OSHKOSH CORP
Form 10-K
November 13, 2015
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

ý ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended September 30, 2015

or

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

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
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock ($.01 par value)	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ý Yes o No
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. o Yes ý No
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. ý Yes o No
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
ý Yes o No
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ý

Table of Contents

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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated filer o
Non-accelerated filer o	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). o Yes ý No

At March 31, 2015, the aggregate market value of the registrant's Common Stock held by non-affiliates was $3,815,169,764 (based on the closing price of $48.79 per share on the New York Stock Exchange as of such date).

As of November 6, 2015, 74,809,786 shares of the registrant's Common Stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the Proxy Statement for the 2016 Annual Meeting of Shareholders (to be filed with the Commission under Regulation 14A within 120 days after the end of the registrant's fiscal year and, upon such filing, to be incorporated by reference into Part III).

Table of Contents

OSHKOSH CORPORATION
FISCAL 2015 ANNUAL REPORT ON FORM 10-K
TABLE OF CONTENTS

Table of Contents

As used herein, the “Company,” “we,” “us” and “our” refers to Oshkosh Corporation and its consolidated subsidiaries. “Oshkosh” refers to Oshkosh Corporation, not including JLG Industries, Inc. and its wholly-owned subsidiaries (“JLG”), Oshkosh Defense, LLC and its wholly-owned subsidiary (including its predecessor, “Oshkosh Defense”), Pierce Manufacturing Inc. (“Pierce”), McNeilus Companies, Inc. (“McNeilus”) and its wholly-owned subsidiaries, Oshkosh Airport Products, LLC (“Airport Products”), Kewaunee Fabrications, LLC (“Kewaunee”), Oshkosh Commercial Products, LLC (“Oshkosh Commercial”), Concrete Equipment Company, Inc. and its wholly-owned subsidiary (“CON-E-CO”), London Machinery Inc. and its wholly-owned subsidiary (“London”) and Iowa Mold Tooling Co., Inc. (“IMT”) or any other subsidiaries.

The “Oshkosh®,” “JLG®,” “Oshkosh Defense®,” “Pierce®,” “McNeilus®,” “Jerr-Dan®,” “Frontline™,” “CON-E-CO®,” “London®,” “IMT®,” “Command Zone™,” “TAK-4®,” “Pacific Series®,” “PUC™,” “Sabre®,” “Hercules™,” “Husky™,” “Sky-Trak®,” “Lull®,” “TerraMax™, ” “ProPulse®” and “Power Towers™” trademarks and related logos are trademarks or 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 references herein to earnings per share refer to earnings per share assuming dilution, unless noted otherwise.

For ease of understanding, the Company refers to types of specialty vehicles 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 vehicles and vehicle bodies as the Company and are therefore only estimates. Unless otherwise noted, these market positions are based on sales in the United States of America. There can be no assurance that the Company will maintain such market positions in the future.

Cautionary Statement About Forward-Looking Statements

The Company believes that certain statements in “Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and other statements located elsewhere in this Annual Report on Form 10-K are “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, debt levels and cash flows, and plans and objectives of management for future operations, including those under the caption “Executive Overview” in “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” are forward-looking statements. When used in this Annual Report on Form 10-K, words such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “should,” “project” or “plan” or the negative thereof o 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, which could cause actual results to differ materially from those expressed or implied by such forward-looking statements. These factors include the cyclical nature of the Company’s access equipment, commercial and fire & emergency markets, which are particularly impacted by the strength of U.S. and European economies; the Company's estimates of access equipment demand; the strength of the U.S. dollar and its impact on Company exports, translation of foreign sales and purchased materials; the expected level and timing of U.S. Department of Defense (“DoD”) and international defense customer procurement of products and services and funding thereof; risks related to reductions in government expenditures in light of U.S. defense budget pressures, sequestration and an uncertain DoD tactical wheeled vehicle strategy; risks related to Company's future defense segment sales as a result of the outcome of a competitor's protest of the U.S. Joint Light Tactical Vehicle (“JLTV”) production contract award to the Company; the Company's ability to finalize an international contract for more than 1,000 Mine Resistant Ambush Protected All-Terrain Vehicles (“M-ATVs”) with the majority of the units sold in fiscal 2016; the Company’s ability to increase prices to raise margins or offset higher input costs; increasing commodity and other raw material costs, particularly in a sustained economic recovery; risks related to facilities expansion, consolidation and alignment, including the amounts of related costs and charges and that anticipated cost savings may not be achieved; global economic uncertainty, which could lead to additional impairment charges related to many of the Company’s intangible assets and/or a slower recovery in the Company’s cyclical businesses than Company or equity market expectations; projected adoption rates of work at height machinery in emerging markets;

the impact of severe weather or natural disasters that may affect the Company, its suppliers or its customers; risks related to the collectability of receivables, particularly for those businesses with exposure to construction markets; the cost of any warranty campaigns related to the Company’s products; risks related to production or shipment delays arising from quality or production issues; risks associated with international operations and sales, including compliance with the Foreign Corrupt Practices Act; the Company’s ability to comply with complex laws and regulations applicable to U.S. government contractors; cyber security risks and costs of defending against, mitigating and responding to a data security breach; and risks related to the Company’s ability to successfully execute on its strategic road map and meet its long-term financial goals. Additional information concerning factors that could cause actual results to differ materially from those in the forward-looking statements is contained in Item 1A of Part I of this report.

Table of Contents

All forward-looking statements, including those under the caption “Executive Overview” in “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” speak only as of November 13, 2015. The Company assumes no obligation, and disclaims any obligation, to update information contained in this Annual Report on Form 10-K. Investors should be aware that the Company may not update such information until the Company’s next quarterly earnings conference call, if at all.

Table of Contents

PART I

ITEM 1. BUSINESS

The Company

Oshkosh Corporation is a leading designer, manufacturer and marketer of a broad range of specialty vehicles and vehicle bodies. The Company partners with customers to deliver superior solutions that safely and efficiently move people and materials at work, around the globe, and around the clock. The Company began business in 1917 as an early pioneer of four-wheel drive technology, and off road mobility technology remains one of its core competencies. The Company maintains four reportable segments for financial reporting purposes: access equipment, defense, fire & emergency and commercial, which comprised 56%, 15%, 13% and 16%, respectively, of the Company's consolidated net sales in fiscal 2015. These segments, in some way, all share common customers and distribution channels, leverage common components and suppliers, utilize common technologies and manufacturing processes and share manufacturing and distribution facilities, which results in the Company being an integrated specialty vehicle manufacturer. The Company made approximately 15%, 24% and 36% of its net sales for fiscal 2015, 2014 and 2013, respectively, to the U.S. government, a substantial majority of which were under multi-year contracts and programs in the defense vehicle market. See Note 23 of the Notes to Consolidated Financial Statements for financial information related to the Company's business segments.

JLG, a global manufacturer of aerial work platforms and telehandlers used in a wide variety of construction, agricultural, industrial, institutional and general maintenance applications to position workers and materials at elevated heights, forms the base of the Company's access equipment segment. JLG's customers include equipment rental companies, construction contractors, manufacturing companies and home improvement centers. The access equipment segment also includes Jerr-Dan-branded tow trucks ("wreckers") and roll-back vehicle carriers ("carriers") sold to towing companies in the U.S. and abroad.

The Company's defense segment has manufactured and sold military tactical wheeled vehicles to the DoD for more than 90 years. In 1981, Oshkosh Defense was awarded the first Heavy Expanded Mobility Tactical Truck ("HEMTT") contract for the DoD and thereafter developed into the DoD's leading supplier of severe-duty, heavy-payload tactical trucks. Since that time, Oshkosh Defense has broadened its product offerings to become the leading manufacturer of severe-duty, heavy- and medium-payload tactical trucks for the DoD, manufacturing vehicles that perform a variety of demanding tasks such as hauling tanks, missile systems, ammunition, fuel, troops and cargo for combat units and light-payload tactical vehicles, through its M-ATVs. In October 2011, Oshkosh Defense introduced the Light Combat All-Terrain Vehicle ("L-ATV") to continue to expand its light protected tactical wheeled vehicle offering. The L-ATV incorporates field-proven technologies, advanced armor solutions and expeditionary levels of off-road mobility to redefine safety and performance standards. The L-ATV also is designed for future growth, with the ability to accept additional armor packages and technology upgrades as the mission requires. The L-ATV was Oshkosh Defense's entrant in the DoD's JLTV competition. In August 2015, the DoD awarded the Company an eight-year fixed price contract valued at $6.7 billion for the production and delivery of approximately 17,000 vehicles and sustaining services under the U.S. Army and Marine Corps JLTV program. The JLTV program is expected to be a 20-year, $30 billion program for the production of up to 55,000 vehicles as well as support services and engineering. A competitor has filed a protest with the Government Accountability Office ("GAO") regarding the award of the JLTV contract to the Company, and the DoD has issued a stop-work order on the JLTV program pending resolution of the protest. The Company expects the GAO to issue its decision on the protest in December 2015.

The Company's fire & emergency segment manufactures custom and commercial firefighting vehicles and equipment, aircraft rescue and firefighting ("ARFF") vehicles, snow removal vehicles, simulators and other emergency vehicles primarily sold to fire departments, airports and other governmental units in the Americas and abroad and broadcast vehicles sold to broadcasters and television stations in the Americas and abroad.

The Company's commercial segment manufactures rear- and front-discharge concrete mixers, refuse collection vehicles, portable and stationary concrete batch plants and vehicle components sold to ready-mix companies and commercial and municipal waste haulers in North America and other international markets and field service vehicles and truck-mounted cranes sold to mining, construction and other companies in the Americas and abroad.

Table of Contents

Competitive Strengths

The following competitive strengths support the Company's business strategy:

Strong Market Positions. The Company has developed strong market positions and brand recognition in its core businesses, which it attributes to its reputation for quality products, advanced engineering, innovation, vehicle performance, reliability, customer service and low total product life cycle costs. The Company maintains leading market shares in all its businesses and is the sole-source supplier of a number of vehicles to the DoD.

Diversified Product Offering. The Company believes its broad product offerings and target markets serve to diversify its sources of revenues, mitigate the impact of economic cycles and provide multiple platforms for potential organic growth and acquisitions. The Company's product offerings provide extensive opportunities for bundling of products for sale to customers, co-location of manufacturing, leveraging purchasing power and sharing technology within and between segments. For each of its target markets, the Company has developed or acquired a broad product line in an effort to become a single-source provider of specialty vehicles, vehicle bodies, parts and service and related products to its customers. In addition, the Company has established an extensive domestic and international distribution system for specialty vehicles and vehicle bodies tailored to each market.

Quality Products and Customer Service. The Company has developed strong brand recognition for its products as a result of its commitment to meet the stringent product quality and reliability requirements of its customers in the specialty vehicle and vehicle body markets it serves. The Company frequently achieves premium pricing due to the durability and low life cycle costs for its products. The Company also provides high quality customer service through its extensive parts and service support programs, which are generally available to customers 365 days a year in all product lines throughout the Company's distribution systems.

Innovative and Proprietary Components. The Company's advanced design and engineering capabilities have contributed to the development of innovative and/or proprietary, severe-duty components that enhance vehicle performance, reduce manufacturing costs and strengthen customer relationships. The Company's advanced design and engineering capabilities have also allowed it to integrate many of these components across various product lines, which enhances its ability to compete for new business and reduces its costs to manufacture its products compared to manufacturers who simply assemble purchased components.

Flexible and Efficient Manufacturing. The Company believes it has competitive advantages over larger vehicle manufacturers in its specialty vehicle markets due to its product quality, manufacturing flexibility, vertical integration, purchasing power in specialty vehicle components and tailored distribution systems. In addition, the Company believes it has competitive advantages over smaller vehicle and vehicle body manufacturers due to its relatively higher volumes of similar products that permit the use of moving assembly lines and which allow it to leverage purchasing power and technology opportunities across product lines.

Strong Management Team. The Company has been led by Chief Executive Officer Charles L. Szews and President and Chief Operating Officer Wilson R. Jones who have been employed by the Company since 1996 and 2005, respectively. Mr. Szews recently announced his retirement from the Company effective December 31, 2015. Mr. Jones will succeed Mr. Szews as Chief Executive Officer on January 1, 2016. Messrs. Szews and Jones are complemented by an experienced senior management team that has been assembled through internal promotions and new hires. The management team has successfully executed a strategic reshaping and expansion of the Company's business since 1996, which has positioned the Company to be a global leader in the specialty vehicle and vehicle body markets.

Business Strategy

The Company is focused on increasing its net sales, profitability and cash flow and maintaining a strong balance sheet by capitalizing on its competitive strengths and pursuing an integrated business strategy. The Company completed a comprehensive strategic planning process in fiscal 2011 with the assistance of a globally-recognized consulting firm that culminated in the creation of the Company’s roadmap, named MOVE, to deliver outstanding long-term shareholder value.

