OSHKOSH CORP
Form 10-Q
May 01, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2008

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _______ to _______

Commission File Number: **1-31371**

Oshkosh Corporation

(Exact name of registrant as specified in its charter)

Wisconsin	**39-0520270**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
P.O. Box 2566 Oshkosh, Wisconsin	**54903-2566**
(Address of principal executive offices)	*(Zip Code)*

Registrant s telephone number, including area code: **(920) 235-9151**

Oshkosh Truck Corporation

(Former name)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer [X]	Accelerated filer [ ]
Non-accelerated filer [ ]	Smaller reporting company [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes [ ] No [X]

As of April 28, 2008, 74,518,565 shares of the Registrant s Common Stock were outstanding.

OSHKOSH CORPORATION
FORM 10-Q INDEX
FOR THE QUARTER ENDED MARCH 31, 2008

	PART I - FINANCIAL INFORMATION	**Page**
ITEM 1.	FINANCIAL STATEMENTS (UNAUDITED)	
	Condensed Consolidated Statements of Income for the Three Months and Six Months Ended March 31, 2008 and 2007	3
	Condensed Consolidated Balance Sheets at March 31, 2008 and September 30, 2007	4
	Condensed Consolidated Statement of Shareholders Equity for the Six Months Ended March 31, 2008	5
	Condensed Consolidated Statements of Cash Flows for the Six Months Ended March 31, 2008 and 2007	6
	Notes to Condensed Consolidated Financial Statements	7
ITEM 2.	MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	25
ITEM 3.	QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	36
ITEM 4.	CONTROLS AND PROCEDURES	36
	PART II - OTHER INFORMATION	
ITEM 1.	LEGAL PROCEEDINGS	37
ITEM 1A.	RISK FACTORS	37
ITEM 2.	UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS	38
ITEM 4.	SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS	39
ITEM 6.	EXHIBITS	40
SIGNATURES		41
EXHIBIT INDEX		42

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

OSHKOSH CORPORATION
Condensed Consolidated Statements of Income
(In millions, except per share amounts; unaudited)

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007	Six Months Ended March 31, 2008	Six Months Ended March 31, 2007
Net sales	$ 1,772.6	$ 1,660.7	$ 3,272.5	$ 2,667.5
Cost of sales	1,449.5	1,386.4	2,697.4	2,220.5
Gross income	323.1	274.3	575.1	447.0
Operating expenses:				
Selling, general and administrative	138.2	120.8	261.6	202.8
Amortization of purchased intangibles	16.7	18.7	35.4	25.8
Total operating expenses	154.9	139.5	297.0	228.6
Operating income	168.2	134.8	278.1	218.4
Other income (expense):				
Interest expense	(55.0)	(63.1)	(111.3)	(83.9)
Interest income	1.5	2.1	3.3	2.8
Miscellaneous, net	(3.5)	0.8	(5.6)	0.5
	(57.0)	(60.2)	(113.6)	(80.6)
Income before provision for income taxes, equity in earnings of unconsolidated affiliates and minority interest	111.2	74.6	164.5	137.8
Provision for income taxes	40.8	26.8	58.9	49.6
Income before equity in earnings of unconsolidated affiliates and minority interest	70.4	47.8	105.6	88.2
Equity in earnings of unconsolidated affiliates, net of income taxes	1.9	2.9	3.7	3.9
Minority interest, net of income taxes	0.3	0.2	0.6	--
Net income	$ 72.6	$ 50.9	$ 109.9	$ 92.1
Earnings per share:				
Basic	$ 0.98	$ 0.69	$ 1.49	$ 1.25
Diluted	$ 0.97	$ 0.68	$ 1.47	$ 1.23

The accompanying notes are an integral part of these financial statements.

3

OSHKOSH CORPORATION
Condensed Consolidated Balance Sheets
(In millions, except share and per share amounts; unaudited)

	March 31, 2008	September 30, 2007
Assets		
Current assets:		

	March 31, 2008	September 30, 2007
Cash and cash equivalents	$ 52.0	$ 75.2
Receivables, net	1,034.8	1,076.2
Inventories, net	1,168.3	909.5
Deferred income taxes	80.4	77.5
Other current assets	37.8	56.5
Total current assets	2,373.3	2,194.9
Investment in unconsolidated affiliates	39.8	35.1
Property, plant and equipment, net	441.4	429.6
Goodwill, net	2,511.6	2,435.4
Purchased intangible assets, net	1,130.7	1,162.1
Other long-term assets	161.2	142.7
Total assets	$ 6,658.0	$ 6,399.8
Liabilities and Shareholders Equity		
Current liabilities:		
Revolving credit facility and current maturities of long-term debt	$ 117.6	$ 81.5
Accounts payable	689.8	628.1
Customer advances	324.0	338.0
Payroll-related obligations	104.0	105.0
Income taxes payable	8.7	64.0
Accrued warranty	84.0	88.2
Other current liabilities	252.9	243.2
Total current liabilities	1,581.0	1,548.0
Long-term debt, less current maturities	2,937.5	2,975.6
Deferred income taxes	321.2	340.1
Other long-term liabilities	246.5	138.7
Commitments and contingencies		
Minority interest	3.6	3.8
Shareholders equity:		
Preferred stock ($.01 par value; 2,000,000 shares authorized; none issued and outstanding)	--	--
Common Stock ($.01 par value; 300,000,000 shares authorized; 74,518,565 and 74,235,751 issued, respectively)	0.7	0.7
Additional paid-in capital	243.7	229.2
Retained earnings	1,128.5	1,036.3
Accumulated other comprehensive income	195.3	129.0
Common Stock in treasury, at cost (28,073 shares at September 30, 2007)	--	(1.6)
Total shareholders equity	1,568.2	1,393.6
Total liabilities and shareholders equity	$ 6,658.0	$ 6,399.8

The accompanying notes are an integral part of these financial statements.

