS No. 138 (collectively referred to as SFAS No. 133). As a result of adoption of SFAS No. 133, the Company recognizes all derivative financial instruments, such as foreign exchange contracts, in the consolidated financial statements at fair value regardless of the purpose or intent for holding the instrument. Changes in the fair value of derivative financial instruments are either recognized periodically in income or in shareholders' equity as a component of comprehensive income depending on whether the derivative financial instrument qualifies for hedge accounting, and if so, whether it qualifies as a fair value hedge or cash flow hedge. Generally, changes in fair values of derivatives accounted for as fair value hedges are recorded in income along with the portions of the changes in the fair values of the hedged items that relate to the hedged risks. Changes in fair values of derivatives accounted for as cash flow hedges, to the extent they are effective as hedges, are recorded in other comprehensive income, net of deferred taxes. Hedge ineffectiveness was insignificant for all periods reported. Changes in fair value of derivatives not qualifying as hedges are reported in income.

To protect against increases in cost of purchases of certain manufactured components which are payable in foreign currency over a six-month period, the Company has instituted a foreign currency cash flow hedging program. The Company hedges portions of its estimated cash flows associated with foreign currency payments with forward contracts.

The Company expects to reclassify $33 of net gains on derivative instruments from accumulated other comprehensive income at September 30, 2002 to earnings during the next twelve months due to sales of inventory.

Upon adoption of SFAS No. 133 on October 1, 2000, the Company recorded a $119 charge to cost of sales as required under the standard.

STOCK-BASED COMPENSATION – The Company measures compensation cost for stock-based compensation plans using the intrinsic value method of accounting as prescribed in APB Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. The Company has adopted those provisions of SFAS No. 123, "Accounting for Stock-Based Compensation," which require disclosure of the pro forma effect on net earnings and earnings per share as if compensation cost had been recognized based upon the estimated fair value at the date of grant for options awarded.

ENVIRONMENTAL REMEDIATION COSTS – The Company accrues for losses associated with environmental remediation obligations when such losses are probable and reasonably estimable. Costs of future expenditures for environmental remediation obligations are not discounted to their present value. Recoveries of environmental remediation costs from other parties are recorded as assets when their receipt is deemed probable. The accruals are adjusted as further information develops or circumstances change.

BUSINESS COMBINATIONS AND GOODWILL AND OTHER INTANGIBLE ASSETS – Historically, the cost of goodwill and other intangible assets has been amortized to expense on a straight-line basis over the estimated periods benefited, which ranged from 5 to 40 years.

In June 2001, the FASB issued SFAS No. 141, "Business Combinations," and No. 142, "Goodwill and Other Intangible Assets" effective for fiscal years beginning after December 15, 2001 (with early adoption allowed). Application of SFAS No. 141 was required for purchase business combinations completed after June 30, 2001. Under the new rules, goodwill and intangible assets deemed to have indefinite lives will no longer be amortized but will be subject to impairment tests at least annually in accordance with the Statements. Other intangible assets will continue to be amortized over their useful lives.

The Company adopted the new rules on accounting for goodwill and other intangible assets in the first quarter of fiscal 2002 (see Note 5).

NEW ACCOUNTING STANDARDS – In April 2002, the FASB issued SFAS No. 145 "Recission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13 and Technical Corrections." SFAS No. 145 rescinds SFAS No. 4, "Reporting Gains and Losses from Extinguishment of Debt," and an amendment of that statement SFAS No. 64, "Extinguishment of Debt Made to Satisfy Sinking-Fund Requirements." SFAS No. 145 also rescinds SFAS No. 44, "Accounting for Intangible Assets of Motor Carriers," and amends SFAS No. 13, "Accounting for Leases," eliminating the inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. SFAS No. 145 also amends other existing authoritative pronouncements to make various technical corrections, clarify meanings or describe their applicability under changed conditions. The provisions of SFAS No. 145 related to SFAS No. 13 are effective for transactions occurring after May 15, 2002. All other provisions of SFAS No. 145 are effective for financial statements issued on or after May 15, 2002. The Company does not expect that the adoption of this statement will have a material impact on its financial condition, results of operations or cash flows.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 nullifies Emerging Issues Task Force Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)" and requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. SFAS No. 146 is effective for exit or disposal activities that are initiated after December 31, 2002. The Company does not expect that the adoption of this statement will have a material impact on its financial condition, results of operations or cash flows.

EARNINGS PER SHARE – The following table sets forth the computation of basic and diluted weighted average shares used in the per share calculations:

	FISCAL YEAR ENDED SEPTEMBER 30,		
	2002	2001	2000
Denominator for basic earnings per share	16,821,221	16,681,000	16,073,684
Effect of dilutive options and incentive compensation awards	463,954	407,063	330,389
Denominator for diluted earnings per share	17,285,175	17,088,063	16,404,073

Options to purchase 30,000 shares, 5,000 shares and 230,000 shares of Common Stock at $55.00 per share, $58.56 per share and $58.76 per share, respectively, and 70,000 shares of restricted Common Stock granted at $58.76 per share were outstanding in fiscal 2002 and options to purchase 27,000 shares at $44.00 per share and 241,500 shares at $33.125 per share were outstanding in fiscal 2001 and fiscal 2000, respectively, but were not included in the computation of diluted earnings per share because the exercise price of the option was greater than the average market price of the Common Stock and, therefore, the effect would be anti-dilutive.

RECLASSIFICATIONS – Certain reclassifications have been made to the fiscal 2001 and 2000 financial statements to conform to the fiscal 2002 presentation. For fiscal 2002 and 2001, the Company separately identified income taxes payable on the face of the balance sheet.

2. BALANCE SHEET INFORMATION

RECEIVABLES	SEPTEMBER 30, 2002	2001
U.S. government:		
Amounts billed	$ 38,274	$ 78,626
Cost and profits not billed	6,305	1,512
	44,579	80,138
Commercial customers	97,782	126,033
Other	4,906	9,062
	147,267	215,233
Less allowance for doubtful accounts	(4,558)	(3,828)
	$ 142,709	$ 211,405

In accordance with industry practice, recoverable cost and profits not billed include amounts relating to programs and contracts with multi-year terms, a portion of which is not expected to be realized in one year. Costs and profits not billed generally will become billable upon the Company achieving certain milestones.

INVENTORIES	SEPTEMBER 30, 2002	2001
Finished products	$ 67,147	$ 64,049
Partially finished products	89,742	104,955
Raw materials	121,596	122,484
Inventories at FIFO cost	278,485	291,488
Less: Progress/performance-based payments on U.S. government contracts	(54,368)	(20,831)
Excess of FIFO cost over LIFO cost	(13,251)	(12,619)
	$ 210,866	$ 258,038

Title to all inventories related to government contracts, which provide for progress or performance-based payments, vests with the government to the extent of unliquidated progress or performance-based payments.

Inventory includes the following amounts related to the Company's MTVR contract:

	SEPTEMBER 30, 2002	2001
Tooling	$ 2,050	$ 3,340
Production and retrofit costs recognized in excess of average expected costs	3,385	262
Logistics support development costs	2,297	3,727
Engineering	3,012	6,446
Test, training and other	(1,830)	954
	$ 8,914	$ 14,729

On February 26, 1998, concurrent with the Company's acquisition of McNeilus, the Company and an unaffiliated third party, BA Leasing & Capital Corporation ("BALCAP"), formed OMFSP, a general partnership, for the purpose of offering lease financing to certain customers of the Company. Each partner contributed existing lease assets (and, in the case of the Company, related notes payable to third party lenders which were secured by such leases) to capitalize the partnership. Leases and related notes payable contributed by the Company were originally acquired in connection with the McNeilus acquisition.

OMFSP manages the contributed assets and liabilities and engages in new vendor lease business providing financing to certain customers of the Company. The Company sells trucks, truck bodies and concrete batch plants to OMFSP for lease to user-customers. Company sales to OMFSP were $62,860, $88,845 and $79,857 in fiscal 2002, 2001 and 2000, respectively. Banks and other financial institutions lend to OMFSP a portion of the purchase price, with recourse solely to OMFSP, secured by a pledge of lease payments due from

the user-lessees. Each partner funds one-half of the equity portion of the cost of the new truck and batch plant purchases, and each partner is allocated its proportionate share of OMFSP cash flow and taxable income in accordance with the partnership agreement. Indebtedness of OMFSP is secured by the underlying leases and assets of, and is with recourse to, OMFSP. However, all OMFSP indebtedness is non-recourse to the Company or BALCAP.

Summarized financial information of OMFSP as of September 30, 2002 and 2001 and for the fiscal years ended September 30, 2002, 2001 and 2000 is as follows:

	SEPTEMBER 30,	
	2002	2001
Cash and cash equivalents	$ 2,037	$ 2,973
Investment in sales type leases, net	209,440	204,772
Other assets	553	869
	$ 212,030	$ 208,614
Notes payable	$ 166,442	166,635
Other liabilities	4,146	6,211
Partners' equity	41,442	35,768
	$ 212,030	$ 208,614

	FISCAL YEAR ENDED SEPTEMBER 30,		
	2002	2001	2000
Interest income	$ 16,315	$ 15,429	$ 13,132
Net interest income	4,346	4,048	3,160
Excess of revenues over expenses	4,286	3,961	3,295

3. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The components of accumulated other comprehensive income (loss) are as follows:

	CURRENCY TRANSLATION ADJUSTMENTS	MINIMUM PENSION LIABILITY ADJUSTMENTS	DERIVATIVE FINANCIAL INSTRUMENTS GAINS	TOTAL
Balance at September 30, 2000	$ –	$ –	$ –	$ –
Currency translation adjustments	4,275	–	–	4,275
Minimum pension liability adjustment, net of taxes of $2,637	–	(4,490)	–	(4,490)
Change in fair value of derivatives, net of taxes of $7	–	–	13	13
Balance at September 30, 2001	4,275	(4,490)	13	(202)
Currency translation adjustments	12,234	–	–	12,234
Minimum pension liability adjustment, net of taxes of $5,075	–	(8,640)	–	(8,640)
Gains reclassified into earnings from other comprehensive income, net of taxes of $36	–	–	(62)	(62)
Change in fair value of derivatives, net of taxes of $48	–	–	82	82
Balance at September 30, 2002	$ 16,509	$ (13,130)	$ 33	$ 3,412

4. ACQUISITIONS

On July 25, 2001, the Company acquired from Powell Duffryn Limited all of the outstanding capital stock of the Geesink Norba Group to expand the Company's presence in Europe to include manufacturing and direct distribution capabilities. The cash purchase price for the acquisition of 156,422 euros, including acquisition costs of 3,954 euros and net of cash acquired, or $137,636 was financed under a new Term B Loan under the Company's senior credit facility. The Geesink Norba Group is a leading European manufacturer of refuse collection truck bodies, mobile and stationary compactors and transfer stations under the Geesink and Norba brands. The Geesink Norba Group is included in the Company's commercial segment.