Table of Contents

The MOVE strategy consists of the following four key initiatives:

Market Recovery and Growth. This initiative focuses on capturing and improving the Company's historical share in a market recovery. A number of the markets in which the Company participates were down anywhere from 40% to more than 90% from peak levels as a result of the Great Recession. The Company has experienced some recovery in a number of markets in which it participates, but the recovery has been slower than the Company anticipated, and these markets have still not returned to pre-recession levels. In addition, adverse weather conditions in parts of the U.S. and the impact of a sudden and significant drop in the price of oil and gas on oil and gas exploration and related construction activity both negatively impacted demand for the Company's access equipment segment in fiscal 2015 and accelerated into fiscal 2015 a mid-cycle dip in access equipment demand as a result of low purchases of access equipment in the 2009-2010 time-period. The Company believes that the defense segment troughed in fiscal 2015 and is poised for a rebound with recent international and domestic contract awards and additional opportunities on the horizon. Continued slow recovery in U.S. municipal spending has positively impacted the fire & emergency and commercial segments, although overall municipal spending continues to remain below normalized levels. U.S. residential and non-residential construction markets have also continued to recover from the Great Recession, although neither has returned to pre-recession levels. The Company believes that this recovery will continue in the coming years, driving demand for its businesses with exposure to construction markets. The Company continues to work on improving its sales, inventory and operations planning and sales capture processes to more effectively respond to customers' needs as the recovery occurs in each of its markets. Also, the Company has continued to focus on staying close to its customers by providing high-quality customer service through its extensive parts and service support programs, which are generally available to customers 365 days a year in all product lines throughout the Company's distribution systems.

Optimize Cost and Capital Structure. This initiative focuses on optimizing the Company's cost and capital structure ("O" initiative) to provide value for customers and shareholders by aggressively attacking its product, process and overhead costs and opportunistically using its expected strong free cash flow to return capital to shareholders or invest in acquisition opportunities. The Company utilizes a comprehensive lean enterprise focus to drive to be a low cost producer in all of its product lines while sustaining premium product features and quality and to deliver low product life cycle costs for its customers. Lean is a methodology to eliminate non-value added work from a process stream. The Company has successfully implemented this initiative by:

- Combining the Company's strategic purchasing teams globally into a single organization to capture its full purchasing power across all of its businesses and to promote low-cost-country sourcing;
- Managing the business to target breakthrough objectives, including aggressive cost reduction targets, via the Company-wide use of strategy deployment scorecards to provide effective, timely assessment of progress toward objectives and implementation of countermeasures as needed;
- Utilizing integrated project teams to reduce product and process costs across the Company;
- Creating a single quality management system to drive enhanced quality throughout all of the Company's businesses to improve customer satisfaction and lower the cost of quality;
- Expanding its production capabilities with the launch of a new manufacturing facility in Leon, Mexico, which is expected to reduce the costs of components currently sourced from third party suppliers;
- Launching and leveraging the Oshkosh Operating System ("OOS") to create common practices across the Company to enhance its performance. The OOS is a system of doing business that is focused on serving and delighting customers by utilizing continuous improvement and lean practices. The Company has trained substantially all of its employees in elements of the OOS. The Company believes that the OOS enables it to sustain strong performance for its customers, shareholders, employees and other stakeholders;
- Developing and communicating to shareholders a comprehensive capital allocation strategy that has resulted in reducing the Company's leverage to create options for internal investments, acquisitions and return of capital to shareholders; and
-

Returning value to shareholders through the reinstatement of a quarterly dividend and through executing the Company's stock repurchase program. Over the three-year period ended September 30, 2015, the Company returned over $900 million to shareholders through quarterly cash dividends and repurchases of the Company's Common Stock, including the repurchase of 19.3 million shares, or 21% of the shares outstanding and a 13% increase in the Company's quarterly cash dividend in December 2014 and an additional 12% increase in November 2015.

Table of Contents

As a result of its focus on cost optimization, the Company expects to more efficiently utilize its manufacturing facilities, increase inventory turns, reduce product, process and overhead costs, lower manufacturing lead times and new product development cycle times and increase its operating income margins.

Value Innovation. This initiative focuses on emphasizing the Company's new product development as it seeks to expand sales and margins by leading its core markets in the introduction of new or improved products and new technologies. The Company primarily uses internal development but also uses licensing of technology and strategic acquisitions to execute multi-generational product plans in each of the Company’s businesses. The Company actively seeks to commercialize emerging technologies that are capable of expanding customer uses of its products. Examples of the Company’s innovation successes include:

- The L-ATV, which was selected by the U.S. DoD for the JLTV production contract, incorporates field-proven technologies, advanced armor solutions and expeditionary levels of mobility to redefine safety and performance standards;
- The TAK-4 family of independent suspension systems, which the Company uses on multiple vehicle platforms in its defense and fire & emergency segments, including the TAK-4i “intelligent” independent suspension system, which the Company is using on the L-ATV for the JLTV program;
- The JLG 185-foot self-propelled boom lift, the world's tallest self-propelled boom, which enables operators to tackle high level access needs for construction and maintenance projects;
- The JLG 34-foot articulated hybrid boom, which is the world’s first true four-wheel electric-drive hybrid boom. This boom combines a diesel engine and an electric power system to provide the power and durability of a diesel powered machine while also allowing substantial fuel savings, quieter operation and lower carbon emissions;
- The Power Towers Nano offers world class performance in low level access equipment. The Nano line includes manual and automated propulsion variants, providing a range of options for low level access needs;
- The Pierce Ascendant heavy-duty aerial ladder, a highly maneuverable 107-foot steel aerial device that rides on a single rear axle fire truck configuration;
- The Command Zone multiplexing technology, which the Company has applied to numerous products in each of its segments to control, monitor and diagnose electronic components;
- The Pierce Ultimate Configuration (“PUC”) vehicle configuration, which eliminates the bulky pumphouse from firefighting vehicles, making such vehicles easier to use and service;
- The redesigned Pierce Saber custom fire chassis. The new Saber chassis features a 96-inch wide cab with a single-piece bonded windshield. It also includes a smaller engine tunnel that is lower-placed, allowing more room for firefighters with ergonomic hip and elbow room for the driver and officer;
- The integration of compressed natural gas to power McNeilus’ refuse collection vehicles and concrete mixers and Oshkosh Commercial's front-discharge mixer, which reduces fuel costs and emissions;
- The Meridian Front Loader refuse collection vehicle, which offers the perfect balance between the performance of a lightweight vehicle with the strength and durability of a heavyweight vehicle;
- The split-body refuse collection vehicle with automatic tailgate locks to collect and separate multiple waste streams and safely eject loads from inside the cab; and
- The Pacific Series Ultra Front Loader refuse collection vehicle, which offers a lightweight alternative to traditional industry product offerings.

Emerging Market Expansion. This initiative focuses on the Company's continued expansion into those specialty vehicle and vehicle body markets globally where it has or can acquire strong market positions over time and where it believes it can leverage synergies in purchasing, manufacturing, technology and distribution to increase sales and profitability. Business development teams actively pursue new customers in targeted developing countries in Asia, Eastern Europe, the Middle East, Latin America and Africa. In pursuit of this strategy, the Company opened new sales and service offices in recent years in Russia, India, Saudi Arabia, China, South Korea and Japan to pursue various opportunities in each of those countries. In addition, the Company recently expanded its sales and aftermarket personnel in multiple countries in Europe, Latin America, Asia and the Middle East. The Company would also consider selectively pursuing strategic acquisitions to enhance the Company’s product offerings and expand its international presence in the specialty vehicle and vehicle body markets. A significant strengthening

4

of the U.S. dollar in fiscal 2015 negatively impacted the Company's international sales when translated into U.S. dollars, thereby muting the results of the Company's global expansion activities in fiscal 2015.

The Company intends to continue to pursue the MOVE strategy in fiscal 2016 and beyond, with the belief that this strategy will continue to drive actions that will position the Company to deliver strong shareholder value in the coming years.

Products

The Company is focused on the following core segments of the specialty vehicle and vehicle body markets:

Access equipment segment. JLG manufactures aerial work platforms and telehandlers used in a wide variety of construction, agricultural, industrial, institutional and general maintenance applications to position workers and materials at elevated heights. In addition, through a long-term license with Caterpillar Inc. that extends through 2025, JLG produces Caterpillar-branded telehandlers for distribution through the worldwide Caterpillar Inc. dealer network. JLG also produces a line of telehandlers for the agricultural market under a license from SAME Deutz-Fahr and sells SAME Deutz-Fahr-branded telehandlers directly to SAME Deutz-Fahr's dealer network. Through its acquisition of Power Towers Ltd. in 2015, the Company is a leading manufacturer and marketer of low level access equipment in the United Kingdom, Europe and the Middle East. Power Towers Ltd. offers a range of award-winning low level lifts, both self-propelled and push around types, to meet the demands of the rapidly expanding low level access market within the access equipment industry.

Access equipment customers include equipment rental companies, construction contractors, manufacturing companies and home improvement centers. JLG’s products are marketed in over 3,500 locations worldwide through independent rental companies and distributors that purchase these products and then rent or sell them and provide service support, as well as through other sales and service branches or organizations in which the Company holds equity positions.

JLG also arranges equipment financing and leasing solutions for its customers, primarily through third-party funding arrangements with independent financial companies, and occasionally provides credit support in connection with these financing and leasing arrangements. Financing arrangements that JLG offers or arranges through this segment include various types of rental fleet loans and leases, as well as floor plan and retail financing. Terms of these arrangements vary depending on the type of transaction, but typically range between 36 and 72 months and generally require the customer to be responsible for insurance, taxes and maintenance of the equipment, and to bear the risk of damage to or loss of the equipment.

The Company, through its Jerr-Dan brand, is a leading manufacturer and marketer of towing and recovery equipment in the U.S. The Company believes Jerr-Dan is recognized as an industry leader in quality and innovation. Jerr-Dan offers a complete line of both carriers and wreckers. In addition to manufacturing equipment, Jerr-Dan provides its customers with one-stop service for carriers and wreckers and generates revenue from the installation of equipment, as well as the sale of chassis and service parts.

Defense segment. The Company, through Oshkosh Defense, has sold products to the DoD for over 90 years. Oshkosh Defense also exports tactical wheeled vehicles to approved foreign customers. By successfully responding to the DoD's changing vehicle requirements, Oshkosh Defense has become the leading manufacturer of Heavy, Medium, and Mine Resistant Ambush Protected (“MRAP”) tactical wheeled vehicles and related service and sustainment for the DoD and has expanded its product offerings to include light tactical wheeled vehicles. Oshkosh Defense manufactures vehicles that perform a variety of demanding tasks such as hauling tanks, missile systems, ammunition, fuel, troops and cargo for a broad range of missions. Oshkosh Defense's proprietary military product line of heavy-payload tactical wheeled vehicles includes the HEMTT, the Heavy Equipment Transporter (“HET”), the Palletized Load System (“PLS”), and the Logistic Vehicle System Replacement (“LVSR”). Oshkosh Defense's proprietary military medium-payload tactical wheeled vehicles include the Medium Tactical Vehicle Replacement (“MTVR”). Oshkosh Defense's proprietary M-ATV was specifically designed with superior survivability as well as extreme off-road mobility for use in conditions similar to those encountered in the conflict in Afghanistan.

In June 2009, the DoD awarded Oshkosh Defense a sole source contract for M-ATVs and associated aftermarket parts packages. Oshkosh Defense completed the contract requirements in fiscal 2012, delivering more than 8,700 M-ATVs, along with aftermarket parts and services through the life of the contract with a total contract value of $6.5 billion. In fiscal 2013, Oshkosh Defense completed deliveries of 750 M-ATVs to the United Arab Emirates (“UAE”), and in fiscal 2014 and fiscal 2015, Oshkosh Defense completed deliveries of 195 and 66 M-ATVs, respectively, to another international customer. In August 2015, Oshkosh Defense secured an order from an international customer for 273 M-ATVs for sale in fiscal 2016 and expects to

Table of Contents

secure a contract for more than 1,000 additional M-ATVs in fiscal 2016, more than half of which would be for sales in fiscal 2016. Oshkosh Defense continues to actively market M-ATVs to approved international customers.

In August 2009, the DoD awarded Oshkosh Defense a contract to be the sole producer of Family of Medium Tactical Vehicles (“FMTV”) under the U.S. Army's FMTV Rebuy program. Originally a five-year requirements contract, the DoD has extended the FMTV Rebuy program to allow for the delivery of vehicles and trailers through February 2017.

In October 2011, Oshkosh Defense introduced the L-ATV to continue to expand its light protected tactical wheeled vehicle offerings. The L-ATV is Oshkosh Defense's winning entrant in the DoD's JLTV competition. The L-ATV incorporates field-proven technologies, advanced armor solutions and expeditionary levels of off-road mobility to redefine safety and performance standards. The L-ATV also is designed for future growth, with the ability to accept additional armor packages and technology upgrades as the mission requires.

In August 2014, the DoD awarded Oshkosh Defense a contract for the inspection and update of up to 800 M-ATVs. After fulfilling its obligations under the initial contract award during fiscal 2015, Oshkosh Defense was awarded an extension on the contract for an additional 360 M-ATVs in May 2015. The Company expects deliveries under the contract extension to occur in fiscal 2016.

In June 2015, the DoD awarded Oshkosh Defense a new Family of Heavy Tactical Vehicles (“FHTV”) contract for the recapitalization of HEMTT, HET and PLS vehicles as well as associated logistics and configuration management support. The contract is a five-year requirements contract for the continued remanufacturing of FHTV vehicles through fiscal 2020. The contract is fixed-price incentive firm where the price paid to the Company is subject to adjustment based on actual costs incurred. The impact of pricing adjustments under fixed-price incentive firm contracts are generally shared by the Company and the customer.

In August 2015, the DoD awarded Oshkosh Defense an eight-year, fixed price JLTV contract valued at $6.7 billion for production and delivery of approximately 17,000 vehicles and sustaining services. The JLTV program is expected to be a 20-year, $30 billion program for the production of up to 55,000 vehicles, support services and engineering. A competitor has filed a protest with the GAO regarding the award of the JLTV contract to the Company and the DoD has issued a stop-work order on the JLTV program pending resolution of the protest.