4

OSHKOSH CORPORATION
Condensed Consolidated Statement of Shareholders Equity
(In millions, except per share amounts; unaudited)

Total

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Common Stock in Treasury at Cost	
Balance at September 30, 2007	$ 0.7	$ 229.2	$ 1,036.3	$ 129.0	$ (1.6)	$ 1,393.6
Net income	--	--	109.9	--	--	109.9
Change in fair value of derivative hedging instruments, net of tax of $25.5	--	--	--	(43.4)	--	(43.4)
Minimum pension liability adjustment, net of tax of $0.6	--	--	--	1.1	--	1.1
Currency translation adjustments	--	--	--	108.6	--	108.6
Cash dividends ($0.20 per share)	--	--	(14.8)	--	--	(14.8)
Exercise of stock options	--	2.7	--	--	1.6	4.3
Tax benefit related to stock options exercised	--	3.3	--	--	--	3.3
Stock-based compensation expense related to employee stock-based awards	--	8.5	--	--	--	8.5
Adjustment to initially adopt Financial Accounting Standards Interpretation No. 48 - See Note 15	--	--	(2.9)	--	--	(2.9)
Balance at March 31, 2008	$ 0.7	$ 243.7	$ 1,128.5	$ 195.3	$ --	$ 1,568.2

The accompanying notes are an integral part of these financial statements.

5

OSHKOSH CORPORATION
Condensed Consolidated Statements of Cash Flows
(In millions; unaudited)

	Six Months Ended March 31, 2008	Six Months Ended March 31, 2007
Operating activities:		
Net income	$ 109.9	$ 92.1
Non-cash and other adjustments	66.2	52.2
Changes in operating assets and liabilities	(149.2)	101.1
Net cash provided by operating activities	26.9	245.4
Investing activities:		

	Six Months Ended March 31,	
Acquisition of business, net of cash acquired	--	(3,140.4)
Additions to property, plant and equipment	(44.7)	(26.2)
Additions to equipment held for rental	(8.5)	(14.6)
Proceeds from sale of property, plant and equipment	2.7	0.5
Proceeds from sale of equipment held for rental	6.4	1.8
Distribution of capital from unconsolidated affiliates	--	1.5
Decrease in other long-term assets	0.1	0.4
Net cash used by investing activities	(44.0)	(3,177.0)
Financing activities:		
Proceeds from issuance of long-term debt	--	3,100.0
Debt issuance costs	--	(34.9)
Repayment of long-term debt	(0.6)	(19.5)
Net repayments under revolving credit facility	(1.3)	(81.8)
Proceeds from exercise of stock options	4.3	4.0
Excess tax benefits from stock-based compensation	2.8	3.4
Dividends paid	(14.8)	(14.8)
Net cash (used) provided by financing activities	(9.6)	2,956.4
Effect of exchange rate changes on cash	3.5	--
(Decrease) increase in cash and cash equivalents	(23.2)	24.8
Cash and cash equivalents at beginning of period	75.2	22.0
Cash and cash equivalents at end of period	$ 52.0	$ 46.8
Supplementary disclosures:		
Depreciation and amortization	$ 76.2	$ 55.8
Cash paid for interest	110.9	65.0
Cash paid for income taxes	58.3	11.2

The accompanying notes are an integral part of these financial statements.

OSHKOSH CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Basis of Presentation

On February 5, 2008, the shareholders of Oshkosh Truck Corporation approved the change of the name of the corporation to Oshkosh Corporation (the Company). In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments (which include normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows of the Company for the periods presented. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (SEC). These condensed consolidated financial statements should be read in conjunction with the audited financial statements and notes thereto included in the Company s Annual Report on Form 10-K for the year ended September 30, 2007. The interim results are not necessarily indicative of results for the full year.

New Accounting Standards Effective October 1, 2007, the Company adopted Financial Accounting Standards Board (FASB) Interpretation No. (FIN) 48, Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109. FIN 48 provides

guidance for the recognition, derecognition and measurement in financial statements of tax positions taken in previously filed tax returns or tax positions expected to be taken in tax returns. FIN 48 requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. If the tax position meets the more likely than not recognition threshold, the tax effect is recognized at the largest amount of the benefit that is greater than fifty percent likely of being realized upon ultimate settlement. See Note 15 of the Notes to Condensed Consolidated Financial Statements for additional information regarding the effect of the adoption of FIN 48.

In September 2006, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 157, Fair Value Measurements, which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS No. 157 clarifies the definition of exchange price as the price between market participants in an orderly transaction to sell an asset or transfer a liability in the market in which the reporting entity would transact for the asset or liability, that is, the principal or most advantageous market for the asset or liability. The Company will be required to adopt SFAS No. 157 as of October 1, 2008. The Company is currently evaluating the impact of SFAS No. 157 on the Company s financial condition, results of operations and cash flows.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities, which permits entities to choose to measure many financial instruments and certain other items at fair value. The Company will be required to adopt SFAS No. 159 as of October 1, 2008. The Company has not yet determined whether it will elect to measure any of its financial assets and financial liabilities at fair value as permitted by SFAS No. 159.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), Business Combinations, which requires an acquirer to recognize the assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at the acquisition date, at their fair values as of that date. The Company will be required to adopt SFAS No. 141R as of October 1, 2009. The Company is currently evaluating the impact of SFAS No. 141R on the Company s financial condition, results of operations and cash flows.

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51, which clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. The Company will be required to adopt SFAS No. 160 as of October 1, 2009. The Company is currently evaluating the impact of SFAS No. 160 on the Company s financial condition, results of operations and cash flows.

OSHKOSH CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

2. Acquisitions

On December 6, 2006, the Company acquired for cash all of the outstanding shares of JLG Industries, Inc. (JLG), a leading global manufacturer of aerial work platforms and telehandlers. The total purchase price for JLG was $3.14 billion, net of cash acquired of $176.4 million and including transaction costs of $30.3 million and retirement of debt of $224.4 million. The Company financed the acquisition of JLG and the retirement of $79.6 million of debt outstanding under an existing credit facility with proceeds from a new $3.65 billion senior secured credit facility (see Note 8 of the Notes to Condensed Consolidated Financial Statements). JLG results of operations have been included in the Company s consolidated financial statements since the date of acquisition. JLG forms the Company s access equipment segment.

The acquisition of JLG enabled the Company to: diversify its product offerings and markets served to complement its defense business; balance the economic and geopolitical cycles faced by the Company; expand the Company s global reach to better compete in its existing markets; and increase scale in procurement and other functions.