The operating results of the Geesink Norba Group have been included in the Company's consolidated statements of income from the date of acquisition. The purchase price, including acquisition costs, was allocated based on the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition with any excess purchase price allocated to goodwill. The allocation of the purchase price was adjusted in June and July 2002 upon completion of appraisals on assets acquired and finalization of certain restructuring plans. Under SFAS Nos. 141 and 142, no goodwill amortization has been recorded for the Geesink Norba Group acquisition in fiscal 2002 or 2001.

The Company engaged a third party business valuation appraiser to value the intangible assets of the Geesink Norba Group. The Geesink Norba Group's revenues are generated through an internal sales force located at Company-owned branch facilities located throughout Europe. In accordance with SFAS No. 141, no separate value has been attributed to this internal sales force intangible asset because it neither arises from contractual or legal rights, nor is it separable from the business.

Due to the nature of the Geesink Norba Group's products, sales are to a limited number of customers that are easily identified through trade associations. Much of the Geesink Norba Group's revenue is generated from sales to municipalities, where business is awarded through publicly-announced competitive bid and proposal efforts. The Geesink Norba Group did not have any material long-term contracts with existing customers beyond amounts in its backlog at the time of acquisition that required separate valuation.

The Company wrote-up inventory and property, plant and equipment to fair market values as of the date of the Geesink Norba Group acquisition.

Upon acquisition of the Geesink Norba Group, the Company began to formulate a plan to transfer refuse body mounting activities from branch sales offices in Europe to the Geesink Norba Group manufacturing plants. Upon finalization of this restructuring plan in fiscal 2002, the Company recorded an adjustment to goodwill of $1,171 (net of related tax benefits of $631) to record employee termination liabilities related to 123 employees. All affected employees have been notified of this action. During fiscal 2002, the Company paid $788 for employee terminations and charged this amount against the employee termination liability. The remaining liability for these costs will be paid in fiscal 2003.

Following is a summary of the recorded fair values of the assets acquired and liabilities assumed as of the date of acquisition:

ASSETS ACQUIRED:	
Current assets, excluding cash of $2,044	$ 62,754
Property, plant and equipment	16,189
Intangible assets	7,761
Goodwill	95,616
Total assets acquired	182,320
LIABILITIES ASSUMED:	
Current liabilities	38,938
Other long-term liabilities	5,547
Debt	199
Total liabilities assumed	44,684
Net assets acquired	$ 137,636

The valuation of intangible assets consists of $3,889 in assets subject to amortization and $3,872 assigned to trademarks not subject to amortization. The intangible assets subject to amortization consist of $3,783 in internally-developed technology with a 15-year life and $106 of non-compete agreements with a two-year life. All the goodwill was assigned to the Company's commercial segment and is not deductible for local tax purposes.

On March 6, 2001, the Company purchased certain machinery and equipment, parts inventory and certain intangible assets from TEMCO, a division of Dallas-based Trinity Industries, Inc. ("TEMCO"). TEMCO, a manufacturer of concrete mixers, batch plants and concrete mixer parts, had discontinued its business. Consideration for the purchase was valued at $15,697 and included cash of $8,139 and credits to the seller valued at $7,558 for future purchases of certain concrete placement products from the Company over the six-year period ending March 5, 2007.

On October 30, 2000, the Company acquired all of the issued and outstanding capital stock of Medtec for approximately $14,466, including acquisition costs and net of cash acquired. Medtec is a U.S. manufacturer of custom ambulances and rescue vehicles with manufacturing facilities in Indiana and Michigan. The acquisition was financed from available cash and borrowings under the Company's revolving credit facility.

On April 28, 2000, the Company acquired all of the capital stock of Viking for $1,680 in cash (net of cash acquired). Viking is a dealer of new and used equipment primarily in the Company's commercial products segment. On November 1, 1999, the Company acquired the manufacturing assets of Kewaunee and entered into related non-competition agreements for $5,467 in cash plus the assumption of certain liabilities aggregating $2,211. Kewaunee is a fabricator of heavy-steel components for cranes, aerial devices and other equipment. The acquisition was financed from borrowings under the Company's senior credit facility.

The Geesink Norba Group, Medtec, Viking and Kewaunee acquisitions were accounted for using the purchase method of accounting and, accordingly, their respective operating results were included in the Company's consolidated statements of income beginning July 25, 2001, October 30, 2000, April 28, 2000 and November 1, 1999, respectively. The excess of the purchase price, including acquisition costs, of the Geesink Norba Group, Medtec, Viking and Kewaunee acquisitions over the estimated fair value of the assets acquired and liabilities assumed amounted to $95,616, $6,498, $2,135 and $115, respectively, which has been recorded as goodwill.

Pro forma unaudited condensed consolidated operating results of the Company, assuming the Geesink Norba Group, Medtec, Viking and Kewaunee had been acquired as of October 1, 1999, are summarized below:

	FISCAL 2001	FISCAL 2000
Net sales	$ 1,546,996	$ 1,459,418
Income before extraordinary charge	51,613	45,996
Net income	51,613	47,191
Earnings per share:		
Before extraordinary charge	$ 3.09	$ 2.86
Net income	3.09	2.94
Earnings per share assuming dilution:		
Before extraordinary charge	$ 3.02	$ 2.81
Net income	3.02	2.88

5. GOODWILL AND PURCHASED INTANGIBLE ASSETS

In June 2001, the FASB issued SFAS No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 141 requires that all business combinations be accounted for using the purchase method of accounting and that certain intangible assets acquired in a business combination be recognized as assets apart from goodwill. SFAS No. 141 was effective for all business combinations initiated after June 30, 2001. SFAS No. 142 requires goodwill to be tested for impairment periodically, or more frequently under certain circumstances, and written down when impaired, rather than being amortized as previous standards required. Furthermore, SFAS No. 142 requires purchased intangible assets other than goodwill to be amortized over their useful lives unless these lives are determined to be indefinite. Purchased intangible assets are carried at cost less accumulated amortization. Amortization is computed over the useful lives of the respective assets.

SFAS No. 142 is effective for fiscal years beginning after December 15, 2001; however, the Company elected to adopt early the standard effective the beginning of fiscal 2002. In accordance with SFAS No. 142, the Company ceased amortizing goodwill totaling $301,555 as of the beginning of fiscal 2002, including the following purchased intangible assets that were subsumed into goodwill (net of related deferred income tax liabilities of $6,019): $2,922 of assembled workforce intangible assets, $2,680 of going concern/immediate use intangible assets and $9,832 of internal sales force intangible assets. Due to indefinite lives, the Company also ceased amortizing trade names totaling $5,402 as of the beginning of fiscal 2002. The following table presents the impact of SFAS No. 142 on net income and net income per share had the new standard been in effect for the years ended September 30, 2001 and 2000:

	Fiscal Year Ended September 30, 2002	2001	2000
Reported net income	$ 59,598	$ 50,864	$ 49,703
Adjustments:			
Amortization of goodwill	-	6,149	5,491
Amortization of assets previously classified as purchased intangible assets:			
Assembled workforce	-	653	653
Internal sales force	-	270	270
Going concern/immediate use	-	75	75
Amortization of trade names	-	40	40
Income tax effect	-	(529)	(391)
Net adjustments	-	6,658	6,138
Adjusted net income	$ 59,598	$ 57,522	$ 55,841
Earnings per share:			
As reported	$ 3.54	$ 3.05	$ 3.09
As adjusted	3.54	3.45	3.47
Earnings per share assuming dilution:			
As reported	3.45	2.98	3.03
As adjusted	3.45	3.37	3.40

There was no impairment of goodwill upon adoption of SFAS No. 142, nor upon the Company's subsequent testing conducted in the fourth quarter of fiscal 2002. The Company is required to perform goodwill impairment tests on an annual basis and between annual tests in certain circumstances. The Company expects that it will perform future annual tests for impairment in its fourth fiscal quarter. There can be no assurance that future goodwill impairment tests will not result in a charge to earnings.

The following tables present details of the Company's total purchased intangible assets:

September 30, 2002	Weighted-Average Life (Years)	Gross	Accumulated Amortization	Net
Amortizable:				
Distribution network	40.0	$ 53,000	$ (7,988)	$ 45,012
Non-compete	14.5	40,120	(12,350)	27,770
Technology-related	17.8	20,554	(4,070)	16,484
Other	9.9	10,313	(979)	9,334
	25.5	123,987	(25,387)	98,600
Non-amortizable tradenames		5,716	-	5,716
Total		$ 129,703	$ (25,387)	$ 104,316

September 30, 2001	Weighted-Average Life (Years)	Gross	Accumulated Amortization	Net
Amortizable:				
Distribution network	40.0	$ 53,000	$ (6,664)	$ 46,336
Non-compete	14.5	40,106	(9,400)	30,706
Technology-related	17.9	20,247	(2,867)	17,380
Assembled workforce	11.3	5,600	(2,678)	2,922
Internal sales force	40.0	10,800	(968)	9,832
Going concern/immediate use	40.0	3,000	(320)	2,680
Tradenames	22.1	5,603	(201)	5,402
Other	15.0	9,944	(415)	9,529
Total		$ 148,300	$ (23,513)	$ 124,787

The Company engaged third-party business appraisers to determine the fair value of the intangible assets in connection with the Company's larger acquisitions - specifically the acquisitions of Pierce in fiscal 1996, McNeilus in fiscal 1998 and the Geesink Norba Group in fiscal 2001. A 40-year life was assigned to the value of the Pierce distribution network ($53,000). The Company believes Pierce maintains the largest North American fire apparatus distribution network and has exclusive contracts with each distributor related to the fire apparatus product offerings manufactured by Pierce. The useful life of the Pierce distribution network was based on a historical turnover analysis. Non-compete intangible asset lives are based on terms of the applicable agreements. The allocation of purchase price for the Geesink Norba Group acquisition at September 30, 2001 was tentative pending finalization of certain restructuring plans and receipt of certain appraisal valuations, which were finalized in fiscal 2002.

Total amortization expense recorded was $6,017, $12,175 and $11,159 in fiscal 2002, 2001 and 2000, respectively. The estimated future amortization expense of purchased intangible assets for the five years succeeding September 30, 2002, are as follows: 2003 - $6,389; 2004 - $6,295; 2005 - $6,250; 2006 - $6,029 and 2007 - $5,895.

The following table presents the changes in goodwill during fiscal 2002 allocated to the reportable segments:

SEGMENT	BALANCE AT SEPTEMBER 30, 2001	ADJUSTMENTS	BALANCE AT SEPTEMBER 30, 2002
Commercial	$ 194,963	$ 24,412	$ 219,375
Fire and emergency	97,177	2,165	99,342
Total	$ 292,140	$ 26,577	$ 318,717

The adjustments in fiscal 2002 included $8,073 resulting from currency translation adjustments, certain adjustments to goodwill to reflect the finalization of appraisals and restructuring plans relative to the Geesink Norba Group acquisition aggregating $9,403, including deferred tax liabilities of $1,255, a $314 reduction due to income tax recoveries and reclassification of the net book value of recorded assets subsumed into goodwill upon adoption of SFAS No. 142, including: assembled workforce assets of $2,922, going-concern/immediate use assets of $2,680 and internal sales force assets of $9,832, net of related deferred tax liabilities of $6,019. The internal sales force assets subsumed into goodwill neither arose from contractual or other legal rights nor were such assets separable.