In addition to retaining its current defense truck contracts, the Company’s objective is to continue to diversify into other areas of the U.S. and international defense vehicle markets by expanding applications, uses and vehicle body styles of its current tactical truck lines. As the Company enters competitions in the defense tactical wheeled vehicle market, the Company believes it has multiple competitive advantages, including:

- Engineering and testing. Domestic and international vehicle contract competitions require significant defense engineering expertise to ensure that vehicle designs excel under demanding test conditions. The Company has teams of engineers and engages highly-specialized contract engineers to improve current products and develop new products. Oshkosh Defense engineers have significant expertise designing new vehicles, using sophisticated modeling and simulation, supporting disciplined testing programs at military and approved test sites, and producing detailed, comprehensive, successful contract proposals.
- Proprietary components. The Company's patented TAK-4 independent suspension family has been expanded to include the TAK-4 “intelligent” or TAK-4i configuration, which brings 25% more wheel travel and ride height control compared to the original TAK-4 to address the evolving requirements of the Company's customers. Integrating the TAK-4 suspension with the Company's proprietary power train components allows the Company to deliver the market-leading off-road performance for which its defense vehicles are known. In addition, because these are typically some of the higher cost components in a vehicle, the Company has a competitive cost advantage based on the in-house manufacturing and assembly of these items.
-

Past performance. The Company has been building tactical wheeled vehicles for the DoD for more than 90 years. The Company believes its past success in delivering reliable, high quality vehicles on time, within budget and meeting specifications is a competitive advantage in future defense vehicle procurement programs. The Company understands tactical wheeled vehicle mission profiles, the special contract procedures used by the DoD and other international militaries and has developed substantial expertise in contract management, quality management, program management and accounting.

Table of Contents

- Flexible manufacturing. The Company's ability to produce a variety of vehicle models on lean, automated assembly lines enables manufacturing efficiencies and a competitive cost position. In addition, the Company is able to leverage its global manufacturing scale to supplement its existing Oshkosh Defense vehicle manufacturing facilities in Oshkosh, Wisconsin.
- Logistics. The Company has gained significant experience in the development of operators' manuals and training and in the delivery of parts and services worldwide in accordance with its customers' expectations and requirements, which differ materially from commercial practices. The Company has logistics capabilities to permit the DoD to order parts, receive invoices and remit payments electronically.

Fire & emergency segment. Through Pierce, the Company is the leading domestic manufacturer of fire apparatus assembled on custom chassis, designed and manufactured to meet the special needs of firefighters. Pierce also manufactures fire apparatus assembled on commercially available chassis, which are produced for multiple end-customer applications. Pierce’s engineering expertise allows it to design its vehicles to meet stringent industry guidelines and government regulations for safety and effectiveness. Pierce primarily serves domestic municipal customers, but also sells fire apparatus to the DoD, airports, universities and large industrial companies, and increasingly in international markets. Pierce’s history of innovation and research and development in consultation with firefighters has resulted in a broad product line that features a wide range of innovative, high-quality custom and commercial firefighting equipment with advanced fire suppression capabilities. In an effort to be a single-source supplier for its customers, Pierce offers a full line of custom and commercial fire apparatus and emergency vehicles, including pumpers, aerial platform, ladder and tiller trucks, tankers, light-, medium- and heavy-duty rescue vehicles, wildland rough terrain response vehicles, mobile command and control centers, bomb squad vehicles, hazardous materials control vehicles and other emergency response vehicles.

The Company, through Airport Products, is among the leaders in sales of ARFF vehicles to domestic and international airports. These highly-specialized vehicles are required to be in service at most airports worldwide to support commercial airlines in the event of an emergency. Many of the world’s largest airports, including LaGuardia International Airport, O’Hare International Airport, Hartsfield-Jackson International Airport, Denver International Airport and Dallas/Fort Worth International Airport in the U.S., are served by the Company’s ARFF vehicles. Internationally, the Company's vehicles serve, among others, Beijing, China and more than twenty other airports in China; Singapore; Toronto, Canada; Abu Dhabi, UAE; Birmingham and Manchester, United Kingdom; and Moscow, Russia. The Company has recently delivered ARFF vehicles to multiple airports throughout Southeast Asia, Spain, Egypt, Japan, Iraq and Argentina. The Company believes that the performance and reliability of its ARFF vehicles contribute to the Company’s strong position in this market.

The Company, through Airport Products, is a global leader in airport snow removal vehicles. The Company’s specially designed airport snow removal vehicles are used by some of the largest airports in the world, including Denver International Airport, Minneapolis-St. Paul International Airport and O’Hare International Airport in the U.S. and Beijing, China and Montreal, Canada internationally. The Company believes that the reliability of its high-performance snow removal vehicles and the speed with which they clear airport runways contribute to its strong position in this market.

The Company, through its Frontline brand, is a leading manufacturer, system designer and integrator of broadcast and communication vehicles, including electronic field production trailers, satellite news gathering and electronic news gathering vehicles for broadcasters and command trucks for local and federal governments along with being a leading supplier of military simulator shelters and trailers. The Company’s vehicles have been used worldwide to broadcast the NFL Super Bowl, the FIFA World Cup and the Olympics.

The Company offers three- to fifteen-year municipal lease financing programs to its fire & emergency segment customers in the U.S. through Oshkosh Equipment Finance, L.L.C., doing business as Oshkosh Capital. Programs include competitive lease financing rates, creative and flexible finance arrangements and the ease of one-stop shopping for customers’ equipment and financing. The Company executes the lease financing transactions through a private label arrangement with an independent third-party finance company. The Company typically provides credit support in connection with these financing and leasing arrangements.

Commercial segment. Through Oshkosh Commercial, McNeilus, London and CON-E-CO, the Company is a leading manufacturer of front- and rear-discharge concrete mixers and portable and stationary concrete batch plants for the concrete ready-mix industry throughout the Americas. Through McNeilus, the Company is a leading manufacturer of refuse collection vehicles for the waste services industry throughout the Americas.

Table of Contents

Through IMT, the Company is a leading North American manufacturer of field service vehicles and truck-mounted cranes for the construction, equipment dealer, building supply, utility, tire service, railroad and mining industries. The Company believes its commercial segment vehicles and equipment have a reputation for efficient, cost-effective, dependable and low maintenance operation.

The Company also arranges equipment financing and leasing solutions for its customers, primarily through third-party funding arrangements with independent financial companies, and occasionally provides credit support in connection with these financing and leasing arrangements.

Marketing, Sales, Distribution and Service

The Company believes it differentiates itself from many of its competitors by tailoring its distribution to the needs of its specialty vehicle and vehicle body markets and with its national and global sales and service capabilities. Distribution personnel demonstrate to customers how to use the Company’s vehicles and vehicle bodies properly. In addition, the Company’s flexible distribution is focused on meeting customers on their terms, whether on a job site, in an evening public meeting or at a municipality’s offices, compared to the showroom sales approach of the typical dealers of large vehicle manufacturers. The Company backs all products with same-day parts shipment, and its service technicians are available in person or by telephone to domestic customers 365 days a year. The Company believes its dedication to keeping its products in-service in demanding conditions worldwide has contributed to customer loyalty.

The Company provides its salespeople, representatives and distributors with product and sales training on the operation and specifications of its products. The Company’s engineers, along with its product managers, develop operating manuals and provide field support at vehicle delivery.

U.S. dealers and representatives enter into agreements with the Company that allow for termination by either party generally upon 90 days' notice, subject to applicable laws. Dealers and representatives, except for those utilized by JLG and IMT, are generally not permitted to market and sell competitive products.

Access equipment segment. JLG’s products are marketed in over 3,500 locations across six continents through independent rental companies and distributors that purchase JLG products and then rent or sell them and provide service support, as well as through other Company owned sales and service branches. JLG’s sales force is comprised of approximately 130 employees worldwide. Sales employees are dedicated to specific major customers, channels or geographic regions. JLG’s international sales employees are spread among JLG’s approximately 20 international sales and service offices.

JLG produces a variety of its own branded telehandlers and manufactures the Caterpillar-branded telehandlers under a license to Caterpillar Inc. for their worldwide Caterpillar Inc. distribution network. JLG also produces a line of telehandlers for the agricultural market under a license from SAME Deutz-Fahr and sells SAME Deutz-Fahr-branded telehandlers directly to SAME Deutz-Fahr’s dealer network.

The Company markets its Jerr-Dan-branded carriers and wreckers through its network of approximately 60 independent distributors.

Defense segment. Oshkosh Defense sells substantially all of its domestic defense products directly to principal branches of the DoD and has sold its defense products to more than 20 international militaries around the globe. Oshkosh Defense maintains a liaison office in Washington, D.C. to represent its interests with the U.S. Congress, the offices of the Executive Branch of the U.S. government, the Pentagon, as well as international embassies and government agencies. Oshkosh Defense locates its business development, consultants and engineering professionals near its customers' principal commands, both domestically and internationally. Oshkosh Defense also sells and services defense products to approved international governments as Direct Commercial Sales or Foreign Military Sales via U.S. government channels. Oshkosh Defense supports international sales through international sales offices, as well as through dealers, distributors and representatives.

In addition to marketing its current tactical wheeled vehicle offerings and competing for new contracts, Oshkosh Defense actively works with the U.S. Armed Services to develop new applications for its vehicles and expand its services.

Table of Contents

Logistics services are increasingly important in the defense market. The Company believes that its proven worldwide logistics capabilities and internet-based ordering, invoicing and electronic payment systems have significantly contributed to the expansion of its defense parts and service business since fiscal 2002, following the commencement of Operation Iraqi Freedom and Operation Enduring Freedom. Oshkosh Defense maintains a large parts distribution warehouse in Milwaukee, Wisconsin to fulfill stringent parts delivery schedule requirements, as well as satellite facilities near DoD bases in the U.S., Europe, Asia and the Middle East.

Fire & emergency segment. The Company believes the geographic breadth, size and quality of its Pierce fire apparatus sales and service organization are competitive advantages in a market characterized by a few large manufacturers and numerous small, regional competitors. Pierce’s fire apparatus are sold through approximately 30 independent sales and service organizations with approximately 300 sales representatives in the U.S. and Canada, which combine broad geographical reach with frequency of contact with fire departments and municipal government officials. These sales and service organizations are supported by approximately 70 product and marketing support professionals and contract administrators at Pierce. The Company believes frequency of contact and local presence are important to cultivate major, and typically infrequent, purchases involving the city or town council, fire department, purchasing, finance and mayoral offices, among others, that may participate in a fire apparatus bid and selection process. After the sale, Pierce’s nationwide local parts and service capability is available to help municipalities maintain peak readiness for this vital municipal service. Pierce also sells directly to the DoD and other U.S. government agencies. Many of the Pierce fire apparatus sold to the DoD are placed in service at U.S. military bases, camps and stations overseas. Additionally, Pierce sells fire apparatus to numerous international municipal and industrial fire departments through a network of international dealers. The Company markets its Frontline-branded broadcast vehicles through sales representatives and its Frontline-branded command vehicles through both sales representatives and dealer organizations that are directed at government and commercial customers.

The Company markets its Oshkosh-branded ARFF vehicles through a combination of five direct sales representatives domestically and over 50 representatives and distributors in international markets. Certain of these international representatives and distributors also handle Pierce products. The Company has over 30 full-time sales and service representatives and 18 distributor locations focused on the sale of snow removal vehicles, principally to airports, but also to municipalities, counties and other governmental entities in the U.S. and Canada. In addition, the Company maintains offices in Abu Dhabi, UAE; Beijing, China; Moscow, Russia; Tonneins, France; and Singapore to support airport product vehicle sales and aftermarket sales and support in Europe, the Middle East, China, Russia, South America and Southeast Asia.

Commercial segment. The Company operates 26 distribution centers with over 350 in-house sales and service representatives in North America to sell and service refuse collection vehicles, rear- and front-discharge concrete mixers and concrete batch plants. These centers are in addition to sales and service activities at the Company’s manufacturing facilities, and they provide sales, service and parts distribution to customers in their geographic regions. The Company also uses approximately 30 independent sales and service organizations to market its CON-E-CO-branded concrete batch plants. The Company believes this network represents one of the largest concrete mixer, concrete batch plant and refuse collection vehicle distribution networks in the U.S.

The Company believes its direct distribution to customers is a competitive advantage in concrete mixer and refuse collection vehicle markets, particularly in the U.S. waste services industry where principal competitors distribute through dealers and to a lesser extent in the ready mix concrete industry, where several competitors in part use dealers. The Company believes direct distribution permits a more focused sales force in the U.S. concrete mixer and refuse collection vehicle markets, whereas dealers frequently offer a very broad and mixed product line, and accordingly, the time dealers tend to devote to concrete mixer and refuse collection vehicle sales activities is limited.

The Company also has established an extensive network of representatives and dealers throughout the Americas for the sale of Oshkosh-, McNeilus-, CON-E-CO- and London-branded concrete mixers, concrete batch plants and refuse collection vehicles. The Company coordinates among its various businesses to respond to large international sales tenders with its most appropriate product offering for the tender.

IMT distributes its products through approximately 90 dealers with a total of 110 locations worldwide, including approximately 30 international dealers. International dealers are primarily located in Central and South America, Australia and Asia and are primarily focused on mining and construction markets.

McNeilus owns a 49% interest in Mezcladoras Trailers de Mexico, S.A. de C.V. (“Mezcladoras”), a manufacturer of concrete mixers and small refuse collection vehicle bodies for distribution in Mexico and Latin America.