The following table summarizes the fair values of the JLG assets acquired and liabilities assumed at the date of acquisition (in millions):

Assets Acquired:	
Current assets, excluding cash of $176.4	$ 854.4
Property, plant and equipment	159.0
Goodwill	1,819.9
Purchased intangible assets	970.6
Other long-term assets	85.9
Total assets acquired	3,889.8

Liabilities Assumed:	
Current liabilities	395.2
Long-term liabilities	356.4
Total liabilities assumed	751.6
Net assets acquired	$ 3,138.2

In conjunction with the JLG acquisition, the Company recorded goodwill of $1.8 billion, the majority of which is not tax deductible, within the access equipment segment. The Company recorded $608.7 million of intangible assets that are subject to amortization with useful lives of between one and 13 years, of which $512.2 million was assigned to customer relationships with an average useful life of 12 years. The Company recorded $361.9 million of trademark intangibles that are not subject to amortization.

In connection with the acquisition of JLG, the Company recorded severance payments of $12.9 million associated with payments made to certain employees of the acquired business. The estimated costs of these restructuring activities were recorded as costs of the acquisition and were provided for in accordance with Emerging Issues Task Force Issue No. 95-3, Recognition of Liabilities in Connection with a Purchase Business Combination.

OSHKOSH CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Pro forma Information

The following unaudited pro forma financial information for the six months ended March 31, 2007 assumes that the acquisition of JLG had been completed as of October 1, 2006 (in millions, except per share amounts):

Net sales	$ 3,063.3
Net income	77.6
Earnings per share:	
Basic	$ 1.06
Diluted	$ 1.04

The pro forma information does not purport to be indicative of results that actually would have been achieved if the operations were combined during the periods presented and is not intended to be a projection of future results or trends.

3. Receivables

Receivables consist of the following (in millions):

	March 31, 2008	September 30, 2007
U.S. government:		
Amounts billed	$ 109.9	$ 133.0
Cost and profits not billed	20.7	13.3
	130.6	146.3
Other trade receivables	841.3	856.3
Finance receivables	29.7	36.1
Pledged finance receivables	9.1	10.4
Note receivables	67.7	53.0
Other receivables	56.0	68.4

	March 31, 2008	September 30, 2007
	1,134.4	1,170.5
Less allowance for doubtful accounts	(23.1)	(31.0)
	$ 1,111.3	$ 1,139.5
Current receivables	$ 1,034.8	$ 1,076.2
Long-term receivables	76.5	63.3
	$ 1,111.3	$ 1,139.5

Costs and profits not billed generally will become billable upon the Company achieving certain contract milestones.

Finance receivables represent sales-type leases resulting from the sale of the Company s products. Finance receivables generally include a residual value component. Residual values are determined based on the expectation that the underlying equipment will have a minimum fair market value at the end of the lease term. This residual value accrues to the Company at the end of the lease. The Company uses its experience and knowledge as an original equipment manufacturer and participant in end markets for the related products along with third-party studies to estimate residual values. The Company monitors these values for impairment on a periodic basis and reflects any resulting reductions in value in current earnings.

Pledged finance receivables result from the transfer of finance receivables to third parties in exchange for cash. In compliance with SFAS No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities, these transfers are accounted for as debt on the Company s consolidated balance sheets. As of March 31, 2008, the Company s maximum loss exposure associated with these transactions was $8.4 million.

Finance and pledged finance receivables consist of the following (in millions):

	March 31, 2008	September 30, 2007
Finance receivables	$ 32.1	$ 34.7
Pledged finance receivables	9.1	10.4
	41.2	45.1
Estimated residual value	2.0	6.5
Less unearned income	(4.4)	(5.1)
Net finance and pledged finance receivables	38.8	46.5
Less allowance for doubtful accounts	(1.3)	(1.5)
	$ 37.5	$ 45.0

The contractual maturities of the Company s finance and pledged finance receivables at March 31, 2008 are as follows: 2008 (remaining six months) $12.9 million; 2009 $12.1 million; 2010 $5.2 million; 2011 $5.8 million; 2012 $3.5 million; 2013 $0.7 million; and thereafter $1.0 million.

Historically, finance and pledged finance receivables have been paid off prior to their contractual due dates, and as a result, the above amounts are not to be regarded as a forecast of future cash flows. Provisions for losses on finance and pledged finance receivables are charged to

income in amounts sufficient to maintain the allowance at a level considered adequate to cover losses in the existing receivable portfolio.

4. Inventories

Inventories consist of the following (in millions):

	March 31, 2008	September 30, 2007
Raw materials	$ 460.0	$ 406.7
Partially finished products	286.9	302.4
Finished products	626.0	390.5
Inventories at FIFO cost	1,372.9	1,099.6
Less: Progress/performance-based payments on		
U.S. government contracts	(152.6)	(143.7)
Excess of FIFO cost over LIFO cost	(52.0)	(46.4)
	$ 1,168.3	$ 909.5

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 costs which are amortized to expense as sales are recognized under certain contracts. At March 31, 2008 and September 30, 2007, unamortized costs related to long-term contracts of $8.3 million and $6.1 million, respectively, were included in inventory.

5. Investments in Unconsolidated Affiliates

The Company records its investments in, and share of earnings of, Oshkosh/McNeilus Financial Services Partnership (OMFSP), RiRent Europe, B.V. (RiRent), and Mezcladores Trailers de Mexico, S.A. de C.V. (Mezcladores) under the equity method of accounting. Earnings, net of related income taxes, are reflected in Equity in Earnings of Unconsolidated Affiliates. Mezcladores manufactures and markets concrete mixers, concrete batch plants and refuse collection vehicles in Mexico. The Company s investment in Mezcladores was $6.7 million at March 31, 2008, which represents the Company s maximum exposure to loss as a result of the Company s ownership interest in Mezcladores.