6. REVOLVING CREDIT FACILITY, LONG-TERM DEBT AND EXTRAORDINARY CHARGE FOR EARLY RETIREMENT OF DEBT

The Company's amended senior credit facility is comprised of a $60,000 Term Loan A, with balances outstanding of $36,000 and $52,000 at September 30, 2002 and 2001, respectively, and a $170,000 revolving credit facility ($0 and $65,200 outstanding at September 30, 2002 and 2001, respectively), both of which mature in January 2006. Term Loan A requires principal payments of $6,000 in fiscal 2003, $14,000 in both fiscal 2004 and fiscal 2005, with the balance of $2,000 payable in fiscal 2006. Principal payments are due in quarterly installments. The amended senior credit facility also contains a $140,000 Term Loan B, which matures in January 2007, with balances outstanding of $12,000 and $139,650 at September 30, 2002 and 2001, respectively. Term Loan B was retired in October 2002.

The Company recorded after-tax extraordinary charges of $581 and $239 in fiscal 2000 to record the write-off of deferred financing costs related to the prepayment of $93,500 of debt from proceeds of a Common Stock offering (see Note 9) and the prepayment of $30,413 of debt in connection with the amendment and restatement of its senior credit facility, respectively.

At September 30, 2002, outstanding letters of credit of $14,651 reduced available capacity under the Company's revolving credit facility to $155,349.

Interest rates on borrowings under the Company's senior credit facility are variable and are equal to the "Base Rate" (which is equal to the higher of a bank's reference rate and the federal funds rate plus 0.5%) or the "IBOR Rate" (which is a bank's inter-bank offered rate for U.S. dollars in off-shore markets) plus a margin 1.00%, 1.00% and 2.50% for IBOR Rate loans under the Company's revolving credit facility, Term Loan A and Term Loan B, respectively, as of September 30, 2002. The margins are subject to adjustment, up or down, based on whether certain financial criteria are met. The weighted average interest rates on borrowings outstanding at September 30, 2002 were 2.82% and 4.32% for Term Loans A and B, respectively. There were no outstanding borrowings on the revolving credit facility at September 30, 2002.

The Company is charged a 0.20% annual fee with respect to any unused balance under its revolving credit facility, and a 1.875% annual fee with respect to any letters of credit issued under the revolving credit facility. These fees are subject to adjustment if certain financial criteria are met.

Substantially all the domestic tangible and intangible assets of the Company and its subsidiaries (including the stock of certain subsidiaries) are pledged as collateral under the Company's amended senior credit facility. Among other restrictions, the amended senior credit facility: (1) limits payments of dividends and purchases of the Company's stock; (2) requires that certain financial ratios be maintained at prescribed levels; (3) restricts the ability of the Company to make additional borrowings, or to consolidate, merge or otherwise fundamentally change the ownership of the Company; and (4) limits investments, dispositions of assets and guarantees of indebtedness. The Company believes that such limitations should not impair its future operating activities.

The Company has outstanding $100,000 of 8¾% Senior Subordinated Notes due March 1, 2008 ("Senior Subordinated Notes"). The indenture governing the terms of the Senior Subordinated Notes contains customary affirmative and negative covenants. The Company is in compliance with these covenants at September 30, 2002. In addition to the Company, certain of the Company's subsidiaries fully, unconditionally, jointly and severally guarantee the Company's obligations under the Senior Subordinated Notes (see Note 17). The Senior Subordinated Notes are not redeemable by the Company prior to March 1, 2003. Thereafter, the Senior Subordinated Notes are redeemable at a premium during the twelve month period ending March 1, as follows: 2004 – 4.375%; 2005 – 2.917%; and 2006 – 1.458%. The Senior Subordinated Notes are redeemable at par after March 1, 2006.

McNeilus has unsecured notes payable to several of its former shareholders aggregating $1,812 at September 30, 2002 and $2,052 at September 30, 2001. Interest rates on these notes range from 5.7% to 8.0% with annual principal and interest payments ranging from $21 to $155 with maturities through October 2033. Debt at September 30, 2001 of $186 was assumed as part of the Viking acquisition. This debt matured in fiscal 2002. The Geesink Norba Group had debt of $146 and $192 at September 30, 2002 and September 30, 2001, respectively, which was assumed as part of the acquisition. This debt matures in March 2008 with interest at 6.75%.

The aggregate annual maturities of long-term debt for the five years succeeding September 30, 2002, are as follows: 2003 – $18,245; 2004 – $14,221; 2005 – $14,068; 2006 – $2,070 and 2007 – $72.

7. INCOME TAXES

Pre-tax income from continuing operations for the fiscal years ended September 30 was taxed in the following jurisdictions:

	FISCAL YEAR ENDED SEPTEMBER 30,		
	2002	2001	2000
Domestic	**$ 81,724**	$ 77,558	$ 78,649
Foreign	**7,733**	1,255	–
	$ 89,457	$ 78,813	$ 78,649

Significant components of the provision (credit) for income taxes are as follows:

	FISCAL YEAR ENDED SEPTEMBER 30,		
	2002	2001	2000
ALLOCATED TO INCOME FROM CONTINUING OPERATIONS BEFORE EQUITY IN EARNINGS OF UNCONSOLIDATED PARTNERSHIP			
Current:			
Federal	**$ 29,021**	$ 28,857	$ 26,021
Foreign	**975**	439	–
State	**4,187**	2,762	3,048
Total current	**34,183**	32,058	29,069
Deferred			
Federal	**(1,874)**	(2,402)	1,935
Foreign	**444**	201	–
State	**(468)**	(496)	342
Total deferred	**(1,898)**	(2,697)	2,277
	$ 32,285	$ 29,361	$ 31,346
ALLOCATED TO OTHER COMPREHENSIVE INCOME			
Deferred federal and state	**$ (4,884)**	$ (2,630)	$ –

The reconciliation of income tax computed at the U.S. federal statutory tax rates to income tax expense is:

	FISCAL YEAR ENDED SEPTEMBER 30,		
	2002	2001	2000
EFFECTIVE RATE RECONCILIATION			
U.S. federal tax rate	**35.0%**	35.0%	35.0%
Goodwill amortization	**–**	2.6	2.5
State income taxes, net	**2.2**	2.1	2.8
Settlement of tax audits	**(1.0)**	(1.8)	–
Foreign sales corporation	**(0.4)**	(0.8)	(0.6)
Other, net	**0.3**	0.2	0.2
	36.1%	37.3%	39.9%

Deferred income tax assets and liabilities are comprised of the following:

	SEPTEMBER 30, 2002	
	2002	2001
DEFERRED TAX ASSETS AND LIABILITIES		
Deferred tax assets:		
Other current liabilities	$ 10,795	$ 9,355
Other long-term liabilities	13,845	9,436
Inventories	6,535	-
Accrued warranty	8,072	6,235
Payroll-related obligations	5,145	3,524
Excess foreign tax credit	1,419	-
Other	404	598
Total deferred tax assets	46,215	29,148
Deferred tax liabilities:		
Intangible assets	22,175	28,273
Investment in unconsolidated partnership	18,489	10,024
Property, plant and equipment	14,322	9,602
Inventories	-	4,509
Other long-term assets	1,546	1,078
Other	1,559	274
Total deferred tax liabilities	58,091	53,760
Net deferred tax liability	(11,876)	(24,612)
Valuation allowance on excess foreign tax credit	(1,419)	-
Net deferred tax liability	$ (13,295)	$ (24,612)

The net deferred tax liability is classified in the consolidated balance sheet as follows:

	SEPTEMBER 30, 2002	
	2002	2001
Current net deferred tax asset	$ 26,008	$ 15,722
Non-current net deferred tax liability	(39,303)	(40,334)
	$ (13,295)	$ (24,612)

Undistributed earnings of the Company's foreign subsidiaries amounted to approximately $6,400 and $800 at September 30, 2002 and 2001, respectively. Because the Company plans on distributing those earnings in the form of dividends, or otherwise, the Company has provided for U.S. income taxes, net of any foreign tax credits, on these foreign earnings.

8. EMPLOYEE BENEFIT PLANS

The Company and certain of its subsidiaries sponsor multiple defined benefit pension plans and postretirement benefit plans covering certain Oshkosh and Pierce employees and certain Oshkosh and Kewaunee retirees and their spouses, respectively. The pension plans provide benefits based on compensation, years of service and date of birth. The postretirement benefit plans provide health benefits based on years of service and date of birth. The Company's policy is to fund the pension plans in amounts that comply with contribution limits imposed by law. Requirements of the Company's postretirement benefit plans are funded as benefit payments are made. Details regarding the Company's defined benefit pension plans and postretirement benefit plans and amounts recorded in the consolidated financial statements are as follows:

	PENSION BENEFITS		POSTRETIREMENT BENEFITS	
	2002	2001	2002	2001
CHANGE IN BENEFIT OBLIGATION				
Benefit obligations at October 1	$ 51,636	$ 45,392	$ 10,541	$ 9,883
Service cost	2,524	1,861	468	421
Interest cost	4,269	3,654	772	678
Actuarial (gains) losses	6,516	2,278	497	(15)
Plan amendments	4,959	-	-	-
Benefits paid by the Company	-	-	(489)	(426)
Benefits paid from plan assets	(1,616)	(1,549)	-	-
Benefit obligation at September 30	$ 68,288	$ 51,636	$ 11,789	$ 10,541
CHANGE IN PLAN ASSETS				
Fair value of plan assets at October 1	$ 42,533	$ 51,874	$ -	$ -
Actual return on plan assets	(5,211)	(9,841)	-	-
Company contributions	9,416	2,049	489	426
Benefits paid from plan assets	(1,616)	(1,549)	-	-
Benefits paid by the Company	-	-	(489)	(426)
Fair value of plan assets at September 30	$ 45,122	$ 42,533	$ -	$ -
RECONCILIATION OF FUNDED STATUS				
Funded status of plan - over (under) funded	$ (23,166)	$ (9,103)	$ (11,789)	$ (10,541)
Unrecognized net actuarial (gains) losses	30,078	13,653	(1,933)	(2,517)
Unrecognized transition asset	(257)	(324)	-	-
Unamortized prior service cost	6,057	1,520	-	-
Prepaid (accrued) benefit cost	$ 12,712	$ 5,746	$ (13,722)	$ (13,058)
RECOGNIZED IN CONSOLIDATED BALANCE SHEET AT SEPTEMBER 30				
Prepaid benefit cost recorded in other long-term assets	$ -	$ 1,024	$ -	$ -
Intangible assets included in other long-term assets	6,057	1,495	-	-
Accrued benefit cost recorded in other long-term liabilities	(14,187)	(3,900)	(13,722)	(13,058)
Accumulated other comprehensive loss	20,842	7,127	-	-
Prepaid (accrued) benefit cost	$ 12,712	$ 5,746	$ (13,722)	$ (13,058)
WEIGHTED-AVERAGE ASSUMPTIONS AS OF SEPTEMBER 30				
Discount rate	7.00%	7.50%	7.00%	7.50%
Expected return on plan assets	8.75	9.25	N/A	N/A
Rate of compensation increase	4.50	4.50	N/A	N/A