Manufacturing

As of November 13, 2015, the Company manufactures vehicles and vehicle bodies at 31 manufacturing facilities. To reduce production costs, the Company maintains a continuing emphasis on the development of proprietary components, self-sufficiency in fabrication, just-in-time inventory management, improvement in production flows, interchangeability and simplification of components among product lines, creation of jigs and fixtures to ensure repeatability of quality processes, utilization of robotics, and performance measurement to assure progress toward cost reduction targets. The Company encourages employee involvement to improve production processes and product quality. The Company opened a new state of the art manufacturing facility in Leon, Mexico during fiscal 2015 that is designed to supply components to multiple Company businesses and that is expected to contribute to the attainment of the Company's production initiatives as it moves toward full production in fiscal 2016.

The Company uses a common Quality Management System globally in an effort to deliver consistent, high quality products and services to customers. The Company educates and trains all employees at its facilities in quality principles. The Company encourages employees at all levels of the Company to understand customer and supplier requirements, measure performance, develop systems and procedures to prevent nonconformance with requirements and produce continuous improvement in all work processes. The Company utilizes quality gates at its manufacturing facilities to catch quality issues earlier in the process and to perform a root cause analysis at their source, resulting in improved quality and fewer defects and less rework. ISO 9001 is a set of internationally-accepted quality requirements established by the International Organization for Standardization. ISO 9001 certification indicates that a company has established and follows a rigorous set of requirements aimed at achieving customer satisfaction by preventing nonconformity in design, development, production, installation and servicing of products. Most of the Company’s facilities are ISO 9001 certified.

The Company has a team of employees dedicated to leading the implementation of the OOS. The team is comprised of members with diverse backgrounds in quality, lean, finance, product and process engineering, and culture change management. OOS is a business system that defines and seeks to enhance customers' experiences with the Company's products and services. OOS includes lean tools to eliminate waste out of the Company's processes to provide better value for customers. OOS also assesses customer satisfaction and implements countermeasures to improve the Company's customers' experiences with Oshkosh. OOS enables the Company to execute its MOVE strategy, delivering value to both customers and shareholders. Within the Company’s facilities, OOS improvement projects have contributed to manufacturing efficiency gains, materials management improvements, steady quality improvements and reduction of lead times. OOS improvement projects have also enabled the Company to free up manufacturing space, allowing it to pursue a program focused on increased vertical integration.

Engineering, Research and Development

The Company believes its extensive engineering, research and development capabilities have been key drivers of the Company’s marketplace success. The Company maintains six facilities for new product development and testing with a staff of approximately 500 engineers and technicians who are dedicated to improving existing products and development and testing of new vehicles, vehicle bodies and components. The Company prepares multi-year new product development plans for each of its markets and measures progress against those plans each month.

Virtually all of the Company’s sales of fire apparatus and broadcast vehicles require some custom engineering to meet the customer’s specifications and changing industry standards. Engineering is also a critical factor in defense vehicle markets due to the severe operating conditions under which the Company’s vehicles are utilized, new customer requirements and stringent government documentation requirements. In the access equipment and commercial segments, product innovation is highly important to meet customers’ changing requirements. Accordingly, in addition to new product development engineers and technicians, the Company maintains an additional permanent staff of approximately 675 engineers and engineering technicians to sustain its production activities, and it regularly outsources some engineering activities in connection with new product development projects.

For fiscal 2015, 2014 and 2013, the Company incurred research and development expenditures of $147.9 million, $142.0 million and $112.9 million, respectively, portions of which were recoverable from customers, principally the U.S. government.

Table of Contents

Competition

In all of the Company’s segments, competitors include smaller, specialized manufacturers as well as large, mass producers. The Company believes that, in its specialty vehicle and vehicle body markets, it has been able to effectively compete against large, mass producers due to its product quality, manufacturing flexibility, vertical integration, purchasing power in specialty vehicle components and tailored distribution systems. In addition, the Company believes it has competitive advantages over smaller vehicle and vehicle body manufacturers due to its relatively higher volumes of similar products that permit the use of moving assembly lines and which allow it to leverage purchasing power and technology opportunities across product lines. The Company believes that its competitive cost structure, strategic global purchasing capabilities, engineering expertise, product quality and global distribution and service systems have enabled it to compete effectively.

Certain of the Company’s competitors have greater financial, marketing, manufacturing, distribution and governmental affairs resources than the Company. There can be no assurance that the Company’s products will continue to compete effectively with the products of competitors or that the Company will be able to retain its customer base or improve or maintain its profit margins on sales to its customers, all of which could have a material adverse effect on the Company’s financial condition, results of operations and cash flows.

Access equipment segment. JLG operates in the global construction, maintenance, industrial and agricultural equipment markets. JLG’s competitors range from some of the world’s largest multi-national construction equipment manufacturers to small single-product niche manufacturers. Within this global market, competition for sales of aerial work platform equipment includes Genie Industries, Inc. (a subsidiary of Terex Corporation), Skyjack Inc. (a subsidiary of Linamar Corporation), Haulotte Group, Aichi Corporation (a subsidiary of Toyota Industries Corporation) and over 50 other manufacturers. Global competition for sales of telehandler equipment includes the Manitou Group, J C Bamford Excavators Ltd., Merlo SpA, Genie Industries, Inc. and over 30 other manufacturers. In addition, JLG faces competition from numerous manufacturers of other niche products such as boom vehicles, cherry pickers, skid steer loaders, mast climbers, straight mast and vehicle-mounted fork-lifts, rough-terrain and all-terrain cranes, vehicle-mounted cranes, portable material lifts, various types of material handling equipment, scaffolding and the common ladder that offer functionality that is similar to or overlaps that of JLG’s products. Principal methods of competition include brand awareness, product innovation and performance, price, quality, service and support, product availability and the extent to which a company offers single-source customer solutions. The Company believes its competitive strengths include: premium brand names; broad and single-source product offerings; product quality; product residual values that are generally higher than competitors units; worldwide distribution; safety record; service and support network; global procurement scale; extensive manufacturing capabilities; and cross-division synergies with other segments within Oshkosh Corporation.

The principal competitor for Jerr-Dan-branded products is Miller Industries, Inc. Principal methods of competition for carriers and wreckers include product quality and innovation, product performance, price and service. The Company believes its competitive strengths in this market include its high quality, innovative and high-performance product line and its low-cost manufacturing capabilities.

Defense segment. Oshkosh Defense produces heavy- and medium-payload, MRAP and light-payload tactical wheeled vehicles for the military and security forces around the world. Competition for sales of these vehicles includes, among others, Man Group plc, Mercedes-Benz (a subsidiary of Daimler AG), Navistar Defense LLC (a subsidiary of Navistar International Corporation), General Dynamics Corp, Lockheed Martin, AM General, BAE Systems plc and Textron Inc. The principal method of competition in the defense segment involves a competitive bid that takes into account factors as determined by the customer, such as price, product performance, product life cycle costs, small and disadvantaged business participation, product quality, adherence to bid specifications, production capability, project management capability, past performance and product support. Usually, the Company's vehicle systems must also pass extensive testing. The Company believes that its competitive strengths include: strategic global purchasing capabilities leveraged across multiple business segments; extensive pricing/costing and defense contracting expertise; a significant installed base of vehicles currently in use throughout the world; flexible and high-efficiency vertically-integrated manufacturing capabilities; patented and/or proprietary vehicle components such as TAK-4 family of independent suspension systems, Oshkosh power transfer cases and Command Zone integrated vehicle diagnostics; weapons and communications integration; ability to develop new and improved product capabilities responsive to the needs of its customers; product quality; and aftermarket parts sales and service capabilities.

The Weapon Systems Acquisition Reform Act requires competition for defense programs in certain circumstances. Accordingly, it is possible that the U.S. Army and U.S. Marine Corps will conduct competitions for programs for which the Company currently has contracts upon the expiration of the existing contracts. Competition for these and other domestic programs

Table of Contents

could result in future contracts being awarded based upon different competitive factors than those described above and would primarily include price, production capability and past performance. Current economic conditions have also put significant pressure on the U.S. Federal budget, including a projected 45% reduction in tactical wheeled vehicle spending from fiscal 2013 to fiscal 2017. The overall military drawdowns in Iraq and Afghanistan and stated defense budget reductions have resulted in lower demand for tactical wheeled vehicles, and future program competitions could involve weighting price more heavily than the past competitive factors described above. In addition, the U.S. government has become more aggressive in seeking to acquire the design rights to the Company's current and potential future programs to facilitate competition for manufacturing our vehicles. The willingness of the bidders to sell their design rights to the DoD was an evaluation factor in the JLTV contract competition.

Fire & emergency segment. The Company produces and sells custom and commercial firefighting vehicles in the U.S. and abroad under the Pierce brand and broadcast vehicles in the U.S. and abroad under the Frontline brand. Competitors for firefighting vehicles include Rosenbauer International AG, Emergency One, Inc. (owned by Allied Specialty Vehicles), Kovatch Mobile Equipment Corp., and numerous smaller, regional manufacturers. The principal competition for broadcast vehicles is from Accelerated Media Technologies and Television Engineering Corporation. Principal methods of competition include brand awareness, ability to meet or exceed customer specifications, price, the extent to which a company offers single-source customer solutions, product innovation, product quality, dealer distribution, and service and support. The Company believes that its competitive strengths include: recognized, premium brand name; nationwide network of independent Pierce dealers; extensive, high-quality and innovative product offerings, which include single-source customer solutions for aerials, pumpers and rescue units; large-scale and high-efficiency custom manufacturing capabilities; and proprietary technologies such as the PUC vehicle configuration, TAK-4 independent suspension system, Hercules and Husky foam systems, Command Zone electronics and the Ascendant 107' aerial fire truck utilizing a single rear axle.

Airport Products manufactures ARFF vehicles for sale in the U.S. and abroad. Oshkosh’s principal competitor for ARFF vehicle sales is Rosenbauer International AG. Airport Products also manufactures snow removal vehicles, principally for U.S. and Canadian airports. The Company’s principal competitors for snow removal vehicle sales are M-B Companies, Inc. and Wausau-Everest LP (owned by the Alamo Group Inc.). Principal methods of competition are product performance, price, service, product quality and innovation. The Company believes its competitive strengths in these airport markets include its high-quality, innovative products and strong dealer support network.

Commercial segment. The Company produces front- and rear-discharge concrete mixers and batch plants for the Americas under the Oshkosh, McNeilus, CON-E-CO and London brands. Competition for concrete mixer and batch plant sales includes Beck Industrial, Con-Tech Manufacturing, Inc., Terex Corporation, Continental Mixer Solutions LLC (owned by Specialty Truck Holdings LLC) and other regional competitors. Principal methods of competition are price, service, product features, product quality and product availability. The Company believes its competitive strengths include: strong brand recognition; large-scale and high-efficiency manufacturing; extensive product offerings; high product quality; ability to offer factory-installed compressed natural gas fuel systems; a significant installed base of concrete mixers in use in the marketplace; and its nationwide, Company-owned network of sales and service centers.

McNeilus also produces refuse collection vehicles for North America and international markets. Competitors include The Heil Company (a subsidiary of Dover Corporation), Labrie Enviroquip Group, New Way (a subsidiary of Scranton Manufacturing Company, Inc.) and other regional competitors. The principal methods of competition are product quality, product performance, service and price. The Company competes for municipal business and large commercial business in the Americas, which is generally based on lowest qualified bid. The Company believes its competitive strengths in the Americas refuse collection vehicle markets include: strong brand recognition; comprehensive product offerings; a reputation for high-quality products; ability to offer factory-installed compressed natural gas fuel systems; large-scale and high-efficiency manufacturing; and an extensive network of Company-owned sales and service centers located throughout the U.S.

IMT is a manufacturer of field service vehicles and truck-mounted cranes for the construction, equipment dealer, building supply, utility, tire service, railroad and mining industries. IMT's principal field service vehicle competition is from Auto Crane Company (owned by Gridiron Capital), Stellar Industries, Inc., Maintainer Corporation of Iowa, Inc. and other regional companies. Competition in truck-mounted cranes comes primarily from European companies including Palfinger AG, Cargotec Corporation and Fassi Group SpA. Principal methods of competition are product quality, price and service. The Company believes its competitive strengths include its high-quality products, global distribution network and low-cost manufacturing capabilities.

Table of Contents

Customers and Backlog

Sales to the U.S. government comprised approximately 15% of the Company's net sales in fiscal 2015. 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 the fulfillment of customer orders that are received prior to commencing production.

The Company's backlog as of September 30, 2015 increased 37.9% to $2.61 billion compared to $1.89 billion at September 30, 2014 due largely to an increase in the defense segment backlog as a result of new contracts in fiscal 2015. Access equipment segment backlog decreased 45.4% to $209.7 million at September 30, 2015 compared to $384.3 million at September 30, 2014 due to the impact of a mid-cycle dip in North American demand for access equipment. Defense segment backlog increased 81.4% to $1,414.0 million at September 30, 2015 compared to $779.7 million at September 30, 2014 due largely to orders under a new FHTV contract, higher international M-ATV orders and $114.7 million in delivery orders under the new JLTV contract. The JLTV orders represent initial delivery orders on this new contract. Fire & emergency segment backlog increased 39.4% to $790.7 million at September 30, 2015 compared to $567.1 million at September 30, 2014 due largely to increased orders for domestic fire apparatus as a result of market growth and share gains. Commercial segment backlog increased 20.7% to $193.0 million at September 30, 2015 compared to $159.9 million at September 30, 2014. Unit backlog for concrete mixers as of September 30, 2015 was flat compared to September 30, 2014. Unit backlog for refuse collection vehicles was up 46.0% at September 30, 2015 compared to September 30, 2014 due to fleet replacement and share growth.