The Company and an unaffiliated third party are general partners in OMFSP. OMFSP engages in new vendor lease business providing financing to certain customers of the Company. The Company sells vehicles, vehicle bodies and concrete batch plants to OMFSP for lease to user-customers. Company sales to OMFSP were $18.1 million and $39.2 million for the six months ended March 31, 2008 and 2007, 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 approximate 4.0% to 8.0% equity portion of the cost of new equipment purchases. Customers typically provide a 2.0% to 6.0% down payment. Each partner is allocated its proportionate share of OMFSP s 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. All such OMFSP indebtedness is non-recourse to the Company and its partner. Each of the two general partners has identical voting, participating and protective rights and responsibilities, and each general partner materially participates in the activities of OMFSP. For these and other reasons, the Company has determined that OMFSP is a voting interest entity for purposes of FIN 46R, Consolidation of Variable Interest Entities an interpretation of ARB No. 51. Accordingly, the Company accounts for its equity interest in OMFSP under the equity method.

The Company s investment in OMFSP was $18.2 million at March 31, 2008. The investment represents the Company s maximum exposure to loss as a result of the Company s ownership interest in OMFSP.

The Company and an unaffiliated third party are joint venture partners in RiRent. RiRent is in business to maintain a fleet of access equipment for short-term lease to rental companies throughout most of Europe. The re-rental fleet provides rental companies with equipment to support requirements on short notice. RiRent does not lease or rent directly to end users. The Company s sales to RiRent were $29.8 million and $12.9 million for the six months ended March 31, 2008 and the period from date of acquisition (December 6, 2006) through March 31, 2007, respectively. The Company recognizes income on sales to RiRent at the time of shipment in proportion to the outside third party interest in RiRent and recognizes the remaining income ratably over the estimated useful life of the equipment, which is generally five years.

Included in investments in unconsolidated affiliates in the Company s Condensed Consolidated Balance Sheet at March 31, 2008 is JLG s investment in RiRent of $14.9 million, which represents the Company s maximum exposure to loss as a result of the Company s ownership interest in RiRent. Indebtedness of RiRent is secured by the underlying leases and assets of RiRent. All such RiRent indebtedness is non-recourse to the Company and its partner.

OSHKOSH CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

6. Property, Plant and Equipment

The following table presents details of the Company s property, plant and equipment (in millions):

	March 31, 2008	September 30, 2007
Land and land improvements	$ 46.5	$ 46.8
Equipment on operating lease to others	27.5	26.4
Buildings	217.5	209.8
Machinery and equipment	415.2	382.6
Construction in progress	--	1.7
	706.7	667.3
Less accumulated depreciation	(265.3)	(237.7)
	$ 441.4	$ 429.6

Depreciation expense was $37.6 million and $27.1 million for the six months ended March 31, 2008 and 2007, respectively. Equipment on operating lease to others represents the cost of equipment sold to customers for whom the Company has guaranteed the residual value and equipment on short-term leases. These transactions are accounted for as operating leases with the related assets capitalized and depreciated over their estimated economic lives of five to ten years. Cost less accumulated depreciation for equipment on operating lease at March 31, 2008 and September 30, 2007 was $21.3 million and $22.6 million, respectively.

7. Goodwill and Purchased Intangible Assets

The following table presents the changes in goodwill during the six months ended March 31, 2008 (in millions):

Segment	September 30, 2007	Translation	Other	March 31, 2008
Access equipment	$ 1,853.7	$ 37.8	$ 18.6	$ 1,910.1
Fire & emergency	230.8	3.6	--	234.4

Segment	September 30, 2007	Translation	Other	March 31, 2008
Commercial	350.9	16.2	--	367.1
Total	$ 2,435.4	$ 57.6	$ 18.6	$ 2,511.6

Amounts included in the other column included adjustments of intangible assets and certain pre-acquisition contingencies related to JLG upon finalization of certain appraisals.

OSHKOSH CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

During the first quarter of fiscal 2008, the Company finalized its purchase accounting for the JLG acquisition resulting in adjustments to the purchased intangible assets. Details of the Company s total purchased intangible assets are as follows (in millions):

	March 31, 2008			
	Weighted-Average Life	Gross	Accumulated Amortization	Net
Amortizable intangible assets:				
Distribution network	39.1	$ 55.4	$ (15.7)	$ 39.7
Non-compete	10.4	57.2	(43.0)	14.2
Technology-related	11.9	118.9	(25.3)	93.6
Customer relationships	12.5	606.3	(67.7)	538.6
Other	12.0	16.7	(8.1)	8.6
	14.0	854.5	(159.8)	694.7
Non-amortizable tradenames		436.1	(0.1)	436.0
Total		$ 1,290.6	$ (159.9)	$ 1,130.7

	September 30, 2007			
	Weighted-Average Life	Gross	Accumulated Amortization	Net
Amortizable intangible assets:				
Distribution network	39.1	$ 55.4	$ (15.0)	$ 40.4
Non-compete	10.4	57.2	(38.4)	18.8
Technology-related	11.8	128.2	(20.5)	107.7
Customer relationships	12.7	587.4	(41.1)	546.3
Other	12.0	16.7	(7.4)	9.3
	14.1	844.9	(122.4)	722.5
Non-amortizable tradenames		439.7	(0.1)	439.6

	September 30, 2007		
Total	$ 1,284.6	$ (122.5)	$ 1,162.1

Excluding the impact of any future acquisitions, the estimated future amortization expense of purchased intangible assets for the five years succeeding September 30, 2007 are as follows: 2008 (remaining six months) $34.4 million; 2009 $66.2 million; 2010 $65.1 million; 2011 $64.5 million; 2012 $64.4 million; and 2013 $62.5 million.

8. Credit Agreements

The Company was obligated under the following debt instruments (in millions):

	March 31, 2008	September 30, 2007
Senior Secured Facility:		
Revolving line of credit	$ --	$ --
Term loan A	437.5	437.5
Term loan B	2,567.5	2,567.5
Limited recourse debt from finance receivables monetizations	9.1	11.1
Other long-term facilities	5.6	5.9
	3,019.7	3,022.0
Less current portion	(82.2)	(46.4)
	$ 2,937.5	$ 2,975.6
Current portion of long-term debt	$ 82.2	$ 46.4
Other short-term facilities	35.4	35.1
	$ 117.6	$ 81.5

The Company has a syndicated senior secured credit agreement (Credit Agreement) with various financial institutions, which consists of a five-year $550.0 million revolving credit facility (Revolving Credit Facility) and two term loan facilities (Term Loan A and Term Loan B, and collectively, the Term Loan Facility). The $500.0 million Term Loan A requires principal payments of $12.5 million, plus interest, due quarterly through September 2011, with a final principal payment of $262.5 million due December 6, 2011. The $2.6 billion Term Loan B requires principal payments of $6.5 million, plus interest, due quarterly through September 2013, with a final principal payment of $2,424.5 million due December 6, 2013. At March 31, 2008, outstanding letters of credit of $21.8 million reduced available capacity under the Revolving Credit Facility to $528.2 million.