	Pension Benefits Fiscal Year Ended September 30,			Postretirement Benefits Fiscal Year Ended September 30,		
	2002	2001	2000	2002	2001	2000
COMPONENTS OF NET PERIODIC BENEFIT COST						
Service cost	$ 2,524	$ 1,861	$ 1,741	$ 468	$ 421	$ 349
Interest cost	4,269	3,654	3,203	772	678	694
Expected return on plan assets	(4,779)	(4,605)	(4,023)	-	-	-
Amortization of prior service cost	422	131	131	-	-	-
Amortization of transition asset	(67)	(67)	(67)	-	-	-
Amortization of net actuarial (gains) losses	81	-	-	(88)	(152)	(111)
Net periodic benefit cost	$ 2,450	$ 974	$ 985	$ 1,152	$ 947	$ 932

The assumed health care cost trend rate used in measuring the accumulated postretirement benefit obligation for the Company was 9.5% in fiscal 2002, declining to 5.5% in fiscal 2011. If the health care cost trend rate was increased by 1%, the accumulated postretirement benefit obligation at September 30, 2002 would increase by $842 and net periodic postretirement benefit cost for fiscal 2002 would increase by $125. A corresponding decrease of 1% would decrease the accumulated postretirement benefit obligation at September 30, 2002 by $763 and net periodic postretirement benefit cost for fiscal 2002 would decrease by $112.

As part of the Company's acquisition of the Geesink Norba Group, the Company agreed to establish a retirement plan for employees of a subsidiary in the United Kingdom. Previously, employees of this subsidiary participated in the defined benefit retirement plan of the subsidiary's former parent company. During fiscal 2002, the Company established a defined benefit retirement plan for certain employees of this subsidiary in the United Kingdom. Participation in the defined benefit plan is limited to those employees that agree to transfer plan assets from the existing plan of the former parent company to the Company's new plan. The Company expects that any such transfer would take place in fiscal 2003.

The Company maintains supplemental executive retirement plans ("SERPs") for certain executive officers of the Company and its subsidiaries that are unfunded. Expense related to the plans of $664, $531 and $409 was recorded in fiscal 2002, 2001 and 2000, respectively. Amounts accrued as of September 30, 2002 and 2001 related to the plans were $3,286 and $2,650, respectively.

The Company has defined contribution 401(k) plans covering substantially all employees. The plans allow employees to defer 2% to 19% of their income on a pre-tax basis. Each employee who elects to participate is eligible to receive Company matching contributions which are based on employee contributions to the plans, subject to certain limitations. Amounts expensed for Company matching contributions were $2,451, $2,243 and $2,120 in fiscal 2002, 2001 and 2000, respectively.

9. SHAREHOLDERS' EQUITY

On February 1, 1999, the Board of Directors of the Company adopted a shareholder rights plan and declared a rights dividend of two-thirds of one Preferred Share Purchase Right ("Right") for each share of Common Stock and 40/69 of one Right for each share of Class A Common Stock outstanding on February 8, 1999, and provided that two-thirds of one Right and 40/69 of one Right would be issued with each share of Common Stock and Class A Common Stock, respectively, thereafter issued. The Rights are exercisable only if a person or group acquires 15% or more of the Common Stock and Class A Common Stock or announces a tender offer for 15% or more of the Common Stock and Class A Common Stock. Each Right entitles the holder thereof to purchase from the Company one one-hundredth share of the Company's Series A Junior Participating Preferred Stock at an initial exercise price of $145 per one one-hundredth of a share (subject to adjustment), or upon the occurrence of certain events, Common Stock or common stock of an acquiring company having a market value equivalent to two times the exercise price. Subject to certain conditions, the Rights are redeemable by the Board of Directors for $.01 per Right and are exchangeable for shares of Common Stock. The Board of Directors is also authorized to reduce the 15% thresholds referred to above to not less than 10%. The Rights have no voting power and initially expire on February 1, 2009.

The Company has a stock restriction agreement with two shareholders owning the majority of the Class A Common Stock. The agreement is intended to allow for an orderly transition of Class A Common Stock into Common Stock. The agreement provides that at the time of death or incapacity of the survivor of them, the two shareholders will exchange all of their Class A Common Stock for Common Stock. At that time, or at such earlier time as there are no more than 150,000 shares of Class A Common Stock issued and outstanding, the Company's Articles of Incorporation provide for a mandatory conversion of all Class A Common Stock into Common Stock.

Each share of Class A Common Stock is convertible into Common Stock on a one-for-one-basis. During fiscal 2002 and 2001, 1,580 and 4,008 shares of Class A Common Stock were converted into Common Stock. As of September 30, 2002, 416,619 shares of Common Stock are reserved for issuance upon the conversion of Class A Common Stock.

In July 1995, the Company authorized the buyback of up to 1,500,000 shares of the Company's Common Stock. As of September 30, 2002 and 2001, the Company had purchased 692,302 shares of its Common Stock at an aggregate cost of $6,551.

Dividends are required to be paid on both the Class A Common Stock and Common Stock at any time that dividends are paid on either. Each share of Common Stock is entitled to receive 115% of any dividend paid on each share of Class A Common Stock, rounded up or down to the nearest $0.0025 per share. Agreements governing the Company's senior credit facility and senior subordinated notes restrict the Company's ability to pay dividends. Under these agreements, the Company generally may pay dividends in an amount not to exceed $6,000 plus 7.5% of net income.

Holders of the Common Stock have the right to elect or remove as a class 25% of the entire Board of Directors of the Company rounded to the nearest whole number of directors, but not less than one. Holders of Common Stock are not entitled to vote on any other Company matters, except as may be required by law in connection with certain significant actions such as certain mergers and amendments to the Company's Articles of Incorporation, and are entitled to one vote per share on all matters upon which they are entitled to vote. Holders of Class A Common Stock are entitled to elect the remaining directors (subject to any rights granted to any series of Preferred Stock) and are entitled to one vote per share for the election of directors and on all matters presented to the shareholders for vote.

The holders of Common Stock are entitled to receive a liquidation preference of $5.00 per share before any payment or distribution to holders of the Class A Common Stock. Thereafter, holders of the Class A Common Stock are entitled to receive $5.00 per share before any further payment or distribution to holders of the Common Stock. Thereafter, holders of the Class A Common Stock and Common Stock share on a pro rata basis in all payments or distributions upon liquidation, dissolution or winding up of the Company.

On November 24, 1999, the Company completed the offer and sale of 3,795,000 shares of its Common Stock at $26.00 per share. Proceeds from the offering, net of underwriting discounts and commissions, totaled $93,736 with $93,500 used to repay indebtedness under the Company's senior credit facility (see Note 6).

10. STOCK OPTIONS, RESTRICTED STOCK AND COMMON STOCK RESERVED

The Company has reserved 1,833,377 shares of Common Stock at September 30, 2002 to provide for the exercise of outstanding stock options and the issuance of Common Stock under incentive compensation awards and 416,619 shares of Common Stock at September 30, 2002 to provide for conversion of Class A Common Stock to Common Stock, for a total of 2,249,996 shares of Common Stock reserved. Under the 1990 Incentive Stock Plan, as amended (the "Plan"), officers, other key employees and directors may be granted options to purchase shares of the Company's Common Stock at not less than the fair market value of such shares on the date of grant. Participants may also be awarded grants of restricted stock under the Plan. The Plan expires on September 19, 2010. Options become exercisable ratably on the first, second and third anniversary of the date of grant. Options to purchase shares expire not later than ten years and one month after the grant of the option.

In fiscal 2002, the Company granted certain officers 70,000 shares of restricted Common Stock under the Plan. Shares were valued at $4,113 upon issuance and vest in fiscal 2008 after a six-year retention period. The Company has recorded the issuance of the restricted stock as unearned compensation and will amortize to expense the grant-date value of the restricted stock ($27 expensed in fiscal 2002) on a straight-line basis over the six-year service period. Unearned compensation has been reflected as a reduction in shareholders' equity.

The following table summarizes option activity under the Plan for the three-year period ended September 30, 2002.

	NUMBER OF OPTIONS	WEIGHTED-AVERAGE EXERCISE PRICE
Options outstanding September 30, 1999	1,076,555	$ 15.47
Options granted	265,500	32.75
Options exercised	(43,002)	8.39
Options forfeited	(3,500)	12.30
Options outstanding September 30, 2000	1,295,553	19.26
Options granted	260,000	39.62
Options exercised	(47,275)	10.15
Options forfeited	-	-
Options outstanding September 30, 2001	1,508,278	23.05
Options granted	265,000	58.33
Options exercised	(194,976)	11.56
Options forfeited	-	-
Options outstanding September 30, 2002	1,578,302	$ 30.40

Exercisable stock options and related weighted-average exercise price as of September 30, 2002, 2001 and 2000 were as follows: 1,051,469 at $21.64 per share, 1,001,113 at $16.56 per share and 688,193 at $13.54 per share, respectively.

Stock options outstanding and exercisable as of September 30, 2002 were as follows:

		OPTIONS OUTSTANDING		OPTIONS EXERCISABLE	
PRICE RANGE	WEIGHTED-AVERAGE CONTRACTUAL LIFE	NUMBER OF OPTIONS	WEIGHTED-AVERAGE EXERCISE PRICE	NUMBER OF OPTIONS	WEIGHTED-AVERAGE EXERCISE PRICE
$ 7.25-$11.17	3.4 Years	222,802	$ 8.98	222,802	$ 8.98
$ 12.75-$15.75	5.9 Years	355,000	14.77	355,000	14.77
$ 25.17-$33.13	7.6 Years	475,500	31.49	387,000	31.20
$ 39.11-$44.00	9.0 Years	260,000	39.62	86,667	39.62
$ 55.00-$58.76	10.0 Years	265,000	58.33	-	-
		1,578,302	$ 30.40	1,051,469	$ 21.64

Shares available for grant at September 30, 2002 were 255,075.

As allowed by SFAS No. 123, "Accounting for Stock-Based Compensation," the Company has elected to continue to follow APB No. 25, "Accounting for Stock Issued to Employees" and related interpretations in accounting for the Plan. Accordingly, no compensation expense has been recognized for grants under the stock option plan. Had compensation cost for the Plan been determined consistent with SFAS No. 123, the Company's net income and earnings per share would have been reduced to the following pro forma amounts:

	FISCAL YEAR ENDED SEPTEMBER 30,		
	2002	2001	2000
Pro forma:			
Net income	$ 56,725	$ 48,971	$ 48,387
Per share:			
Net income	3.37	2.94	3.01
Net income assuming dilution	3.28	2.87	2.95

During the initial phase-in period, as required by SFAS No. 123, the pro forma amounts were determined based on stock option grants subsequent to September 30, 1995. Therefore, the pro forma amounts may not be indicative of the effects of compensation cost on net earnings and earnings per share in future years. The fair value of each stock option grant was estimated on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions: risk-free interest rates of 3.30% in 2002, 3.88% in 2001 and 5.99% in 2000; dividend yields of 0.59% in 2002, 0.87% in 2001 and 1.05% in 2000; expected common stock market price volatility factor of .310 in 2002, .328 in 2001 and .325 in 2000; and a weighted-average expected life of the options of six years. The weighted-average fair value of options granted in 2002, 2001, and 2000 was $19.88, $14.06 and $12.64 per share, respectively.