Reported backlog excludes purchase options and announced orders for which definitive contracts have not been executed. Backlog information and comparisons thereof 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. Approximately 17% of the Company's September 30, 2015 backlog is not expected to be filled in fiscal 2016. The Company's September 30, 2015 backlog includes $114.7 million of orders under the recently awarded JLTV contract. These orders are on hold until the JLTV contract stop-work order has been lifted. The Company expects a decision on the JLTV protest in December 2015.

Government Contracts

Approximately 15% of the Company's net sales for fiscal 2015 were made to the U.S. government, a substantial majority of which were under multi-year contracts and programs in the defense vehicle market. Accordingly, a significant portion of the Company's sales are subject to risks specific to doing business with the U.S. government, including uncertainty of economic conditions, changes in government policies and requirements that may reflect rapidly changing military and political developments, the availability of funds and the ability to meet specified performance thresholds. Multi-year contracts may be conditioned upon continued availability of congressional appropriations and are being impacted by the uncertainty regarding the federal budget pressures. Variances between anticipated budget and congressional appropriations may result in a delay, reduction or termination of these contracts. In addition, continued weak economic conditions have put significant pressure on the U.S. federal budget. The Budget Control Act of 2011 contains an automatic sequestration feature that requires additional cuts to defense spending through fiscal 2023. The two-year U.S. federal budget agreement signed by the President in December 2013 lessened the effects of sequestration in fiscal 2014 and 2015, but absent future budget agreements, the full effect of sequestration could return in the U.S. federal government's fiscal 2016 budget. Budgetary concerns could result in future defense vehicle contracts being awarded more on price than the past competitive factors described above.

Oshkosh Defense's sales into defense vehicle markets are substantially dependent upon periodic awards of new contracts and the purchase of base vehicle quantities and the exercise of options under existing contracts. The funding of U.S. government programs is subject to an annual congressional budget authorization and appropriation process. In years when the U.S. government does not complete its budget process before the end of its fiscal year, government operations are typically funded pursuant to a “continuing resolution,” which allows federal government agencies to operate at spending levels approved in the previous budget cycle, but does not authorize new spending initiatives. The U.S. government is currently operating under a continuing resolution, which may continue for some time. When the U.S. government operates under a continuing resolution, delays can occur in the procurement of the products, services and solutions that we provide and may result in new initiatives being canceled, or funds could be reprogrammed away from our programs to pay for higher priority operational needs. In years when the U.S. government fails to complete its budget process or to provide for a continuing resolution, a federal government shutdown may result, similar to that which occurred in October 2013. This could in turn result in the delay or cancellation of key programs, which could have a negative effect on our cash flows and adversely affect our future results. In addition, payments to contractors for services performed during a federal government shutdown may be delayed, which would have a negative effect on our cash flows.

Table of Contents

Oshkosh Defense’s existing contracts with the DoD may be terminated at any time for the convenience of the U.S. government. Upon such termination, Oshkosh Defense would generally be entitled to reimbursement of its incurred costs and to payment of a reasonable profit for work performed.

Defense contract awards that Oshkosh Defense receives may be subject to protests by competing bidders, which protests, if successful, could result in the DoD revoking part or all of any defense contract it awards to Oshkosh Defense and an inability of Oshkosh Defense to recover amounts it has expended during the protest period in anticipation of initiating work under any such contract. The JLTV contract award that Oshkosh Defense received in August 2015 is currently being protested by one of the competing bidders. The Company expects a decision on the protest in December 2015.

Under firm, fixed-price contracts with the U.S. government, the price paid to the Company is generally not subject to adjustment to reflect the Company’s actual costs, except costs incurred as a result of contract changes ordered by the U.S. government. Under fixed-price incentive firm contracts with the U.S. government, the price paid to the Company is subject to adjustment based on the actual costs incurred. The impact of pricing adjustments under the fixed-price incentive firm contracts are generally shared by the Company and its customer. The Company generally attempts to negotiate with the U.S. government the amount of increased compensation to which the Company is entitled for government-ordered changes that result in higher costs. If the Company is unable to negotiate a satisfactory agreement to provide such increased compensation, then the Company may file an appeal with the Armed Services Board of Contract Appeals or the U.S. Claims Court. The Company has no such appeals pending. The Company seeks to mitigate risks with respect to fixed-price contracts by executing firm, fixed-price contracts with a substantial majority of its suppliers for the duration of the Company’s contracts.

The Company, as a U.S. government contractor, is subject to financial audits and other reviews by the U.S. government relating to the performance of, and the accounting and general practices relating to, U.S. government contracts. Like most large government contractors, the Company is audited and reviewed by the government on a continual basis. Costs and prices under such contracts may be subject to adjustment based upon the results of such audits and reviews. Additionally, such audits and reviews can lead to civil, criminal or administrative proceedings. Such proceedings could involve claims by the government for fines, penalties, compensatory and treble damages, restitution and/or forfeitures. Under government regulations, a company or one or more of its subsidiaries can also be suspended or debarred from government contracts, or lose its export privileges based on the results of such proceedings. The Company believes that the outcome of all such audits and reviews that are now pending will not have a material adverse effect on its financial condition, results of operations or cash flows.

Suppliers

The Company is dependent on its suppliers and subcontractors to meet commitments to its customers, and many components are procured or subcontracted on a sole-source basis with a number of domestic and foreign companies. Components for the Company’s products are generally available from a number of suppliers, although the transition to a new supplier may require several months to conclude. The Company purchases chassis components, such as vehicle frames, engines, transmissions, radiators, axles, tires, drive motors, bearings and hydraulic components and vehicle body options, such as cranes, cargo bodies and trailers, from third-party suppliers. These body options may be manufactured specific to the Company’s requirements; however, most of the body options could be manufactured by other suppliers or the Company itself. Through reliance on this supply network for the purchase of certain components, the Company is able to reduce many of the pre-production and fixed costs associated with the manufacture of these components and vehicle body options. The Company purchases a large amount of fabrications and outsources certain manufacturing services, each generally from small companies located near its facilities. While providing low-cost services and product surge capability, such companies often require additional management attention during difficult economic conditions or contract start-up. The Company also purchases complete vehicle chassis from truck chassis suppliers in its commercial segment and, to a lesser extent, in its fire & emergency and access equipment segments. Increasingly, the Company is sourcing components globally, which may involve additional inventory requirements and introduces additional foreign currency exposures. The Company maintains an extensive qualification, on-site inspection, assistance and performance measurement system to attempt to control risks associated with reliance on suppliers. The Company occasionally experiences problems with supplier and subcontractor performance and component, chassis and body availability and must identify alternate sources of supply and/or address related warranty claims from customers.

While the Company purchases many costly components such as chassis, engines and transmissions, it manufactures certain proprietary components and systems. These components include front drive steer axles, transfer cases, transaxles, cabs, the TAK-4 independent suspension system, Hercules and Husky compressed air foam systems, the Command Zone vehicle control system, body structures and many smaller parts that add uniqueness and value to the Company’s products. The Company believes controlling the production of these components provides a significant competitive advantage and also serves to reduce the production costs of the Company’s products. The Company intends to increase the number of components that it produces to further increase its competitive advantage.

Intellectual Property

Patents and licenses are important in the operation of the Company's business. One of management's objectives is developing proprietary components to provide the Company's customers with advanced technological solutions at attractive prices. The Company holds in excess of 750 active domestic and foreign patents. The Company believes patents for the TAK-4 independent suspension system, which expire between 2016 and 2029, provide the Company with a competitive advantage in the defense and fire & emergency segments. In the defense segment, the TAK-4 independent suspension system has been incorporated into the U.S. Marine Corps' MTVR and LVSR programs, the U.S. Army's PLS A1 program, the MRAP - Joint Program Office M-ATV program and the JLTV program. The Company believes the TAK-4 independent suspension system provided a performance and cost advantage that led to the Company winning these programs. In the fire & emergency segment, TAK-4 independent suspension systems are standard on all Pierce custom fire trucks, as well as Striker and Global Striker ARFF vehicles, which the Company believes brings a similar competitive advantage to these markets.

In 2012, the Company introduced the newest TAK-4 independent suspension system configuration, TAK-4i, where the “i” stands for “intelligent.” The TAK-4i, which has been developed for rigorous military applications, provides 20 inches of wheel travel, a 25% improvement compared to the original TAK-4, and incorporates an adjustable ride height feature. The TAK-4i was a key element of the Company's L-ATV entrant in the DoD's JLTV Engineering, Manufacturing and Development (“EMD”) competition, allowing the L-ATV to exceed all of the ride quality requirements of the JLTV EMD specification.

The Company believes that patents for certain components of its ProPulse hybrid electric drive system, Command Zone electronics system and TerraMax autonomous vehicle systems offer potential competitive advantages to product lines across all its segments. To a lesser extent, other proprietary components provide the Company a competitive advantage in each of the Company's segments.

As part of the Company’s long-term alliance with Caterpillar Inc., the Company acquired a non-exclusive, non-transferable worldwide license to use certain Caterpillar Inc. intellectual property through 2025 in connection with the design and manufacture of Caterpillar Inc.’s current telehandler products. Additionally, Caterpillar Inc. assigned to JLG certain patents and patent applications relating to the Caterpillar-branded telehandler products. JLG also produces a line of telehandlers for the agricultural market under a license from SAME Deutz-Fahr and sells SAME Deutz-Fahr-branded telehandlers directly to SAME Deutz-Fahr’s dealer network.

The Company holds trademarks for “Oshkosh,” “Oshkosh Defense,” “TAK-4,” “ProPulse,” “JLG,” “SkyTrak,” “Pierce,” “McN “Jerr-Dan,” “CON-E-CO,” “London” and “IMT” among others. These trademarks are considered to be important to the future success of the Company’s business.

Employees

As of September 30, 2015, the Company had approximately 13,300 employees. The United Auto Workers union (“UAW”) represented approximately 1,350 production employees at the Company’s Oshkosh, Wisconsin facilities; the Boilermakers, Iron Shipbuilders, Blacksmiths and Forgers Union (“Boilermakers”) represented approximately 215 employees at the Company’s Kewaunee, Wisconsin facility; and the International Brotherhood of Teamsters Union (“Teamsters”) represented approximately 110 employees at the Company’s Garner, Iowa facility. The Company's agreement with the UAW expires in September 2021. The Company’s agreement with the Boilermakers extends through May 2017. The Company’s three-year agreement with the Teamsters extends through October 2017. In addition, the majority of the Company's approximately 2,200 employees located outside of the U.S. are represented by separate works councils or unions. The Company believes its relationship with employees is satisfactory.

Seasonal Nature of Business

In the Company's access equipment and commercial segments, business tends to be seasonal with an increase in sales occurring in the spring and summer months that constitute the traditional construction season in the northern hemisphere. In addition, sales are generally lower in the first fiscal quarter in all segments due to the relatively high number of holidays which reduce available shipping days.

Table of Contents

Industry Segments

Financial information concerning the Company’s industry segments is included in Note 23 of the Notes to Consolidated Financial Statements contained in Item 8 of this Form 10-K.

Foreign and Domestic Operations and Export Sales

The Company manufactures products in the U.S., Belgium, the United Kingdom, Canada, France, Australia, Romania, China and Mexico for sale throughout the world. Sales to customers outside of the U.S. were 21%, 23% and 21% of the Company’s consolidated sales for fiscal 2015, 2014 and 2013, respectively.

Financial information concerning the Company’s foreign and domestic operations and export sales is included in Note 23 of the Notes to Consolidated Financial Statements contained in Item 8 of this Form 10-K.

Available Information

The Company maintains a website with the address www.oshkoshcorporation.com. The Company is not including the information contained on the Company’s website as a part of, or incorporating it by reference into, this Annual Report on Form 10-K. The Company makes available free of charge (other than an investor’s own Internet access charges) through its website its Annual Report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and amendments to these reports, as soon as reasonably practicable after the Company electronically files such materials with, or furnishes such materials to, the Securities and Exchange Commission (“SEC”).

ITEM 1A. RISK FACTORS

The Company's financial position, results of operations and cash flows are subject to various risks, many of which are not exclusively within the Company's control, which may cause actual performance to differ materially from historical or projected future performance. Investors should consider carefully information in this Annual Report on Form 10-K in light of the risk factors described below.

Certain of our markets are highly cyclical. Declines in these markets could have a material adverse effect on our operating performance.

The high levels of sales in our defense segment between fiscal 2002 and 2013 were due in significant part to demand for defense trucks, replacement parts and services (including armoring) and truck remanufacturing arising from the conflicts in Iraq and Afghanistan. Events such as these are unplanned, as is the demand for our products that arises out of such events. Virtually all U.S. troops were withdrawn from Iraq during 2011 and from Afghanistan during 2014. These troop redeployments have resulted in significant reductions in the level of defense funding allocated to support U.S. military involvement in those conflicts. In addition, current economic and political conditions have put significant pressure on the U.S. federal budget, including the defense budget. Current and projected DoD budgets have significantly lower funding for our vehicles than we experienced during the Iraq and Afghanistan conflicts. The DoD could also seek to reallocate certain funds originally planned for the purchase of vehicles manufactured by us under the current defense budget request. In addition, the Budget Control Act of 2011 contains an automatic sequestration feature that requires additional cuts to defense spending through fiscal 2023. The two-year U.S. federal budget agreement signed by the President in December 2013 lessened the effects of sequestration in fiscal 2014 and 2015, but absent future budget agreements, the full effect of sequestration could return in the U.S. federal government’s fiscal 2016 budget. The magnitude of the adverse impact that federal budget pressures will have on funding for our defense programs is unknown. Furthermore, our defense business may fluctuate significantly from time to time as a result of the start and completion of existing and new domestic and international contract awards that we may receive.