The estimated future maturities under the Credit Agreement for the five fiscal years succeeding September 30, 2007 and thereafter are as follows: 2008 (remaining six months) $38.0 million; 2009 $76.0 million; 2010 $76.0 million; 2011 $76.0 million; 2012 $288.5 million; 2013 $26.0 million and $2,424.5 million thereafter.

Interest rates on borrowings under the Revolving Credit and Term Loan Facilities 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 a bank s Prime Rate) or the Off-Shore or LIBOR Rate (whic is a bank s inter-bank offered rate for U.S. dollars in off-shore markets) plus a specified margin. The margins are subject to adjustment, up or down, based on whether certain financial criteria are met. The weighted-average interest rate on borrowings outstanding at March 31, 2008 was 4.51% and 4.76% for the Term Loans A and B, respectively.

To manage a portion of the Company s exposure to changes in LIBOR-based interest rates on its variable-rate debt, the Company entered into an amortizing interest rate swap agreement on January 11, 2007 that effectively fixes the interest payments on a portion of the Company s variable-rate debt. The swap, which has a termination date of December 6, 2011, effectively fixes the variable portion of the interest rate on debt in the amount of the notional amount of the swap at 5.105% plus the applicable spread based on the terms of the Credit Agreement. The notional amount of the swap at March 31, 2008 was $2.0 billion and reduces in varying amounts annually each December until the termination date. The swap has been designated as a cash flow hedge of 3-month LIBOR-based interest payments. In accordance with SFAS No. 133, the effective portion of the change in fair value of the derivative will be recorded in Accumulated Other Comprehensive Income, while any ineffective portion is recorded as an adjustment to interest expense. At March 31, 2008, a loss of $88.6 million ($55.8 million net of tax), representing the fair value of the interest rate swap, is recorded in Accumulated Other Comprehensive Income. The differential paid or received on the interest rate swap will be recognized as an adjustment to interest expense when the hedged, forecasted interest is recorded.

Under this swap agreement, the Company will pay the counterparty interest on the notional amount at a fixed rate of 5.105% and the counterparty will pay the Company interest on the notional amount at a variable rate equal to 3-month LIBOR. The 3-month LIBOR rate applicable to this agreement was 2.69% at March 31, 2008. The notional amounts do not represent amounts exchanged by the parties, and thus are not a measure of exposure of the Company. The amounts exchanged are normally based on the notional amounts and other terms of the swaps. The variable rates are subject to change over time as 3-month LIBOR fluctuates. Neither the Company nor the counterparty, which is a prominent financial institution, are required to collateralize their respective obligations under these swaps. The Company is exposed to loss if the counterparty defaults.

The Company s obligations under the Credit Agreement are guaranteed by certain of its domestic subsidiaries, and the Company guarantees the obligations of certain of its subsidiaries under the Credit Agreement to the extent such subsidiaries borrow directly under the Credit Agreement. The Credit Agreement is also secured by a first-priority, perfected lien and security interests in all of the equity interests of the Company s material domestic subsidiaries and certain of the Company s other subsidiaries and 65% of the equity interests of each material foreign subsidiary of the Company and certain other subsidiaries of the Company; subject to certain customary, permitted lien exceptions, substantially all other personal property of the Company and certain subsidiaries; and all proceeds thereof.

The Credit Agreement contains various restrictions and covenants, including (1) requirements that the Company maintain certain financial ratios at prescribed levels; and (2) restrictions on the ability of the Company and certain of its subsidiaries to consolidate or merge, create liens, incur additional indebtedness and dispose of assets. The Credit Agreement also requires maintenance on a rolling four quarter basis of a maximum leverage ratio (as defined) of 4.75x for the fiscal quarters ending on or before September 30, 2008, reducing to 4.25x for the fiscal quarters ending on December 31, 2008 through September 30, 2009 and 3.75x for fiscal quarters ending thereafter, and a minimum interest coverage ratio (as defined) of 2.50x, in each case tested as of the last day of each fiscal quarter. The Company was in compliance with these covenants at March 31, 2008.

The Credit Agreement limits the amount of dividends and other types of distributions that the Company may pay to $40.0 million during any fiscal year plus the positive result of (x) 25% of the cumulative net income of the Company and its consolidated subsidiaries for all fiscal quarters ending after December 6, 2006, minus (y) the cumulative amount of all dividends and other types of distributions made in any fiscal year ending after December 6, 2006 that exceed $40.0 million.

The Company is charged a 0.15% to 0.35% annual commitment fee with respect to any unused balance under its Revolving Credit Facility, and a 1.00% to 2.00% annual fee with respect to commercial letters of credit issued under the Revolving Credit Facility, based on the Company s leverage ratio (as defined).

As a result of the sale of finance receivables through limited recourse monetization transactions, the Company has $9.1 million of limited recourse debt outstanding as of March 31, 2008. The aggregate amount of limited recourse debt outstanding at March 31, 2008 becomes due in fiscal 2008 and 2009 as follows: $5.1 million and $4.0 million, respectively.

9. Warranty and Guarantee Arrangements

The Company s products generally carry explicit warranties that extend from six months to five years, based on terms that are generally accepted in the marketplace. Selected components (such as engines, transmissions, tires, etc.) included in the Company s end products 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.

OSHKOSH CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Changes in the Company s warranty liability were as follows (in millions):

	Six Months Ended March 31, 2008	Six Months Ended March 31, 2007
Balance at beginning of period	$ 88.2	$ 56.9
Acquisitions	--	20.8
Warranty provisions for the period	32.9	24.7
Settlements made during the period	(30.6)	(22.7)
Changes in liability for pre-existing warranties during the period, including expirations	(7.3)	(1.2)
Foreign currency translation adjustment	0.8	0.3
Balance at end of period	$ 84.0	$ 78.8

Liabilities for pre-existing warranty claims decreased by $7.3 million for the first six months of fiscal 2008 as a result of lower than expected claims combined with the expiration of a systemic warranty during the period on a billion dollar, multi-year contract in the defense segment. Actual warranty claims experience in the defense segment has generally declined since the start of the conflicts in Afghanistan and Iraq.