11. OPERATING LEASES

Total rental expense for plant and equipment charged to operations under noncancelable operating leases was $4,579, $2,775 and $1,723 in fiscal 2002, 2001 and 2000, respectively. Minimum rental payments due under operating leases for subsequent fiscal years are: 2003 - $5,186; 2004 - $4,296; 2005 - $3,050; 2006 - $2,393; 2007 - $1,911 and $8,079 thereafter. Minimum rental payments include approximately $1,000 due annually under variable rate leases. Payments are adjusted based on changes to the one-month LIBOR rate (1.81% at September 30, 2002).

12. CONTINGENCIES, SIGNIFICANT ESTIMATES AND CONCENTRATIONS

As part of its routine business operations, the Company disposes of and recycles or reclaims certain industrial waste materials, chemicals and solvents at third party disposal and recycling facilities, which are licensed by appropriate governmental agencies. In some instances, these facilities have been and may be designated by the United States Environmental Protection Agency ("EPA") or a state environmental agency for remediation. Under the Comprehensive Environmental Response, Compensation, and Liability Act (the "Superfund" law) and similar state laws, each potentially responsible party ("PRP") that contributed hazardous substances may be jointly and severally liable for the costs associated with cleaning up these sites. Typically, PRPs negotiate a resolution with the EPA and/or the state environmental agencies. PRPs also negotiate with each other regarding allocation of the cleanup cost.

As to one such Superfund site, Pierce is one of 393 PRPs participating in the costs of addressing the site and has been assigned an allocation share of approximately 0.04%. Currently, a report of the remedial investigation/feasibility study is being completed, and as such, an estimate for the total cost of the remediation of this site has not been made to date. However, based on estimates and the assigned allocations, the Company believes its liability at the site will not be material and its share is adequately covered through reserves established by the Company at September 30, 2002. Actual liability could vary based on results of the study, the resources of other PRPs, and the Company's final share of liability.

The Company is addressing a regional trichloroethylene ("TCE") groundwater plume on the south side of Oshkosh, Wisconsin. The Company believes there may be multiple sources in the area. TCE was detected at the Company's North Plant facility with testing showing the highest concentrations in a monitoring well located on the upgradient property line. Because the investigation process is still ongoing, it is not possible for the Company to estimate its long-term total liability associated with this issue at this time. Also, as part of the regional TCE groundwater investigation, the Company conducted a groundwater investigation of a former landfill located on Company property. The landfill, acquired by the Company in 1972, is approximately 2.0 acres in size and is believed to have been used for the disposal of household waste. Based on the investigation, the Company does not believe the landfill is one of the sources of the TCE contamination. Based upon current knowledge, the Company believes its liability associated with the TCE issue will not be material and is adequately covered through reserves established by the Company at September 30, 2002. However, this may change as investigations proceed by the Company, other unrelated property owners, and the government.

In connection with the acquisition of the Geesink Norba Group, the Company identified potential soil and groundwater contamination impacts from solvents and metals at one of its manufacturing sites. The Company is conducting a study to identify the source of the contamination. Based on current estimates, the Company believes its liability at this site will not be material and any responsibility of the Company is adequately covered through reserves established by the Company at September 30, 2002.

At September 30, 2002 and 2001, the Company had reserved $4,586 and $1,549, respectively for environmental matters.

The Company has guaranteed certain customers' obligations under deferred payment contracts and lease purchase agreements. The Company's guarantee is limited to $1,000 per year during the period in which the customer obligations are outstanding. The Company is also contingently liable under bid, performance and specialty bonds totaling approximately $140,688 and open standby letters of credit issued by the Company's bank in favor of third parties totaling $14,651 at September 30, 2002.

Provisions for estimated warranty and other related costs are recorded at the time of sale and are periodically adjusted to reflect actual experience. At September 30, 2002 and 2001, the Company had reserved $24,015 and $18,338 respectively, for warranty claims. Certain warranty and other related claims involve matters of dispute that ultimately are resolved by negotiation, arbitration or litigation. Infrequently, a material warranty issue can arise which is beyond the scope of the Company's historical experience. It is reasonably possible that additional warranty and other related claims could arise from disputes or other matters beyond the scope of the Company's historical experience.

Product and general liability claims arise against the Company from time to time in the ordinary course of business. The Company is generally self-insured for future claims up to $1,000 per claim. Accordingly, a reserve is maintained for the estimated costs of such claims. At September 30, 2002 and 2001, the reserve for product and general liability claims was $17,020 and $13,817, respectively, based on available information. There is inherent uncertainty as to the eventual resolution of unsettled claims. Management, however, believes that any losses in excess of established reserves will not have a material effect on the Company's financial condition, results of operations or cash flows.

The Company is subject to other environmental matters and legal proceedings and claims, including patent, antitrust, product liability, warranty and state dealership regulation compliance proceedings that arise in the ordinary course of business. Although the final results of all such matters and claims cannot be predicted with certainty, management believes that the ultimate resolution of all such matters and claims will not have a material adverse effect on the Company's financial condition, results of operations or cash flows. Actual results could vary, among other things, due to the uncertainties involved in litigation.

At September 30, 2002, approximately 37% of the Company's workforce was covered under collective bargaining agreements.

The Company's defense segment derives a significant portion of its revenue from the DoD, as follows:

	FISCAL YEAR ENDED SEPTEMBER 30,		
	2002	2001	2000
DoD	$ 590,490	$ 390,172	$ 259,614
Export	4,366	32,960	16,227
Total Defense Sales	$ 594,856	$ 423,132	$ 275,841

DoD sales include $25,774, $42,179 and $42,207 in fiscal 2002, 2001 and 2000, respectively, for products sold internationally under the Foreign Military Sales ("FMS") Program.

Inherent in doing business with the DoD are certain risks, including technological changes and changes in levels of defense spending. All DoD contracts contain a provision that they may be terminated at any time at the convenience of the government. In such an event, the Company is entitled to recover allowable costs plus a reasonable profit earned to the date of termination. No other customer represented more than 10% of sales for fiscal 2002, 2001 and 2000.

13. UNAUDITED QUARTERLY RESULTS

	FISCAL YEAR ENDED SEPTEMBER 30, 2002				Fiscal Year Ended September 30, 2001			
	4TH QUARTER	3RD QUARTER	2ND QUARTER	1ST QUARTER	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Net sales	$ 476,962	$ 489,532	$ 415,605	$ 361,493	$ 413,608	$ 405,790	$ 343,367	$ 282,528
Gross income	71,686	79,260	59,496	50,024	64,403	56,319	50,504	43,267
Net income	17,249	21,574	12,167	8,608	17,648	13,709	11,284	8,223
Earnings per share	$ 1.02	$ 1.28	$ 0.72	$ 0.51	$ 1.06	$ 0.82	$ 0.68	$ 0.49
Earnings per share assuming dilution	$ 0.99	$ 1.24	$ 0.70	$ 0.50	$ 1.03	$ 0.80	$ 0.66	$ 0.48
Dividends per share:								
Class A Common Stock	$ 0.07500	$ 0.07500	$ 0.07500	$ 0.07500	$ 0.07500	$ 0.07500	$ 0.07500	$ 0.07500
Common Stock	0.08625	0.08625	0.08625	0.08625	0.08625	0.08625	0.08625	0.08625

Had SFAS No. 142 been in effect for fiscal 2001, results would have been as follows for the fourth, third, second and first fiscal quarters of 2001, respectively: net income - $19,412, $15,360, $12,948 and $9,802; earnings per share - $1.16, $0.92, $0.78 and $0.59; and earnings per share assuming dilution - $1.14, $0.90, $0.76 and $0.57.

In the third quarter of fiscal 2002, the Company increased the estimated margin percentage on its MTVR long-term production contract by one percentage point. This change in estimate, recorded as a cumulative catch-up adjustment in the third quarter, increased net income and net income per share by $2,545 and $0.15, respectively, including $1,044 and $0.06, respectively, related to prior year revenues.

In the fourth quarter of fiscal 2001, the Company recorded a $1,727 foreign currency transaction gain related to the movement in the exchange rate for euros compared to the U.S. dollar during the two-day period the Company held euros prior to the acquisition of the Geesink Norba Group.

14. DISCONTINUED OPERATIONS

In fiscal 2000, the Company entered into a technology transfer agreement and collected certain previously written-off receivables from a foreign affiliate, as part of the disposition of a business that the Company exited in 1995. Gross proceeds of $3,250 less income taxes of $1,235, or $2,015 has been recorded as a gain on disposal of discontinued operations.

15. FINANCIAL INSTRUMENTS

Derivative Financial Instruments - The Company uses derivatives for hedging purposes. Following is a summary of the Company's risk management strategies and the effect of these strategies on the Company's consolidated financial statements.

Fair Value Hedging Strategy - The Company enters into forward exchange contracts to hedge certain firm commitments denominated in foreign currencies, primarily Canadian dollars. The purpose of the Company's foreign currency hedging activities is to protect the Company from risk that the eventual dollar-equivalent cash flows from the sale of products to international customers will be adversely affected by changes in the exchange rates. Net losses related to hedge ineffectiveness included in income was insignificant for all years presented.

At September 30, 2002, the Company had outstanding forward foreign exchange contracts to sell 189 Canadian dollars in October 2002.

Cash Flow Hedging Strategy - To protect against an increase in cost of forecasted purchases of foreign-sourced component parts denominated in euros over a 12-month period, the Company has instituted a foreign currency cash flow hedging program. The Company hedges portions of its forecasted purchases denominated in euros with forward contracts. When the U.S. dollar weakens against the euro, increased foreign currency payments are offset by gains in the value of the forward contracts. Conversely, when the U.S. dollar strengthens against the euro, reduced foreign currency payments are offset by losses in the value of the forward contracts.

The Company has forward foreign exchange contracts outstanding at September 30, 2002 to purchase 2,635 euros. These contracts mature in fiscal 2003. Net losses related to hedge ineffectiveness included in income were insignificant for all years presented. At September 30, 2002, the Company expects to reclassify $33 of net gains on derivative instruments from accumulated other comprehensive income to earnings during the next twelve months due to sales of product containing foreign-sourced component parts.