The access equipment market is highly cyclical and impacted by the strength of economies in general, by residential and non-residential construction spending, by the ability of rental companies to obtain third-party financing to purchase revenue generating assets, by capital expenditures of rental companies in general, including the rate at which they replace aged rental equipment, which is impacted in part by historical purchases levels, including lower levels of purchasing during the Great Recession, which the Company believes is contributing to a mid-cycle dip in access equipment sales, and by other factors, including oil and gas related construction activity and rental company industry consolidation. The ready-mix concrete market that we serve is highly cyclical and impacted by the strength of the economy generally, by the number of housing starts and by other factors that may have an effect on the level of concrete placement activity, either regionally or nationally. Refuse collection

Table of Contents

vehicle markets are also cyclical and impacted by the strength of economies in general, by municipal tax receipts and by the size and timing of capital expenditures by large waste haulers. Fire & emergency markets are cyclical later in an economic downturn and are impacted by the economy generally and by municipal tax receipts and capital expenditures.

The global economic recovery has progressed at a slow pace, which has negatively impacted sales volumes for our access equipment, commercial and fire & emergency products as compared to historical levels. Lower U.S. and European housing starts and non-residential construction spending compared to historical levels is limiting potential sales volume increases in the access equipment and commercial segments. In addition, lower U.S. housing starts versus historical levels since fiscal 2008 have also adversely impacted municipal tax revenue, which continues to negatively impact demand for refuse collection vehicles and fire apparatus and has delayed the recovery in these markets. While demand in our access equipment markets has rebounded from historical lows that we experienced during the Great Recession, such demand is dependent on global economies and may not be sustainable. During the second half of fiscal 2015, we experienced a slowdown in access equipment and concrete mixer orders and purchases due to severe weather and rains during our second and third quarters and the impact of lower oil and gas prices on access equipment rental utilization. We believe this slowdown will continue into fiscal 2016. A lack of sustained improvement in residential and non-residential construction spending generally may result in our inability to achieve our sales expectations or cause future weakness in demand for our products. We currently believe construction-driven demand will not be adequate to fully offset anticipated reduced replacement demand resulting from very low industry purchases in 2009 and 2010 leading to an expected 10% to 15% sales decline in our access equipment segment in fiscal 2016. Despite U.S. construction growth and an aged installed base, access equipment and concrete mixer customers have adopted a cautious approach to fleet replacement/expansion. All of these factors, whether taken together or individually, could result in lower demand for our products. We cannot provide any assurance that the slow economic recovery will not progress even more slowly than what we or the market expect. If the global economic recovery progresses more slowly than what we or the market expect, then there could be a material adverse effect on our net sales, financial condition, profitability and/or cash flows.

Concrete mixer and access equipment sales also are seasonal with the majority of such sales occurring in the spring and summer months, which constitute the traditional construction season in the Northern hemisphere. The timing of orders for the traditional construction season in the Northern hemisphere can be impacted by weather conditions.

We may not be able to execute on our MOVE strategy.

We previously announced a roadmap, our MOVE strategy, to deliver long-term growth and earnings for our shareholders. We expect to continue pursuing our MOVE strategy beyond fiscal 2015. The long-term growth and earnings that we expect to achieve as a result of our MOVE strategy are based on certain assumptions we have made, which assumptions may prove to be incorrect. We cannot provide any assurance we will be able to successfully execute our MOVE strategy, which is subject to a variety of risks, including the following:

- A lower or slower than expected recovery in housing starts and non-residential construction spending in the U.S., including a scenario where lower oil and gas industry activity as a result of lower oil and gas prices leads to a broader slowdown in residential and non-residential construction activity;
- A slower or less significant recovery in any of our global markets than we expect, especially in the access equipment markets in Europe, Australia and Latin America and the refuse collection vehicle market in North America where the recovery has been slower than expected;
- Greater than expected declines in DoD tactical wheeled vehicle spending;
- The potential that the protest by our competitor of the JLTV contract award to us in August 2015 will be successful, which could result in the DoD revoking part or all of the JLTV contract and our inability to recover amounts we have expended during the protest period in anticipation of the protest being denied, or that a

decision regarding the protest will be delayed;

- Adverse impacts of a continued strong U.S. dollar compared to other currencies globally on the competitiveness of our U.S. exports to global markets and on the translation of foreign operating results into U.S. dollars;
- Our inability to design new products that meet our customers’ requirements and bring them to market;
- Our inability to adjust our cost structure in response to lower access equipment and concrete mixer sales;
- Higher costs than anticipated to launch new products or delays in new product launches;
- Greater than expected pressure on municipal budgets;

17

Table of Contents

- Our inability to raise prices to offset cost increases or increase margins;
- The possibility that commodity cost escalations could erode profits;
- Low cost competitors aggressively entering one or more of our markets with significantly lower pricing;
- Primary competitors vying for share gains through aggressive price competition;
- Our inability to obtain and retain adequate resources to support production ramp-ups, including management personnel;
- The inability of our supply base to keep pace with the economic recovery;
- Our failure to realize product, process and overhead cost reduction targets;
- Slow adoption of our products in emerging markets and/or our inability to successfully execute our emerging market growth strategy; and
- Not winning key large international defense tactical wheeled vehicle contracts, including our inability to finalize and enter into international vehicle contracts for a significant quantity of M-ATVs for sales starting in 2016.

Our dependency on contracts with U.S. and foreign government agencies subjects us to a variety of risks that could materially reduce our revenues or profits.

We are dependent on U.S. and foreign government contracts for a substantial portion of our business. Approximately 15% of our sales in fiscal 2015 were to the DoD. That business is subject to the following risks, among others, that could have a material adverse effect on our operating performance:

- Our business is susceptible to changes in the U.S. defense budget, which may reduce revenues that we expect from our defense business, especially in light of federal budget pressures in part caused by U.S. economic weakness, the withdrawal of U.S. troops from Iraq and Afghanistan, sequestration and the level of defense funding that will be allocated to the DoD's tactical wheeled vehicle strategy generally.
- The U.S. government may not appropriate funding that we expect for our U.S. government contracts, which may prevent us from realizing revenues under current contracts or receiving additional orders that we anticipate we will receive. Current and projected DoD budgets include significantly lower funding for our vehicles than we experienced during the Iraq and Afghanistan conflicts.
- The funding of U.S. government programs is subject to an annual congressional budget authorization and appropriation process. In years when the U.S. government does not complete its budget process before the end of its fiscal year, government operations are typically funded pursuant to a "continuing resolution," which allows federal government agencies to operate at spending levels approved in the previous budget cycle, but does not authorize new spending initiatives. The U.S. government is currently operating under a continuing resolution, which may continue for some time. When the U.S. government operates under a continuing resolution, delays can occur in the procurement of the products, services and solutions that we provide and may result in new initiatives being cancelled, or funds could be reprogrammed away from our programs to pay for higher priority operational needs. In years when the U.S. government fails to complete its budget process or to provide for a continuing resolution, a federal government shutdown may result, similar to that which occurred in October 2013. This could in turn result in the delay or cancellation of key programs, which could have a negative effect on our cash flows and adversely affect our future results. In addition, payments to contractors for services performed during a federal government shutdown may be delayed, which would have a negative effect on our cash flows.
- Competitions for the award of defense truck contracts are intense, and we cannot provide any assurance that we will be successful in the defense truck procurement competitions in which we participate.
- Certain of our government contracts for the U.S. Army and U.S. Marine Corps could be suspended or terminated, and all such contracts expire in the future and may not be replaced, which could reduce revenues that we expect under the contracts and negatively affect margins in our defense segment.
- The Competition in Contracting Act requires competition for U.S. defense programs in certain circumstances. Competition for DoD programs that we currently have could result in the U.S. government awarding future contracts to another manufacturer or the U.S. government awarding the contracts to us at lower prices and operating margins

than we experience under the current contracts. In addition, the U.S. government has become more aggressive in seeking to acquire the design rights to our current and potential future programs to facilitate competition for manufacturing our

18

Table of Contents

vehicles. Sale of design rights to the DoD was an evaluation factor in the JLTV contract competition and may be an evaluation factor in other future U.S. government contract competitions.

- Defense truck contract awards that we receive may be subject to protests by competing bidders, which protests, if successful, could result in the DoD revoking part or all of any defense truck contract it awards to us and our inability to recover amounts we have expended in anticipation of initiating production under any such contract. In particular, a competitor has protested the recent award of the JLTV contract to us.
- Most of our government contracts, including the JLTV contract, are fixed-price contracts with price escalation factors included for those contracts that extend beyond one year. Our actual costs on any of these contracts may exceed our projected costs, which could result in profits lower than historically realized or than we anticipate or net losses under these contracts.
- We must spend significant sums on product development and testing, bid and proposal activities and pre-contract engineering, tooling and design activities in competitions to have the opportunity to be awarded these contracts.
- Our defense products undergo rigorous testing by the customer and are subject to highly technical requirements. Our products are inspected extensively by the DoD prior to acceptance to determine adherence to contractual technical and quality requirements. Any failure to pass these tests or to comply with these requirements could result in unanticipated retrofit and rework costs, vehicle design changes, delayed acceptance of vehicles, late or no payments under such contracts or cancellation of the contract to provide vehicles to the U.S. government.
- As a U.S. government contractor, our U.S. government contracts and systems are subject to audit and review by the Defense Contract Audit Agency and the Defense Contract Management Agency. These agencies review our performance under our U.S. government contracts, our cost structure and our compliance with laws and regulations applicable to U.S. government contractors. Systems that are subject to review include, but are not limited to, our accounting systems, estimating systems, material management systems, earned value management systems, purchasing systems and government property systems. If improper or illegal activities, errors or system inadequacies come to the attention of the U.S. government, as a result of an audit or otherwise, then we may be subject to civil and criminal penalties, contract adjustments and/or agreements to upgrade existing systems as well as administrative sanctions that may include the termination of our U.S. government contracts, forfeiture of profits, suspension of payments, fines and, under certain circumstances, suspension or debarment from future U.S. government contracts for a period of time. Whether or not illegal activities are alleged and regardless of materiality, the U.S. government also has the ability to decrease or withhold certain payments when it deems systems subject to its review to be inadequate. These laws and regulations affect how we do business with our customers and, in many instances, impose added costs on our business.
- Our defense truck contracts are large in size and require significant personnel and production resources, and when our defense truck customers allow such contracts to expire or significantly reduce their vehicle requirements under such contracts, we must make adjustments to personnel and production resources. The start and completion of existing and new contract awards that we may receive can cause our defense business to fluctuate significantly. During the past two years, we have completed significant reductions to our production and office workforce in our defense segment. We expect that the start-up of the JLTV contract will result in our hiring back employees previously laid off and our hiring of hundreds of new employees. If we are unable to effectively ramp up our workforce, our future earnings and cash flows would be adversely affected.
- In the event of component availability constraints, the U.S. government has the ability to unilaterally divert the supply of components used on multiple government programs to those programs rated most urgent (DX-rated programs). This could result in the U.S. government diverting the supply of component parts necessary for the production of vehicles under our U.S. defense contracts to other contractors.
- We periodically experience difficulties with sourcing sufficient vehicle carcasses from the U.S. military to maintain our defense truck remanufacturing schedule, which can create uncertainty and inefficiencies for this area of our business.

An impairment in the carrying value of goodwill and other indefinite-lived intangible assets could negatively affect our operating results.

We have a substantial amount of goodwill and other indefinite-lived intangible assets on our balance sheet as a result of acquisitions we have completed. At September 30, 2015, approximately 90% of these intangibles were concentrated in the access equipment segment. The carrying value of goodwill represents the fair value of an acquired business in excess of identifiable assets and liabilities as of the acquisition date. The carrying value of indefinite-lived intangible assets represents the fair value of trademarks and trade names as of the acquisition date. We do not amortize goodwill and indefinite-lived intangible assets that

Table of Contents

we expect to contribute indefinitely to our cash flows, but instead we evaluate these assets for impairment at least annually, or more frequently if potential interim indicators exist that could result in impairment. In testing for impairment, if the carrying value of a reporting unit exceeds its current fair value as determined based on the discounted future cash flows of the reporting unit and market comparable sales and earnings multiples, the goodwill or intangible asset is considered impaired and is reduced to fair value via a non-cash charge to earnings. Events and conditions that could result in impairment include a prolonged period of global economic weakness, a further decline in economic conditions or a slow, weak economic recovery, as well as sustained declines in the price of our common stock, adverse changes in the regulatory environment, adverse changes in the market share of our products, adverse changes in interest rates, or other factors leading to reductions in the long-term sales or profitability that we expect. Determination of the fair value of a reporting unit includes developing estimates which are highly subjective and incorporate calculations that are sensitive to minor changes in underlying assumptions. Management’s assumptions change as more information becomes available. Changes in these assumptions could result in an impairment charge in the future, which could have a significant adverse impact on our reported earnings.

Financing costs and restrictive covenants in our current debt facilities could limit our flexibility in managing our business and increase our vulnerability to general adverse economic and industry conditions.