Provisions for estimated warranty and other related costs are recorded at the time of sale and are periodically adjusted to reflect actual experience. Certain warranty and other related claims involve matters of dispute that ultimately are resolved by negotiation, arbitration or litigation. At times, warranty issues arise which are 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.

The Company provides guarantees of certain customers obligations under deferred payment contracts and lease payment agreements to third parties. Guarantees provided prior to February 1, 2008 are limited to $1.0 million per year in total. In January 2008, the Company increased the guarantee, for contracts signed after February 1, 2008, under this arrangement to $3.0 million per year. These guarantees are mutually exclusive and until the portfolio under the $1.0 million guarantee is repaid, the Company has exposure of up to $4.0 million per year. Both guarantees are supported by the residual value of the underlying equipment. The Company s actual losses under these guarantees over the last ten years have been negligible. In accordance with FIN 45, Guarantor s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others, for all such guarantees issued after January 1, 2003, the Company has recorded the fair value of the guarantee as a liability and a reduction of the initial revenue recognized on the sale of equipment. Liabilities accrued since January 1, 2003 for such guarantees were not significant.

In the access equipment segment, the Company is party to multiple agreements whereby it guaranteed $125.7 million in indebtedness of others as of March 31, 2008, including $116.2 million maximum loss exposure under loss pool agreements related to both finance receivable monetizations and third-party debt. As of March 31, 2008, 26% of the Company s third-party debt guarantee obligations related to two customers. Under the terms of these and various related agreements and upon the occurrence of certain events, the Company generally has the ability, among other things, to take possession of the underlying collateral. At March 31, 2008, the Company had recorded $4.4 million of liabilities related to these agreements. If the financial condition of the customers were to deteriorate, resulting in an impairment of their ability to make payments, then additional accruals may be required. While the Company believes it is unlikely that it would experience losses under these agreements that are materially in excess of the amounts reserved, it cannot provide any assurance that the financial condition of the third parties will not deteriorate resulting in the customers inability to meet their obligations, and in the event that occurs, the Company cannot guarantee that

the collateral underlying the agreements will be sufficient to avoid losses materially in excess of those reserved. Any losses under these guarantees would generally be mitigated by the value of any underlying collateral, including financed equipment, the finance company s inability to provide the Company clear title to foreclosed equipment and other conditions.

OSHKOSH CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

10. Derivative Financial Instruments and Hedging Activities

The Company has used forward foreign exchange currency contracts (derivatives) to reduce the exchange rate risk of specific foreign currency denominated transactions. These derivatives typically require the exchange of a foreign currency for U.S. dollars at a fixed rate at a future date.

At March 31, 2008, the U.S. dollar equivalent of outstanding forward foreign exchange contracts designated as cash flow hedges in accordance with SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, totaled $8.9 million in notional amounts, including $8.5 million in contracts to purchase Euro and $0.4 million in contracts to sell Euro. At March 31, 2008, net unrealized losses (net of related tax effect of $0.2 million) related to forward foreign exchange contracts totaling $0.4 million have been included in accumulated other comprehensive income (loss). All balances are expected to be reclassified from accumulated other comprehensive income (loss) to earnings during the next twelve months due to actual export sales and sales of products whose underlying costs contain purchases denominated in foreign currencies.

The Company has entered into forward foreign exchange currency contracts to create an economic hedge to manage foreign exchange risk exposure associated with non-functional currency denominated payables resulting from global sourcing activities. The Company has not designated these derivative contracts as hedge transactions under SFAS No. 133, and accordingly, the mark-to-market impact of these derivatives is recorded each period in current earnings. The fair value of foreign currency related derivatives are included in the Condensed Consolidated Balance Sheets in other current assets and other current liabilities. At March 31, 2008, the U.S. dollar equivalent of these outstanding forward foreign exchange contracts totaled $338.4 million in notional amounts, including $238.5 million in contracts to sell Euro and $51.0 million in contracts to sell U.K. pounds sterling, with the remaining contracts covering a variety of foreign currencies.

To manage a portion of the Company s exposure to changes in LIBOR-based interest rates on its variable-rate debt, the Company entered into an amortizing interest rate swap agreement that effectively fixes the interest payments on a portion of the Company s variable-rate debt. See Note 8 of the Notes to Condensed Consolidated Financial Statements for information regarding the interest rate swap.

11. Stock-Based Compensation

Under the 2004 Incentive Stock and Awards Plan (the 2004 Plan), which replaced the 1990 Incentive Stock Plan, as amended (the 1990 Plan) (collectively, equity-based compensation plans), 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 nonvested stock and performance shares under the 2004 Plan, which expires on February 3, 2014. Options and nonvested stock awards generally become exercisable ratably on the first, second and third anniversary of the date of grant. There are no vesting provisions tied to performance conditions for any outstanding options and nonvested stock awards. Vesting for all outstanding options or nonvested stock awards is based solely on continued service as an employee of the Company and generally vest upon retirement. Options to purchase shares expire not later than ten years and one month after the grant of the option. Performance share awards under the 2004 Plan vest at the end of the third fiscal year following the grant date and are earned only if the Company s total shareholder return over the three years compares favorably to that of a comparator group of companies.

The Company recognizes compensation expense for stock options, nonvested stock and performance share awards over the requisite service period for vesting of the award, or to an employee s eligible retirement date, if earlier and applicable. Total stock-based compensation expense included in the Company s Condensed Consolidated Statements of Income for the three and six months ended March 31, 2008 was $4.3 million ($2.8 million net of tax) and $8.5 million ($5.5 million net of tax), respectively. Total stock-based compensation expense included in the Company s Condensed Consolidated Statements of Income for the three and six months ended March 31, 2007 was $3.4 million ($2.3 million net of tax) and $5.6 million ($3.9 million net of tax), respectively.

The Company granted 36,000 and 26,000 options to purchase shares of stock during the six months ended March 31, 2008 and 2007, respectively. In addition, the Company issued 11,000 and 48,500 shares of nonvested stock during the six months ended March 31, 2008 and 2007, respectively.