16. BUSINESS SEGMENT INFORMATION

The Company is organized into three reportable segments based on the internal organization used by management for making operating decisions and measuring performance and based on the similarity of customers served, common use of facilities and economic results attained. Segments are as follows:

COMMERCIAL: This segment includes McNeilus, the Geesink Norba Group, Viking and the commercial division of Oshkosh. McNeilus and Oshkosh manufacture, market and distribute concrete mixer systems, portable concrete batch plants and truck components. McNeilus and the Geesink Norba Group manufacture, market and distribute refuse truck bodies and the Geesink Norba Group manufactures and markets waste collection systems. Viking sells and distributes concrete mixer systems. Sales are made to commercial and municipal customers in the U.S. and abroad.

FIRE AND EMERGENCY: This segment includes Pierce, Medtec, the ARFF and snow removal divisions of Oshkosh and Kewaunee. These units manufacture and market commercial and custom fire trucks and emergency vehicles primarily for fire departments, airports and other governmental units in the U.S. and abroad.

DEFENSE: This segment consists of a division of Oshkosh that manufactures heavy- and medium-payload tactical trucks and supply parts for the U.S. military and to other militaries around the world.

The Company evaluates performance and allocates resources based on profit or loss from segment operations before interest income and expense, income taxes and non-recurring items. Intersegment sales are not significant. The accounting policies of the reportable segments are the same as those described in Note 1 of the Notes to Consolidated Financial Statements.

Summarized financial information concerning the Company's reportable segments is shown in the following table. The caption "Corporate and other" includes corporate related items, results of insignificant operations, intersegment eliminations and income and expense not allocated to reportable segments.

Selected financial data by business segment is as follows:

	FISCAL YEAR ENDED SEPTEMBER 30,		
	2002	2001	2000
NET SALES TO UNAFFILIATED CUSTOMERS:			
Commercial	**$ 678,334**	$ 559,871	$ 663,819
Fire and emergency	**476,148**	463,919	390,659
Defense	**594,856**	423,132	275,841
Intersegment	**(5,746)**	(1,629)	(803)
Consolidated	**$ 1,743,592**	$ 1,445,293	$ 1,329,516

Intersegment sales are primarily from the fire and emergency segment to the defense segment.

	FISCAL YEAR ENDED SEPTEMBER 30,		
	2002	2001	2000
OPERATING INCOME (LOSS):			
Commercial	$ 47,171	$ 29,891	$ 54,654
Fire and emergency	48,988	45,841	32,922
Defense	40,720	39,545	30,119
Corporate and other	(25,761)	(16,981)	(19,644)
Consolidated operating income	111,118	98,296	98,051
NET INTEREST EXPENSE	(20,106)	(21,236)	(20,063)
MISCELLANEOUS OTHER	(1,555)	1,753	661
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES, EQUITY IN EARNINGS OF UNCONSOLIDATED PARTNERSHIP AND EXTRAORDINARY CHARGE	$ 89,457	$ 78,813	$ 78,649

	FISCAL YEAR ENDED SEPTEMBER 30,		
	2002	2001	2000
DEPRECIATION AND AMORTIZATION:			
Commercial	$ 13,391	$ 14,241	$ 11,547
Fire and emergency	6,692	9,973	8,979
Defense	3,461	3,471	2,833
Corporate and other	1,848	812	859
Consolidated	$ 25,392	$ 28,497	$ 24,218
CAPITAL EXPENDITURES:			
Commercial	$ 5,971	$ 5,555	$ 11,053
Fire and emergency	7,648	5,813	5,016
Defense	2,000	7,125	6,578
Consolidated	$ 15,619	$ 18,493	$ 22,647

	SEPTEMBER 30,		
	2002	2001	2000
IDENTIFIABLE ASSETS:			
Commercial:			
U.S.[a]	$ 389,633	$ 413,149	$ 385,622
Netherlands	129,398	114,859	-
Other European	74,458	66,837	-
Total Commercial	593,489	594,845	385,622
Fire and emergency - U.S.	325,585	315,565	288,904
Defense - U.S.	75,392	168,400	108,528
Corporate and other - U.S.	29,863	10,458	13,326
Consolidated	$ 1,024,329	$ 1,089,268	$ 796,380

[a]Includes investment in unconsolidated partnership.

The following table presents net sales by geographic region based on product shipment destination.

	FISCAL YEAR ENDED SEPTEMBER 30,		
	2002	2001	2000
NET SALES:			
United States	$ 1,541,629	$ 1,314,930	$ 1,227,038
Other North America	7,037	7,343	7,429
Europe and Middle East	165,961	93,263	68,317
Other	28,965	29,757	26,732
Consolidated	$ 1,743,592	$ 1,445,293	$ 1,329,516

17. SUBSIDIARY GUARANTORS

The following tables present condensed consolidating financial information for: (a) the Company; (b) on a combined basis, the guarantors of the Senior Subordinated Notes, which include all of the wholly-owned subsidiaries of the Company ("Subsidiary Guarantors") other than the Geesink Norba Group, McNeilus Financial Services, Inc. and Oshkosh/McNeilus Financial Services, Inc., which are the only non-guarantor subsidiaries of the Company ("Non-Guarantor Subsidiaries"); and (c) on a combined basis, the Non-Guarantor Subsidiaries. Separate financial statements of the Subsidiary Guarantors are not presented because the guarantors are jointly, severally, and unconditionally liable under the guarantees, and the Company believes separate financial statements and other disclosures regarding the Subsidiary Guarantors are not material to investors.

The Company is comprised of Wisconsin and Florida manufacturing operations and certain corporate management, information services and finance functions. Borrowings and related interest expense under the Company's senior credit facility and the Senior Subordinated Notes are charged to the Company. The Company has allocated a portion of this interest expense to certain Subsidiary Guarantors through formal lending arrangements. There are presently no management fee arrangements between the Company and its Non-Guarantor Subsidiaries.

CONDENSED CONSOLIDATING STATEMENT OF INCOME
FISCAL YEAR ENDED SEPTEMBER 30, 2002
(IN THOUSANDS)

	COMPANY	SUBSIDIARY GUARANTORS	NON-GUARANTOR SUBSIDIARIES	ELIMINATIONS	CONSOLIDATED
Net sales	$ 751,555	$ 883,363	$ 136,095	$ (27,421)	$ 1,743,592
Cost of sales	657,369	745,005	108,085	(27,333)	1,483,126
Gross income	94,186	138,358	28,010	(88)	260,466
Operating expenses:					
Selling, general and administrative	61,530	62,179	19,621	-	143,330
Amortization of goodwill and other intangibles	2	5,726	290	-	6,018
Total operating expenses	61,532	67,905	19,911	-	149,348
Operating income	32,654	70,453	8,099	(88)	111,118
Other income (expense):					
Interest expense	(27,247)	(13,340)	(104)	19,425	(21,266)
Interest income	10,394	10,160	31	(19,425)	1,160
Miscellaneous, net	10,977	(12,239)	(293)	-	(1,555)
	(5,876)	(15,419)	(366)	-	(21,661)
Income before items noted below	26,778	55,034	7,733	(88)	89,457
Provision for income taxes	10,670	20,333	1,314	(32)	32,285
	16,108	34,701	6,419	(56)	57,172
Equity in earnings of subsidiaries and unconsolidated partnership, net of income taxes	43,490	-	2,426	(43,490)	2,426
Net income	$ 59,598	$ 34,701	$ 8,845	$ (43,546)	$ 59,598

CONDENSED CONSOLIDATING STATEMENT OF INCOME
FISCAL YEAR ENDED SEPTEMBER 30, 2001

	COMPANY	SUBSIDIARY GUARANTORS	NON-GUARANTOR SUBSIDIARIES	ELIMINATIONS	CONSOLIDATED
Net sales	$ 588,590	$ 864,170	$ 18,860	$ (26,327)	$ 1,445,293
Cost of sales	511,363	731,055	14,887	(26,505)	1,230,800
Gross income	77,227	133,115	3,973	178	214,493
Operating expenses:					
Selling, general and administrative	43,949	57,460	2,613	-	104,022
Amortization of goodwill and other intangibles	1	12,130	44	-	12,175
Total operating expenses	43,950	69,590	2,657	-	116,197
Operating income	33,277	63,525	1,316	178	98,296
Other income (expense):					
Interest expense	(24,310)	(23,885)	(1,656)	27,565	(22,286)
Interest income	20,252	6,697	1,666	(27,565)	1,050
Miscellaneous, net	12,177	(10,422)	(2)	-	1,753
	8,119	(27,610)	8	-	(19,483)
Income before items noted below	41,396	35,915	1,324	178	78,813
Provision for income taxes	13,445	15,385	465	66	29,361
	27,951	20,530	859	112	49,452
Equity in earnings of subsidiaries and unconsolidated partnership, net of income taxes	22,913	1,467	1,412	(24,380)	1,412
Net income	$ 50,864	$ 21,997	$ 2,271	$ (24,268)	$ 50,864

OSHKOSH TRUCK CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

CONDENSED CONSOLIDATING STATEMENT OF INCOME
FISCAL YEAR ENDED SEPTEMBER 30, 2000
(IN THOUSANDS)

	COMPANY	SUBSIDIARY GUARANTORS	NON-GUARANTOR SUBSIDIARIES	ELIMINATIONS	CONSOLIDATED
Net sales	$ 479,349	$ 875,027	$ -	$ (24,860)	$ 1,329,516
Cost of sales	412,630	738,603	-	(24,651)	1,126,582
Gross income	66,719	136,424	-	(209)	202,934
Operating expenses:					
Selling, general and administrative	41,108	52,260	356	-	93,724
Amortization of goodwill and other intangibles	-	11,159	-	-	11,159
Total operating expenses	41,108	63,419	356	-	104,883
Operating income (loss)	25,611	73,005	(356)	(209)	98,051
Other income (expense):					
Interest expense	(18,863)	(8,368)	(25)	6,300	(20,956)
Interest income	267	6,855	71	(6,300)	893
Miscellaneous, net	11,836	(11,763)	588	-	661
	(6,760)	(13,276)	634	-	(19,402)
Income before items noted below	18,851	59,729	278	(209)	78,649
Provision for income taxes	6,564	24,755	106	(79)	31,346
	12,287	34,974	172	(130)	47,303
Equity in earnings of subsidiaries and unconsolidated partnership, net of income taxes	36,221	1,377	1,205	(37,598)	1,205
Income from continuing operations	48,508	36,351	1,377	(37,728)	48,508
Gain on disposal of discontinued operations	2,015	-	-	-	2,015
Extraordinary charge	(820)	-	-	-	(820)
Net income	$ 49,703	$ 36,351	$ 1,377	$ (37,728)	$ 49,703

CONDENSED CONSOLIDATING BALANCE SHEET
SEPTEMBER 30, 2002
(IN THOUSANDS)