Our credit agreement contains financial and restrictive covenants which, among other things, require us to satisfy quarter-end financial ratios, including a leverage ratio, a senior secured leverage ratio and an interest coverage ratio. Our ability to meet the financial ratios in such covenants may be affected by a number of risks or events, including the risks described in this Report on Form 10-K and events beyond our control. The indentures governing our senior notes also contain restrictive covenants. Any failure by us to comply with these restrictive covenants or the financial and restrictive covenants in our credit agreement could have a material adverse effect on our financial condition, results of operations and debt service capability.

Our access to debt financing at competitive risk-based interest rates is partly a function of our credit ratings. Our current long-term credit ratings are BB+ with “stable” outlook from Standard & Poor’s Rating Services and Ba2 with “stable” outlook from Moody’s Investors Service. A downgrade to our credit ratings could increase our interest rates, could limit our access to public debt markets, could limit the institutions willing to provide us credit facilities, and could make any future credit facilities or credit facility amendments more costly and/or difficult to obtain.

We had $939 million of debt outstanding as of September 30, 2015, which consisted primarily of a $375 million term loan under our credit agreement maturing in March 2019, $64 million outstanding under a revolving credit facility and $500 million of senior notes, $250 million of which mature in March 2022 and $250 million of which mature in March 2025. Our ability to make required payments of principal and interest on our debt will depend on our future performance, which, to a certain extent, is subject to general economic, financial, competitive, political and other factors, some of which are beyond our control. As we discussed above, our dependency on contracts with U.S. and foreign government agencies subjects us to a variety of risks that, if realized, could materially reduce our revenues, profits and cash flows. In addition, among other risks that we face that could affect our revenues, profits and cash flows, it could take us longer than we expect to reduce inventory levels in our access equipment segment to better match our current sales outlook for that segment and the current economic uncertainty could become more severe or prolonged. Accordingly, conditions could arise that could limit our ability to generate sufficient cash flows or access borrowings to enable us to fund our liquidity needs, further limit our financial flexibility or impair our ability to obtain alternative financing sufficient to repay our debt at maturity.

The covenants in our credit agreement and the indentures governing our senior notes, our credit rating, our current debt levels and the current credit market conditions could have important consequences for our operations, including:

•

- Render us more vulnerable to general adverse economic and industry conditions in our highly cyclical markets or economies generally;
- Require us to dedicate a portion of our cash flow from operations to interest costs or required payments on debt, thereby reducing the availability of such cash flow to fund working capital, capital expenditures, research and development, share repurchases, dividends and other general corporate activities;
- Limit our ability to obtain additional financing in the future to fund growth working capital, capital expenditures, new product development expenses and other general corporate requirements;
- Limit our ability to enter into additional foreign currency and interest rate derivative contracts;
- Make us vulnerable to increases in interest rates as our debt under our credit agreement is at variable rates;

Table of Contents

- Limit our flexibility in planning for, or reacting to, changes in our business and the markets we serve;
- Place us at a competitive disadvantage compared to less leveraged competitors; and
- Limit our ability to pursue strategic acquisitions that may become available in our markets or otherwise capitalize on business opportunities if we had additional borrowing capacity.

Raw material price fluctuations may adversely affect our results.

We purchase, directly and indirectly through component purchases, significant amounts of steel, aluminum, petroleum-based products and other raw materials annually. Steel, aluminum, fuel and other commodity prices have historically been highly volatile. It is foreseeable that costs for these items may increase in the future due to one or more of the following: a sustained economic recovery, political unrest in certain countries or a weakening U.S. dollar. Increases in commodity costs negatively impact the profitability of orders in backlog as prices on those orders are usually fixed. If we are not able to recover commodity cost increases through price increases to our customers on new orders, then such increases will have an adverse effect on our results of operations. Additionally, if commodity costs decrease and we are unable to negotiate timely component cost decreases commensurate with any decrease in commodity costs, then our higher component prices could put us at a material disadvantage as compared to our competition.

Furthermore, in the defense segment, we largely do business under multi-year firm, fixed-price contracts with the DoD, which typically contain annual price increases. Under the JLTV contract, we bear the risk of material, labor and overhead cost escalation for the full eight years of the contract, which is 3 to 5 years longer than has been the case under our other defense contracts. We attempt to limit the risk related to raw material price fluctuations in the defense segment by obtaining firm pricing from suppliers at the time a contract is awarded. However, if these suppliers do not honor their contracts, then we could face margin pressure in our defense business.

We expect to incur costs and charges as a result of measures such as facilities and operations consolidations and workforce reductions that we expect will reduce on-going costs, and those measures also may be disruptive to our business and may not result in anticipated cost savings.

We have been consolidating facilities and operations in an effort to make our business more efficient and expect to continue to review our overall manufacturing footprint. We have incurred, and expect to incur in the future, additional costs and restructuring charges in connection with such consolidations, workforce reductions and other cost reduction measures that have adversely affected, and to the extent incurred in the future would adversely affect, our future earnings and cash flows. Furthermore, such actions may be disruptive to our business. This may result in production inefficiencies, product quality issues, late product deliveries or lost orders as we begin production at consolidated facilities, which would adversely impact our sales levels, operating results and operating margins. In addition, we may not realize the cost savings that we expect to realize as a result of such actions.

During the past two years, we have completed significant reductions to our production and office workforce in our defense segment and in the fourth quarter of fiscal 2015 we executed plans for workforce reductions at our access equipment segment and corporate operations. Additional workforce reductions may be required, particularly in light of our projected sales decline in our access equipment segment. We may incur costs and restructuring charges in connection with such workforce reductions that could adversely affect our future earnings and cash flows. Furthermore, such actions may be disruptive to our business.

Our objective is to expand international operations and sales, the conduct of which subjects us to risks that may have a material adverse effect on our business.

Expanding international operations and sales is a significant part of our growth strategy particularly for fiscal 2016. Our outlook depends in part upon increases in international orders and sales, including finalizing and entering into contracts for a significant quantity of M-ATVs for sales starting in fiscal 2016, but those orders and sales may not materialize. International operations and sales are subject to various risks, including political, religious and economic instability, local labor market conditions, the imposition of foreign tariffs and other trade barriers, the impact of foreign government regulations and the effects of income and withholding taxes, sporadic order patterns, governmental expropriation and differences in business practices. We may incur increased costs and experience delays or disruptions in product deliveries and payments in connection with international manufacturing and sales that could cause loss of revenues and earnings. Among other things, there are additional logistical requirements associated with international sales, which increase the amount of time between the completion of vehicle production and our ability to recognize related revenue. In addition, expansion into foreign markets requires the establishment of distribution networks and may require modification of products to meet local requirements or preferences. Establishment of distribution networks or modification to the design of our products to meet local requirements and preferences may take longer or be more costly than we anticipate and could have a material adverse effect on our ability to achieve international sales growth. Some of these international sales require financing to enable potential customers to make purchases. Availability of financing to non-U.S. customers depends in part on the U.S. Export-Import Bank, whose authorization expired on July 1, 2015. If the U.S. Export-Import Bank authorization is not re-established in the future, we may not be able to effectively compete for international sales against foreign competitors who are able to benefit from direct or indirect financial support from governments where they have operations. In addition, our entry into certain markets that we wish to enter may require us to establish a joint venture. Identifying an appropriate joint venture partner and creating a joint venture could be more time consuming, more costly and more difficult than we anticipate.

As a result of our international operations and sales, we are subject to the Foreign Corrupt Practices Act (“FCPA”) and other laws that prohibit improper payments or offers of payments to foreign governments and their officials for the purpose of obtaining or retaining business. Our international activities create the risk of unauthorized payments or offers of payments in violation of the FCPA by one of our employees, consultants, sales agents or distributors, because these parties are not always subject to our control. Any violations of the FCPA could result in significant fines, criminal sanctions against us or our employees, and prohibitions on the conduct of our business, including our business with the U.S. government. We are also increasingly subject to export control regulations, including, without limitation, the United States Export Administration Regulations and the International Traffic in Arms Regulations. Unfavorable changes in the political, regulatory or business climate could have a material adverse effect on our net sales, financial condition, profitability and/or cash flows.

We may experience losses in excess of our recorded reserves for doubtful accounts, finance receivables, notes receivable and guarantees of indebtedness of others.

As of September 30, 2015, we had consolidated gross receivables of $1.01 billion. In addition, we were a party to agreements whereby we estimate our maximum exposure to be $120.4 million under guarantees of customer indebtedness to third parties aggregating approximately $606.3 million. We evaluate the collectability of open accounts, finance receivables, notes receivable and our guarantees of indebtedness of others based on a combination of factors and establish reserves based on our estimates of potential losses. In circumstances where we believe it is probable that a specific customer will have difficulty meeting its financial obligations, a specific reserve is recorded to reduce the net recognized receivable to the amount we expect to collect, and/or we recognize a liability for a guarantee we expect to pay, taking into account any amounts that we would anticipate realizing if we are forced to repossess the equipment that supports the customer’s financial obligations to us. We also establish additional reserves based upon our perception of the quality of the current receivables, the current financial position of our customers and past collections experience. Prolonged or more severe economic weakness may result in additional requirements for specific reserves. During periods of economic weakness, the collateral underlying our guarantees of indebtedness of customers or receivables can decline sharply, thereby increasing our exposure to losses. We also face a concentration of credit risk as the access equipment segment’s ten largest debtors at September 30, 2015 represented approximately 28% of our consolidated gross receivables. Some of these customers are highly leveraged. We may incur losses in excess of our recorded reserves if the financial condition of our customers were to deteriorate or the full amount of any anticipated proceeds from the sale of the collateral supporting our customers’ financial obligations is not realized. Our cash flows and overall liquidity may be materially adversely affected if any of the financial institutions that finance our customer receivables become unable or unwilling, due to unfavorable economic conditions, a weakening of our or their financial position or otherwise, to continue providing such credit.

A disruption or termination of the supply of parts, materials, components and final assemblies from third-party suppliers could delay sales of our vehicles and vehicle bodies.

We have experienced, and may in the future experience, significant disruption or termination of the supply of some of our parts, materials, components and final assemblies that we obtain from sole source suppliers or subcontractors. We may also incur a significant increase in the cost of these parts, materials, components or final assemblies. These risks are increased in a weak economic environment and when demand increases coming out of an economic downturn. Such disruptions, terminations or cost increases have resulted and could further result in manufacturing inefficiencies due to us having to wait for parts to arrive on the production line, could delay sales and could result in a material adverse effect on our net sales, financial condition, profitability and/or cash flows.

Table of Contents

Our results could be adversely affected by severe weather, natural disasters, and other events in the locations in which we or our customers or suppliers operate.

We have manufacturing and other operations in locations prone to severe weather and natural disasters, including earthquakes, hurricanes or tsunamis that could disrupt our operations. Our suppliers and customers also have operations in such locations. Severe weather or a natural disaster that results in a prolonged disruption to our operations, or the operations of our customers or suppliers, such as that which occurred during the second and third quarters of fiscal 2015 in the United States, could delay delivery of parts, materials or components to us or sales to our customers and could have a material adverse effect on our net sales, financial condition, profitability and/or cash flows.

We are subject to fluctuations in exchange rates associated with our non-U.S. operations that could adversely affect our results of operations and may significantly affect the comparability of our results between financial periods.

Approximately 21% of our net sales in fiscal 2015 were attributable to products sold outside of the United States, of which approximately 70% involved export sales from the United States. The majority of export sales are denominated in U.S. dollars. Sales outside the United States are typically made in the local currencies of those countries. Fluctuations in foreign currency can have an adverse impact on our sales and profits as amounts that are measured in foreign currency are translated back to U.S. dollars. We have sales of inventory denominated in U.S. dollars to certain of our subsidiaries that have functional currencies other than the U.S. dollar. The exchange rates between many of these currencies and the U.S. dollar have fluctuated significantly in recent years and may fluctuate significantly in the future. Such fluctuations, in particular those with respect to the Euro, the Chinese renminbi, the Canadian dollar, the Mexican peso, the Brazilian real and the Australian dollar, may have a material effect on our net sales, financial condition, profitability and/or cash flows and may significantly affect the comparability of our results between financial periods. Any appreciation in the value of the U.S. dollar in relation to the value of the local currency, as we have experienced during fiscal 2015, will adversely affect our revenues from our foreign operations when translated into U.S. dollars. Likewise, any appreciation in the value of the U.S. dollar in relation to the value of the local currency of those countries where our products are sold will increase our costs of goods in our foreign operations, to the extent such costs are payable in U.S. dollars, and impact the competitiveness of our product offerings in international markets.

Disruptions or cost overruns in connection with the implementation of our global enterprise resource planning system could negatively affect our operations.

We are in the process of implementing a multi-year project to replace many of our existing operating and financial systems with a global enterprise resource planning system. The implementation of this system is a major undertaking, both financially and from a management and personnel perspective. Should the system not be implemented successfully and within budget, or if the system does not perform in a satisfactory manner, it could disrupt or otherwise adversely affect our operations and financial results, including our ability, among other things, to timely manufacture products for sale to our customers and to report accurate and timely financial results.

Changes in regulations could adversely affect our business.

Both our products and the operation of our manufacturing facilities are subject to statutory and regulatory requirements. These include environmental requirements applicable to manufacturing and vehicle emissions, government contracting regulations and domestic and international trade regulations. A significant change to these regulatory requirements could substantially increase manufacturing costs or impact the size or timing of demand for our products, all of which could make our business results more variable.