17

OSHKOSH CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

12. Comprehensive Income

Total comprehensive income is as follows (in millions):

	Three Months Ended March 31,		Six Months Ended March 31,	
	2008	**2007**	**2008**	**2007**
Net income	$ 72.6	$ 50.9	$ 109.9	$ 92.1
Derivative instruments, net of income taxes	(25.6)	(5.2)	(43.4)	(1.0)
Minimum pension liability adjustment, net of income taxes	1.1	--	1.1	--
Currency translation adjustments	85.8	15.5	108.6	18.2
Other comprehensive income	61.3	10.3	66.3	17.2
Comprehensive income	$ 133.9	$ 61.2	$ 176.2	$ 109.3

13. Earnings Per Share

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

	Three Months Ended March 31,		Six Months Ended March 31,	
	2008	**2007**	**2008**	**2007**
Basic weighted average share outstanding	73,899,328	73,535,741	73,856,333	73,444,391
Effect of dilutive stock options and other equity-based compensation awards	981,697	1,236,534	1,062,837	1,241,322
Diluted weighted average shares outstanding	74,881,025	74,772,275	74,919,170	74,685,713

Options to purchase 1,056,838 shares and 1,054,550 shares of Common Stock were outstanding during the three and six month periods ended March 31, 2008, respectively, but were not included in the computation of diluted earnings per share because the effect would be anti-dilutive. Options to purchase 422,500 shares of Common Stock were outstanding during the three and six month periods ended March 31, 2007 but were not included in the computation of diluted earnings per share because the effect would be anti-dilutive.

OSHKOSH CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

14. Employee Benefit Plans

Components of net periodic pension benefit cost were as follows (in millions):

	U.S. Plans			
	Three Months Ended March 31,		Six Months Ended March 31,	
	2008	2007	2008	2007
Service cost	$ 2.6	$ 2.5	$ 5.1	$ 4.8
Interest cost	2.5	2.3	5.1	4.6
Expected return on plan assets	(3.0)	(2.9)	(6.0)	(5.8)
Amortization of prior service cost	0.4	0.3	0.7	0.6
Curtailment	--	--	2.0	--
Amortization of net loss	0.5	0.6	1.0	1.3
Net periodic benefit cost	$ 3.0	$ 2.8	$ 7.9	$ 5.5

	Non-U.S. Plans			
	Three Months Ended March 31,		Six Months Ended March 31,	
	2008	2007	2008	2007
Service cost	$ 0.4	$ 0.3	$ 0.7	$ 0.5
Interest cost	0.4	0.2	0.8	0.4
Expected return on plan assets	(0.4)	(0.2)	(0.8)	(0.3)
Amortization of net loss	(0.1)	0.1	(0.1)	0.1
Net periodic benefit cost	$ 0.3	$ 0.4	$ 0.6	$ 0.7

The Company expects to contribute approximately $5.0 million to $10.0 million to its pension plans in fiscal 2008 compared to $2.2 million in fiscal 2007.

Components of net periodic other post-employment benefit costs were as follows (in millions):

	Three Months Ended March 31,		Six Months Ended March 31,	
	2008	2007	2008	2007
Service cost	$ 0.4	$ 0.5	$ 0.9	$ 0.9
Interest cost	0.4	0.4	0.9	0.8
Amortization of net loss	0.1	0.1	0.1	0.2
Net periodic benefit cost	$ 0.9	$ 1.0	$ 1.9	$ 1.9

The Company made contributions to fund benefit payments of $0.2 million and $0.2 million for the three month and $0.4 and $0.3 for the six month periods ended March 31, 2008 and 2007, respectively, under its other post-employment benefit plans. The Company estimates additional contributions of approximately $0.5 million will be made under these other post-employment plans prior to the end of fiscal 2008.

OSHKOSH CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

15. Income Taxes

The Company adopted the provisions of FIN 48 on October 1, 2007. The adoption of FIN 48 resulted in a $2.9 million charge to retained earnings as of October 1, 2007 and the reclassification of $30.0 million in liabilities related to uncertain tax positions in the Company s Condensed Consolidated Balance Sheet from income taxes payable to other long-term assets ($6.2 million) and long-term liabilities ($36.2 million). As of October 1, 2007, the Company s liability for gross uncertain tax positions, excluding interest and penalties, was $55.3 million. Excluding interest and penalties, net unrecognized tax benefits of $12.0 million would affect the Company s effective tax rate if recognized.

The Company recognizes accrued interest and penalties, if any, related to unrecognized tax benefits in the provision for income taxes in the Company s Condensed Consolidated Statements of Income. At October 1, 2007, the Company had accrued $8.6 million for the potential payment of interest and penalties on gross unrecognized tax benefits. The Company recognized interest and penalties of $1.0 million and $2.0 million in the provision for income taxes in the Company s Condensed Consolidated Statements of Income for the three and six months ended March 31, 2008, respectively.

Tax years which remain subject to examination by tax authorities for the Company include years subsequent to 2005 in the United States and subsequent to 2006 in Belgium. In addition, JLG is subject to examination in the United States for periods subsequent to July 31, 2002.

Unrecognized tax benefits related to items that are affected by expiring statutes of limitations within the next twelve months are not expected to be material.

16. 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 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 costs. The Company has been named a PRP with regard to three multiple-party sites. Based on current estimates, the Company believes its liability at these sites will not be material and any responsibility of the Company is adequately covered through established reserves.

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 of TCE 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. However, this may change as investigations proceed by the Company, other unrelated property owners and the government.

At March 31, 2008 and September 30, 2007, the Company had reserves of $3.9 million and $4.1 million, respectively, for losses related to environmental matters that are probable and estimable. The amount recorded for identified contingent liabilities is based on estimates. Amounts recorded are reviewed periodically and adjusted to reflect additional technical and legal information that becomes available. Actual costs to be incurred in future periods may vary from the estimates, given the inherent uncertainties in evaluating certain exposures. Subject to the

imprecision in estimating future contingent liability costs, the Company does not expect that any sum it may have to pay in connection with these matters in excess of the amounts recorded will have a material adverse effect on the Company s financial condition, results of operations or cash flows.