	COMPANY	SUBSIDIARY GUARANTORS	NON-GUARANTOR SUBSIDIARIES	ELIMINATIONS	CONSOLIDATED
ASSETS					
Current assets:					
Cash and cash equivalents	$ 32,571	$ 2,060	$ 5,408	$ –	$ 40,039
Receivables, net	50,520	62,311	33,655	(3,777)	142,709
Inventories	31,060	150,042	29,884	(120)	210,866
Prepaid expenses and other	25,505	6,773	1,144	–	33,422
Total current assets	139,656	221,186	70,091	(3,897)	427,036
Investment in and advances to:					
Subsidiaries	558,410	6,259	–	(564,669)	–
Unconsolidated partnership	–	–	22,274	–	22,274
Other long-term assets	7,296	4,329	–	–	11,625
Net property, plant and equipment	33,852	87,666	18,843	–	140,361
Goodwill and purchased intangible assets, net	22	308,089	114,922	–	423,033
Total assets	$ 739,236	$ 627,529	$ 226,130	$ (568,566)	$ 1,024,329
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Accounts payable	$ 49,707	$ 48,432	$ 22,027	$ (3,744)	$ 116,422
Floor plan notes payable	–	23,801	–	–	23,801
Customer advances	53,947	65,817	–	–	119,764
Payroll-related obligations	13,518	14,848	6,108	–	34,474
Accrued warranty	11,755	9,148	3,112	–	24,015
Other current liabilities	26,212	25,457	4,715	(33)	56,351
Revolving credit facility and current maturities of long-term debt	18,000	226	19	–	18,245
Total current liabilities	173,139	187,729	35,981	(3,777)	393,072
Long-term debt	130,000	1,586	127	–	131,713
Deferred income taxes	(10,071)	27,445	21,929	–	39,303
Other long-term liabilities	36,408	11,654	2,419	–	50,481
Investment by and advances from (to) Parent	–	399,115	165,674	(564,789)	–
Shareholders' equity	409,760	–	–	–	409,760
Total liabilities and shareholders' equity	$ 739,236	$ 627,529	$ 226,130	$ (568,566)	$ 1,024,329

CONDENSED CONSOLIDATING BALANCE SHEET
SEPTEMBER 30, 2001
(IN THOUSANDS)

	COMPANY	SUBSIDIARY GUARANTORS	NON-GUARANTOR SUBSIDIARIES	ELIMINATIONS	CONSOLIDATED
ASSETS					
Current assets:					
Cash and cash equivalents	$ 4,726	$ 3,394	$ 3,192	$ -	$ 11,312
Receivables, net	104,662	74,814	33,633	(1,704)	211,405
Inventories	82,873	145,635	29,561	(31)	258,038
Prepaid expenses and other	11,525	9,644	1,226	-	22,395
Total current assets	203,786	233,487	67,612	(1,735)	503,150
Investment in and advances to:					
Subsidiaries	575,807	8,591	-	(584,398)	-
Unconsolidated partnership	-	-	18,637	-	18,637
Other long-term assets	6,940	1,585	101	-	8,626
Net property, plant and equipment	36,286	88,783	16,859	-	141,928
Goodwill and purchased intangible assets, net	24	319,779	97,124	-	416,927
Total assets	$ 822,843	$ 652,225	$ 200,333	$ (586,133)	$ 1,089,268
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Accounts payable	$ 41,703	$ 42,143	$ 25,722	$ (1,704)	$ 107,864
Floor plan notes payable	-	19,271	-	-	19,271
Customer advances	3,568	54,502	-	-	58,070
Payroll-related obligations	8,881	12,483	5,720	-	27,084
Accrued warranty	8,813	7,799	1,726	-	18,338
Other current liabilities	42,637	27,567	1,339	-	71,543
Revolving credit facility and current maturities of long-term debt	76,600	426	5	-	77,031
Total current liabilities	182,202	164,191	34,512	(1,704)	379,201
Long-term debt	280,250	1,812	187	-	282,249
Deferred income taxes	(5,764)	35,119	10,979	-	40,334
Other long-term liabilities	23,791	16,667	-	-	40,458
Investment by and advances from (to) Parent	-	434,436	154,655	(589,091)	-
Shareholders' equity	342,364	-	-	4,662	347,026
Total liabilities and shareholders' equity	$ 822,843	$ 652,225	$ 200,333	$ (586,133)	$ 1,089,268

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED SEPTEMBER 30, 2002
(IN THOUSANDS)

	COMPANY	SUBSIDIARY GUARANTORS	NON-GUARANTOR SUBSIDIARIES	ELIMINATIONS	CONSOLIDATED
OPERATING ACTIVITIES					
Net income	$ 59,598	$ 34,701	$ 8,845	$ (43,546)	$ 59,598
Non-cash adjustments	(5,470)	17,281	7,845	-	19,656
Changes in operating assets and liabilities	160,080	28,177	(3,631)	88	184,714
Net cash provided from (used for) operating activities	214,208	80,159	13,059	(43,458)	263,968
INVESTING ACTIVITIES					
Investments in and advances to subsidiaries	31,354	(65,795)	(9,017)	43,458	-
Additions to property, plant and equipment	(3,334)	(9,144)	(3,141)	-	(15,619)
Other	(2,010)	(6,128)	322	-	(7,816)
Net cash provided from (used for) investing activities	26,010	(81,067)	(11,836)	43,458	(23,435)
FINANCING ACTIVITIES					
Net repayments under revolving credit facility	(65,200)	-	-	-	(65,200)
Repayment of long-term debt	(143,650)	(426)	(58)	-	(144,134)
Dividends paid	(5,777)	-	-	-	(5,777)
Other	2,254	-	-	-	2,254
Net cash used for financing activities	(212,373)	(426)	(58)	-	(212,857)
Effect of exchange rate changes on cash	-	-	1,051	-	1,051
Increase(decrease) in cash and cash equivalents	27,845	(1,334)	2,216	-	28,727
Cash and cash equivalents at beginning of year	4,726	3,394	3,192	-	11,312
Cash and cash equivalents at end of year	$ 32,571	$ 2,060	$ 5,408	$ -	$ 40,039

OSHKOSH TRUCK CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED SEPTEMBER 30, 2001
(IN THOUSANDS)

	COMPANY	SUBSIDIARY GUARANTORS	NON-GUARANTOR SUBSIDIARIES	ELIMINATIONS	CONSOLIDATED
OPERATING ACTIVITIES					
Net income	$ 50,864	$ 21,997	$ 2,271	$ (24,268)	$ 50,864
Non-cash adjustments	4,612	20,952	(2,057)	-	23,507
Changes in operating assets and liabilities	(48,063)	(34,810)	310	(178)	(82,741)
Net cash provided from (used for) operating activities	7,413	8,139	524	(24,446)	(8,370)
INVESTING ACTIVITIES					
Acquisition of businesses, net of cash acquired	(3,954)	(22,580)	(133,707)	-	(160,241)
Investments in and advances to subsidiaries	(189,846)	26,885	138,515	24,446	-
Additions to property, plant and equipment	(11,875)	(6,113)	(505)	-	(18,493)
Other	(458)	(2,948)	(1,223)	-	(4,629)
Net cash provided from (used for) investing activities	(206,133)	(4,756)	3,080	24,446	(183,363)
FINANCING ACTIVITIES					
Net borrowings under revolving credit facility	65,200	-	-	-	65,200
Proceeds from issuance of long-term debt	140,000	-	-	-	140,000
Repayment of long-term debt	(8,350)	(488)	(70)	-	(8,908)
Debt issuance costs	(1,183)	-	-	-	(1,183)
Dividends paid	(5,735)	-	-	-	(5,735)
Other	480	-	-	-	480
Net cash provided from (used for) financing activities	190,412	(488)	(70)	-	189,854
Effect of exchange rate changes on cash	-	-	(378)	-	(378)
Increase (decrease) in cash and cash equivalents	(8,308)	2,895	3,156	-	(2,257)
Cash and cash equivalents at beginning of year	13,034	499	36	-	13,569
Cash and cash equivalents at end of year	$ 4,726	$ 3,394	$ 3,192	$ -	$ 11,312

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED SEPTEMBER 30, 2000
(IN THOUSANDS)

	COMPANY	SUBSIDIARY GUARANTORS	NON-GUARANTOR SUBSIDIARIES	ELIMINATIONS	CONSOLIDATED
OPERATING ACTIVITIES					
Income from continuing operations	$ 48,508	$ 36,351	$ 1,377	$ (37,728)	$ 48,508
Non-cash adjustments	5,967	18,999	(426)	-	24,540
Changes in operating assets and liabilities	100	(13,434)	(10,240)	209	(23,365)
Net cash provided from (used for) operating activities	54,575	41,916	(9,289)	(37,519)	49,683
INVESTING ACTIVITIES					
Acquisition of businesses, net of cash acquired	(5,467)	(1,752)	72	-	(7,147)
Investments in and advances to subsidiaries	(19,681)	(28,359)	10,521	37,519	-
Additions to property, plant and equipment	(10,962)	(11,685)	-	-	(22,647)
Other	(719)	(699)	(947)	-	(2,365)
Net cash provided from (used for) investing activities	(36,829)	(42,495)	9,646	37,519	(32,159)
NET CASH PROVIDED FROM DISCONTINUED OPERATIONS	2,015	-	-	-	2,015
FINANCING ACTIVITIES					
Net repayments under revolving credit facility	(5,000)	-	-	-	(5,000)
Proceeds from issuance of long-term debt	30,913	-	-	-	30,913
Repayment of long-term debt	(123,913)	(259)	(423)	-	(124,595)
Debt issuance costs	(795)	-	-	-	(795)
Proceeds from Common Stock offering	93,736	-	-	-	93,736
Costs of Common Stock offering	(334)	-	-	-	(334)
Dividends paid	(5,392)	-	-	-	(5,392)
Other	360	-	-	-	360
Net cash used for financing activities	(10,425)	(259)	(423)	-	(11,107)
Increase (decrease) in cash and cash equivalents	9,336	(838)	(66)	-	8,432
Cash and cash equivalents at beginning of year	3,698	1,337	102	-	5,137
Cash and cash equivalents at end of year	$ 13,034	$ 499	$ 36	$ -	$ 13,569

FINANCIAL HIGHLIGHTS

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA
FISCAL YEARS ENDED SEPTEMBER 30,
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	2002 [7][8]	2001 [9]	2000 [10]	1999	1998 [11]
Net sales[1]	**$ 1,743,592**	$ 1,445,293	$ 1,329,516	$ 1,170,304	$ 905,888
Operating income	**111,118**	98,296	98,051	76,213	48,720
Income from continuing operations[2]	**59,598**	50,864	48,508	31,191	16,253
Per share assuming dilution[2]	**3.45**	2.98	2.96	2.39	1.27
Income from discontinued operations[3]	**-**	-	2,015	-	-
Per share assuming dilution[3]	**-**	-	0.12	-	-
Net income[4]	**59,598**	50,864	49,703	31,131	15,068
Per share assuming dilution[4]	**3.45**	2.98	3.03	2.39	1.18
Dividends per share:					
Class A Common Stock	**0.300**	0.300	0.300	0.292	0.290
Common Stock	**0.345**	0.345	0.345	0.336	0.333
Total assets	**1,024,329**	1,089,268	796,380	753,290	685,039
Expenditures for property, plant and equipment	**15,619**	18,493	22,647	17,999	13,444
Depreciation	**17,527**	15,510	12,200	10,743	9,515
Amortization of goodwill, purchased intangible assets and deferred financing costs	**7,865**	12,987	12,018	12,414	9,183
Net working capital[5]	**33,964**	123,949	76,500	46,709	42,030
Long-term debt (including current maturities)[6]	**149,958**	359,280	162,782	260,548	280,804
Shareholders' equity[6]	**409,760**	347,026	301,057	162,880	131,296
Book value per share[6]	**24.13**	20.76	18.06	12.70	10.39
Backlog	**908,000**	799,000	608,000	487,000	377,000

Had SFAS No. 142 been in effect for the earliest period presented, results would have been as follows for fiscal 2001, 2000, 1999 and 1998, respectively: operating income - $105,483, $104,580, $82,801 and $51,626; income from continuing operations - $57,522, $54,646, $37,395 and $18,888; income from continuing operations per share assuming dilution - $3.37, $3.33, $2.87 and $1.48; net income - $57,522, $55,481, $37,335 and $17,703; net income per share assuming dilution - $3.37, $3.40, $2.86 and $1.39; and amortization of goodwill, purchased intangible assets and deferred financing costs - $5,800, $5,489, $5,826 and $6,277.

[1]In fiscal 2001, the Company adopted provisions of Emerging Issues Task Force ("EITF") No. 00-10, "Accounting for Shipping and Handling Fees and Costs." Adoption of provisions of EITF No. 00-10 resulted in a reclassification of shipping fee revenue to sales, from cost of sales where it had been classified as a reduction in shipping costs. Adoption did not have any impact on reported earnings. Sales for all previous periods have been retroactively restated to conform with the current year presentation. Also, see definition of net sales contained in Note 1 of the Notes to Consolidated Financial Statements.

[2]Fiscal 2001 includes a $1,727 one-time foreign currency transaction gain in connection with euros acquired prior to the purchase of the Geesink Norba Group and includes a $1,400 reduction in income tax expense related to settlement of certain income tax audits.

[3]In fiscal 2000, the Company recorded a $2,015 after-tax gain resulting from a technology transfer agreement and collection of previously written-off receivables related to the Company's former bus chassis joint venture in Mexico.

[4]Includes after-tax extraordinary charges of $820 ($0.05 per share) in 2000, $60 ($0.00 per share) in 1999 and $1,185 ($0.09 per share) in 1998 related to early retirement of debt.

[5]Cash from operating activities, including an $86,300 performance-based payment received on September 30, 2002 on the Company's MTVR contract, was principally used to prepay long-term debt. See (6).

[6]On November 24, 1999, the Company prepaid $93,500 of term debt under its senior credit facility with proceeds of the sale of 3,795,000 shares of Common Stock. On July 23, 2001, the Company amended and restated its senior credit facility and borrowed $140,000 under a new Term Loan B in connection with the acquisition of the Geesink Norba Group. See Notes 4 and 6 of the Notes to Consolidated Financial Statements. In fiscal 2002, the Company prepaid $6,000 of Term Loan A and $126,250 of Term Loan B from cash generated from operating activities. See (5).

[7]In fiscal 2002, the Company increased the margin percentage recognized on the MTVR contract by one percentage point as a result of a contract modification and favorable cost performance compared to previous estimates. This change in estimate, recorded as a cumulative catch-up adjustment, increased operating income, net income and net income per share by $4,264, $3,000 and $0.17, respectively, including $1,658, $1,044 and $0.06, respectively, relating to prior year revenues. See Note 1 of the Notes to Consolidated Financial Statements.

[8]In fiscal 2002, the Company adopted provisions of SFAS No. 142 which eliminated the amortization of goodwill and indefinite-lived assets.

[9]On October 30, 2000, the Company acquired for $14,466 in cash all of the issued and outstanding capital stock of Medtec. On March 6, 2001, the Company purchased certain assets from TEMCO for cash of $8,139 and credits to the seller valued at $7,558, for total consideration of $15,697. On July 25, 2001, the Company acquired for $137,636 in cash all of the issued and outstanding capital stock of the Geesink Norba Group. Amounts include acquisition costs and are net of cash acquired. See Note 4 of the Notes to Consolidated Financial Statements.

[10]On November 1, 1999, the Company acquired assets, assumed certain liabilities and entered into related non-compete agreements for Kewaunee for $5,467 in cash. On April 28, 2000, the Company acquired for cash all of the issued and outstanding capital stock of Viking for $1,680. See Note 4 of the Notes to Consolidated Financial Statements.

[11]On February 26, 1998, the Company acquired for cash all of the issued and outstanding capital stock of McNeilus and entered into related non-compete and ancillary agreements for $217,581.

DIVIDENDS AND COMMON STOCK PRICE*

It is the Company's intention to declare and pay dividends on a regular basis. However, the payment of future dividends is at the discretion of the Company's Board of Directors and will depend upon, among other things, future earnings, capital requirements, the Company's general financial condition, general business conditions and other factors. When the Company pays dividends, it pays a dividend on each share of Common Stock equal to 115% of the amount paid on each share of Class A Common Stock. The agreements governing the Company's subordinated debt and bank debt restrict its ability to pay dividends on Common Stock and Class A Common Stock. For fiscal 2003, the terms of the Company's senior credit facility generally limit the aggregate amount of all dividends the Company may pay on its common equity during that period to an amount equal to $6 million plus 7.5% of consolidated net income. See the information relating to dividends included in Notes 9 and 13 of the Notes to Consolidated Financial Statements.

Since July 12, 2002, the Common Stock has been listed on the New York Stock Exchange ("NYSE") under the symbol OSK. As of November 19, 2002, there were 840 holders of record of the Common Stock and 83 holders of record of the Class A Common Stock. The following table sets forth prices reflecting actual sales of the Common Stock as reported on the Nasdaq National Market prior to July 12, 2002 and on the NYSE on, and after, July 12, 2002.

	FISCAL 2002		Fiscal 2001	
QUARTER/PERIOD ENDED	HIGH	LOW	High	Low
September 30	N/A	N/A	$45.00	$34.63
Period from July 12 to September 30	$60.22	$46.22	N/A	N/A
Period from July 1 to July 11	61.83	58.02	N/A	N/A
June 30	62.55	48.65	44.75	34.75
March 31	59.55	46.11	49.38	31.88
December 31	49.78	33.50	44.00	33.25

*There is no established public trading market for Class A Common Stock.

SHAREHOLDERS' INFORMATION

ANNUAL MEETING

The Annual Meeting of Shareholders of Oshkosh Truck Corporation will be held on Tuesday, February 4, 2003, at 10:00 a.m. at the Experimental Aircraft Museum, 3000 Poberezny Road, Oshkosh, Wisconsin, USA.

STOCK LISTING

Oshkosh Truck Corporation Common Stock is listed on the New York Stock Exchange under the symbol OSK.

FORM 10-K

Copies of Oshkosh's Form 10-K as filed with the Securities and Exchange Commission are available free of charge by visiting the Oshkosh web site, or by contacting:

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For company facts, news releases and product information, visit Oshkosh Truck on the Internet at: http://www.oshkoshtruck.com

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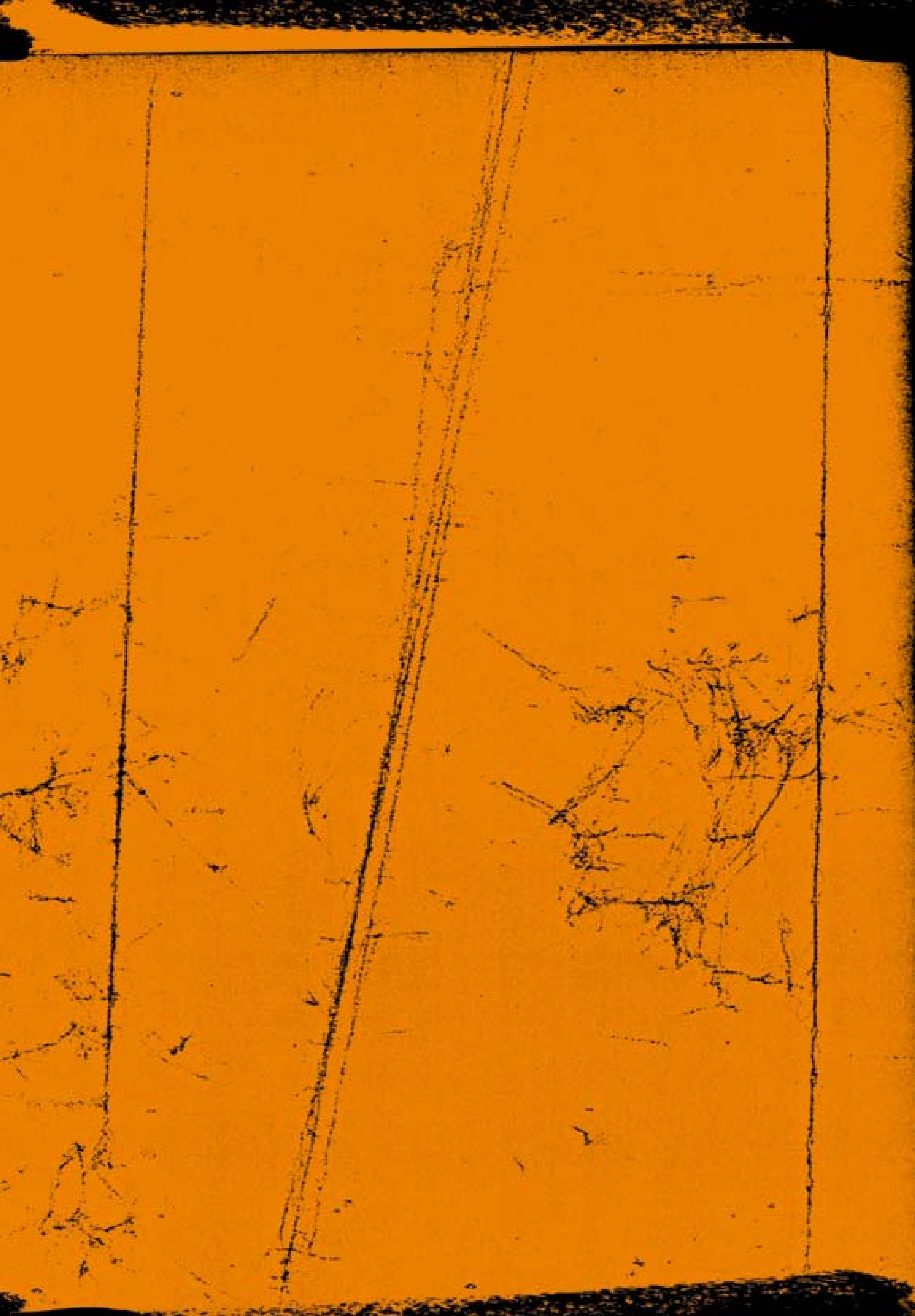

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OSHKOSH TRUCK CORPORATION

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