OSHKOSH CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

The Company is also contingently liable under bid, performance and specialty bonds totaling approximately $258.8 million and open standby letters of credit issued by the Company s banks in favor of third parties totaling $21.8 million at March 31, 2008.

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 $3.0 million per claim. Accordingly, a reserve is maintained for the estimated costs of such claims. At March 31, 2008 and September 30, 2007, the reserve for product and general liability claims was $51.5 million and $51.6 million, 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 adverse effect on the Company s financial condition, results of operations or cash flows.

Prior to its acquisition by the Company, JLG had received notices of audit adjustments totaling $7.1 million from the Pennsylvania Department of Revenue (PA) in connection with audits of income tax returns filed by JLG for fiscal years 1999 through 2003. The adjustments proposed by PA consist primarily of the disallowance of a royalty deduction taken on JLG s income tax returns. The Company believes that PA has acted contrary to applicable law and is disputing PA s position. While the Company is continuing the appeal process, PA has denied any relief on appeals to date.

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.

17. Business Segment Information

In accordance with SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information, for purposes of business segment performance measurement, the Company does not allocate to individual business segments costs or items that are of a non-operating nature or organizational or functional expenses of a corporate nature. The caption Corporate and other includes corporate office expenses including share-based compensation, results of insignificant operations and intersegment eliminations. Identifiable assets of the business segments exclude general corporate assets, which principally consist of cash and cash equivalents, certain property, plant and equipment and certain other assets pertaining to corporate activities. Summarized financial information concerning the Company s product lines and reportable segments is as follows (in millions):

	Year Ended September 30, 2007			Year Ended September 30, 2006		
	External Customers	**Inter-segment**	**Net Sales**	**External Customers**	**Inter-segment**	**Net Sales**
Access equipment [(a)]						
Aerial work platforms	$ 1,493.7	$ --	$ 1,493.7	$ --	$ --	$ --
Telehandlers	796.8	--	796.8	--	--	--
Other	249.0	--	249.0	--	--	--
Total access equipment	2,539.5	--	2,539.5	--	--	--
Defense	1,412.1	4.4	1,416.5	1,311.9	5.3	1,317.2
Fire & emergency	1,107.4	34.8	1,142.2	925.8	35.7	961.5
Commercial						

	Year Ended September 30, 2007			Year Ended September 30, 2006		
Concrete placement	619.3	--	619.3	697.9	0.6	698.5
Refuse collection	527.4	--	527.4	476.0	--	476.0
Other	101.6	--	101.6	15.8	--	15.8
Total commercial	1,248.3	--	1,248.3	1,189.7	0.6	1,190.3
Intersegment eliminations	--	(39.2)	(39.2)	--	(41.6)	(41.6)
Consolidated	$ 6,307.3	$ --	$ 6,307.3	$ 3,427.4	$ --	$ 3,427.4

(a) Fiscal 2007 access equipment disclosures include the results of JLG subsequent to December 6, 2006, the date of acquisition.

OSHKOSH CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

	Three Months Ended March 31, 2008			Three Months Ended March 31, 2007		
	External Customers	Inter-segment	Net Sales	External Customers	Inter-segment	Net Sales
Access equipment						
Aerial work platforms	$ 554.5	$ --	$ 554.5	$ 371.7	$ --	$ 371.7
Telehandlers	167.1	--	167.1	264.4	--	264.4
Other	91.5	--	91.5	71.8	--	71.8
Total access equipment	813.1	--	813.1	707.9	--	707.9
Defense	448.7	2.1	450.8	305.1	0.9	306.0
Fire & emergency	259.9	12.4	272.3	285.8	8.4	294.2
Commerical						
Concrete placement	90.0	--	90.0	200.4	--	200.4
Refuse collection	139.6	--	139.6	132.7	--	132.7
Other	21.3	--	21.3	28.8	--	28.8
Total commercial	250.9	--	250.9	361.9	--	361.9
Intersegment eliminations	--	(14.5)	(14.5)	--	(9.3)	(9.3)
Consolidated	$ 1,772.6	$ --	$ 1,772.6	$ 1,660.7	$ --	$ 1,660.7

	Six Months Ended March 31, 2008			Six Months Ended March 31, 2007		
	External Customers	Inter-segment	Net Sales	External Customers	Inter-segment	Net Sales
Access equipment [(a)]						
Aerial work platforms	$ 933.7	$ --	$ 933.7	$ 442.1	$ --	$ 442.1
Telehandlers	324.8	--	324.8	298.1	--	298.1
Other	165.1	--	165.1	85.4	--	85.4
Total access equipment	1,423.6	--	1,423.6	825.6	--	825.6
	845.7	3.4	849.1	615.5	2.2	617.7

	Six Months Ended March 31, 2008			Six Months Ended March 31, 2007		
Defense						
Fire & emergency	521.9	23.0	544.9	545.5	14.7	560.2
Commercial						
Concrete placement	160.4	--	160.4	357.2	--	357.2
Refuse collection	279.5	--	279.5	267.4	--	267.4
Other	41.4	--	41.4	56.3	--	56.3
Total commercial	481.3	--	481.3	680.9	--	680.9
Intersegment eliminations	--	(26.4)	(26.4)	--	(16.9)	(16.9)
Consolidated	$ 3,272.5	$ --	$ 3,272.5	$ 2,667.5	$ --	$ 2,667.5

(a) Fiscal 2007 access equipment disclosures include the results of JLG subsequent to December 6, 2006, the date of acquisition.

OSHKOSH CORPORATION
Notes to Condensed Consolidated Financial Statements
(Unaudited)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2008	**2007**	**2008**	**2007**
Operating income (loss):				
Access equipment[(a)]	$ 123.6	$ 53.2	$ 184.7	$ 55.6
Defense	59.7	52.8	123.6	107.4
Fire & emergency	20.6	27.6	42.8	52.2
Commercial	(5.5)	22.1	(15.7)	42.9
Corporate and other	(30.2)	(20.9)	(57.3)	(39.7)
Consolidated operating income	168.2	134.8	278.1	218.4
Interest expense, net of interest income	(53.5)	(61.0)	(108.0)	(81.1)
Miscellaneous other income (expense)	(3.5)	0.8		