In particular, climate change is receiving increasing attention worldwide. Many scientists, legislators and others attribute climate change to increased levels of greenhouse gases, including carbon dioxide, which has led to significant legislative and regulatory efforts to limit greenhouse gas emissions. Congress has previously considered and may in the future implement restrictions on greenhouse gas emissions through a cap-and-trade system under which emitters would be required to buy allowances to offset emissions of greenhouse gas. In addition, several states, including states where we have manufacturing plants, are considering various greenhouse gas registration and reduction programs. Our manufacturing plants use energy, including electricity and natural gas, and certain of our plants emit amounts of greenhouse gas that may be affected by these legislative and regulatory efforts. Greenhouse gas regulation could increase the price of the electricity we purchase, increase costs for our use of natural gas, potentially restrict access to or the use of natural gas, require us to purchase allowances to offset our own emissions or result in an overall increase in our costs of raw materials, any one of which could increase our costs, reduce our competitiveness in a global economy or otherwise negatively affect our business, operations or financial results.

Table of Contents

SEC disclosure requirements impose inquiry, diligence and disclosure obligations with respect to “conflict minerals,” defined as tin, tantalum, tungsten and gold, that are necessary to the functionality of a product manufactured, or contracted to be manufactured, by an SEC reporting company. Certain of these minerals are used extensively in components manufactured by our suppliers (or in components incorporated by our suppliers into components supplied to us) for use in our vehicles or other products. Under the rules, an SEC reporting company must conduct a country of origin inquiry that is reasonably designed to determine whether any of the “conflict minerals” that are necessary to the functionality of a product manufactured, or contracted to be manufactured, by the company originated in the Democratic Republic of the Congo or an adjoining country. If any such “conflict minerals” originated in the Democratic Republic of Congo or an adjoining country, the rules require the issuer to exercise due diligence on the source of such “conflict minerals” and their chain of custody with the ultimate objective of determining whether the “conflict minerals” directly or indirectly financed or benefited armed groups in the Democratic Republic of the Congo or an adjoining country. The issuer must then prepare and file with the SEC a report regarding its diligence efforts. Our supply chain is very complex and multifaceted. While we have no intention to use minerals sourced from the Democratic Republic of Congo or adjoining countries that finance or benefit armed groups, we have incurred and expect to incur significant costs to conduct our country of origin inquiry and, if necessary, to exercise such due diligence. As mandated by DoD regulations, a significant number of our suppliers are small businesses, and those small businesses have limited or no resources to track their sources of minerals. As a result, we expect significant difficulty in determining the country of origin or the source and chain of custody for all “conflict minerals” used in our products and disclosing that our products are “conflict free” (meaning that they do not contain “conflict minerals” that directly or indirectly finance or benefit armed groups in the Democratic Republic of the Congo or an adjoining country). We may face reputational challenges if we are unable to verify the country of origin or the source and chain of custody for all “conflict minerals” used in our products or if we are unable to disclose that our products are “conflict free.” Implementation of these rules may also affect the sourcing and availability of some minerals necessary to the manufacture of our products and may affect the availability and price of “conflict minerals” capable of certification as “conflict free.” Accordingly, we may incur significant costs as a consequence of these rules, which may adversely affect our business, financial condition or results of operations. Other laws or regulations impacting our supply chain, such as the UK Modern Slavery Act, may have similar consequences.

Disruptions within our dealer network could adversely affect our business.

Although we sell the majority of our products directly to the end user, we market, sell and service products through a network of independent dealers in the fire & emergency segment and in a limited number of markets for the access equipment and commercial segments. As a result, our business with respect to these products is influenced by our ability to establish and manage new and existing relationships with dealers. While we have relatively low turnover of dealers, from time to time, we or a dealer may choose to terminate the relationship as a result of difficulties that our independent dealers experience in operating their businesses due to economic conditions or other factors, or as a result of an alleged failure by us or an independent dealer to comply with the terms of our dealer agreement. We do not believe our business is dependent on any single dealer, the loss of which would have a sustained material adverse effect upon our business. However, disruption of dealer coverage within a specific state or other geographic market could cause difficulties in marketing, selling or servicing our products and have an adverse effect on our business, operating results or financial condition.

In addition, our ability to terminate our relationship with a dealer is limited due to state dealer laws, which generally provide that a manufacturer may not terminate or refuse to renew a dealer agreement unless it has first provided the dealer with required notices. Under many state laws, dealers may protest termination notices or petition for relief from termination actions. Responding to these protests and petitions may cause us to incur costs and, in some instances, could lead to litigation resulting in lost opportunities with other dealers or lost sales opportunities, which may have an adverse effect on our business, operating results or financial condition.

Security breaches and other disruptions could compromise our information and expose us to liability, which could cause our business and reputation to suffer.

We use our information systems to collect and store confidential and sensitive data, including information about our business, our customers and our employees. As technology continues to evolve, we anticipate that we will collect and store even more data in the future and that our systems will increasingly use remote communication features that are sensitive to both willful and unintentional security breaches. Much of our value relative to our competitors is derived from our confidential business information, including vehicle designs, proprietary technology and trade secrets, and to the extent the confidentiality of such information is compromised, we may lose our competitive advantage and our vehicle sales may suffer.

Table of Contents

We also collect, retain and use personal information, including data we gather from customers for product development and marketing purposes, and data we obtain from employees. In the event of a breach in security that allows third parties access to this personal information, we are subject to a variety of ever-changing laws on a global basis that require us to provide notification to the data owners, and that subject us to lawsuits, fines and other means of regulatory enforcement. Depending on the function involved, a breach in security may lead to customers purchasing vehicles from our competitors, subject us to lawsuits, fines and other means of regulatory enforcement or harm employee morale.

ITEM 1B. UNRESOLVED STAFF COMMENTS

The Company has no unresolved staff comments regarding its periodic or current reports from the staff of the SEC that were issued 180 days or more preceding September 30, 2015.

ITEM 2. PROPERTIES

The Company believes its equipment and buildings are well maintained and adequate for its present and anticipated needs. As of September 30, 2015, the Company operated in 31 manufacturing facilities consisting of over six million square feet of manufacturing space. The locations of the Company's manufacturing facilities are provided in the table below:

Segment	Location (# of facilities)	Segment	Location (# of facilities)
Access Equipment	McConnellsburg, Pennsylvania (3)	Fire & Emergency	Appleton, Wisconsin (3)
	Orrville, Ohio (1)		Bradenton, Florida (1)
	Shippensburg, Pennsylvania (1)		Kewaunee, Wisconsin (1)
	Greencastle, Pennsylvania (1)		Clearwater, Florida (1) [a]
	Riverside, California (1) [a]		
	Medias, Romania (1) [a]	Commercial	Dodge Center, Minnesota (1)
	Tianjin, China (1)		Garner, Iowa (1)
	Maasmechelen, Belgium (1) [a]		Blair, Nebraska (1)
	Tonneins, France (1) [a]		Riceville, Iowa (1)
	Port Macquarie, Australia (1)		Audubon, Iowa (1)
	Wigston, United Kingdom (1)		London, Canada (1) [a]
	Leicester, United Kingdom (1) [a]		
Defense	Oshkosh, Wisconsin (4)	Corporate	Leon, Mexico (1)

(a) These facilities are leased.

The Company's manufacturing facilities generally operate five days per week on one or two shifts, except for seasonal shutdowns for one- to three-week periods. The Company believes its manufacturing capacity could be significantly increased with limited capital spending by operating an additional shift at each facility.

The Company also performs contract maintenance services out of multiple warehousing and service facilities owned and/or operated by the U.S. government and third parties, including locations in the U.S., Japan and multiple other countries in Europe and the Middle East.

In addition to sales and service activities at the Company's manufacturing facilities, the Company maintains 26 sales and service centers in the U.S. The Company uses these facilities primarily for sales and service of concrete mixers and refuse collection vehicles. The access equipment segment also leases a number of small distribution, engineering, administration or service facilities throughout the world.

Table of Contents

ITEM 3. LEGAL PROCEEDINGS

The Company is subject to 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, the Company 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.

Personal injury actions and other. At September 30, 2015, the estimated net liabilities for product and general liability claims totaled $40.4 million. Although the final results of all such matters and claims cannot be predicted with certainty, the Company believes that the ultimate resolution of all such matters and claims, after taking into account the liabilities accrued with respect to 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.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

Table of Contents

EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth certain information as of November 13, 2015 concerning the Company’s executive officers. All of the Company’s executive officers serve terms of one year and until their successors are elected and qualified.

Name	Age	Title
Charles L. Szews	58	Chief Executive Officer
Wilson R. Jones	54	President and Chief Operating Officer
Gregory L. Fredericksen	54	Executive Vice President and Chief Procurement Officer
Janet L. Hogan	51	Executive Vice President and Chief Human Resources Officer
James W. Johnson	50	Executive Vice President and President, Fire & Emergency Segment
Joseph H. Kimmitt	65	Executive Vice President, Government Operations and Industry Relations
Frank R. Nerenhausen	51	Executive Vice President and President, Access Equipment Segment
David M. Sagehorn	52	Executive Vice President and Chief Financial Officer
John M. Urias	62	Executive Vice President and President, Defense Segment
Ignacio A. Cortina	44	Senior Vice President, General Counsel and Secretary
Marek W. May	46	Senior Vice President, Operations
Robert S. Messina	45	Senior Vice President, Engineering and Technology
Colleen R. Moynihan	55	Senior Vice President, Quality & Continuous Improvement
Bradley M. Nelson	46	Senior Vice President and President, Commercial Segment
Mark M. Radue	51	Senior Vice President, Business Development

Charles L. Szews. Mr. Szews joined the Company in 1996 as Vice President and Chief Financial Officer. He served as Executive Vice President and Chief Financial Officer from 1997 until 2007, at which time he was appointed President and Chief Operating Officer. Effective January 1, 2011, Mr. Szews assumed the position of President and Chief Executive Officer. Effective with the promotion of Wilson Jones to President and Chief Operating Officer in 2012, Mr. Szews no longer holds the title of President, but remains Chief Executive Officer. Mr. Szews was elected a director of the Company in 2007. Mr. Szews is a director of Commercial Metals Company. On September 15, 2015, Mr. Szews notified the Company of his intent to retire from his position as Chief Executive Officer and step down as a director of the Company, effective December 31, 2015.

Wilson R. Jones. Mr. Jones joined the Company in 2005 as Vice President and General Manager of the Company's airport products business and was appointed to his current position of President and Chief Operating Officer in 2012. He previously served as President, Pierce; Executive Vice President and President, Fire & Emergency Segment from 2008 to 2010 and Executive Vice President and President, Access Equipment Segment from 2010 to 2012. Mr. Jones is a director of Thor Industries, Inc. The Board of Directors has elected Mr. Jones to succeed Mr. Szews as Chief Executive Officer upon his retirement, where Mr. Jones will serve in the dual role of President and Chief Executive Officer, effective January 1, 2016. The Board of Directors also appointed Mr. Jones to serve as a director of the Company effective January 1, 2016.

Gregory L. Fredericksen. Mr. Fredericksen joined the Company in 2008 as Senior Vice President, Chief Procurement Officer and was appointed to his current position of Executive Vice President and Chief Procurement Officer in 2010.

Janet L. Hogan. Ms. Hogan joined the Company in May 2014 as Executive Vice President and Chief Human Resources Officer. She previously served as Vice President and Chief Human Resources Officer at Harsco Corporation from 2011 to May 2014. Prior to Harsco Corporation, Ms. Hogan served in a variety of executive human resources roles with Monsanto Company from 1998 to 2011, most recently in the role of Vice President, Human

Resources Global Research and Development.

James W. Johnson. Mr. Johnson joined the Company in 2007 as Director of Dealer Development for Pierce. He was appointed to Senior Vice President of Sales and Marketing for Pierce in 2009 and was appointed to his current position of Executive Vice President and President, Fire & Emergency Segment in 2010.

Table of Contents

Joseph H. Kimmitt. Mr. Kimmitt joined the Company in 2001 as Vice President, Government Operations and was appointed to his current position of Executive Vice President, Government Operations and Industry Relations in 2006.

Frank R. Nerenhausen. Mr. Nerenhausen joined the Company in 1986 and has served in various assignments, including Vice President of Concrete & Refuse Sales & Marketing for McNeilus from 2008 to 2010 and Executive Vice President and President, Commercial Segment from 2010 to 2012. He was appointed to his current position of Executive Vice President and President, Access Equipment Segment in 2012.

David M. Sagehorn. Mr. Sagehorn joined the Company in 2000 as Senior Manager - Mergers & Acquisitions and has served in various assignments, including Director - Business Development, Vice President - Defense Finance, Vice President - McNeilus Finance, Vice President - Business Development and Vice President and Treasurer. He was appointed to his current position of Executive Vice President and Chief Financial Officer in 2007.

John M. Urias. Mr. Urias joined the Company in 2011 as Executive Vice President and President, Defense Segment. He previously served as Vice President of Programs in 2011; Vice President, Programs and UAE Surface Launched AMRAAM Capture Lead, National and Theater Strategic Programs from 2010 to 2011, and Vice President, Force Application Programs for Integrated Defense Systems from 2009 to 2010, in each case, at Raytheon Company. Mr. Urias retired from the U.S. Army with the rank of Major General in 2006.

Ignacio A. Cortina. Mr. Cortina joined the Company in December 2006 with the acquisition of JLG. He has held various roles of increasing responsibility, most recently serving as the Company's Vice President & Deputy General Counsel from 2011 to 2015. Prior to joining the Company, he spent seven years in private practice in the Washington, D.C. area. He was appointed to his current position of Senior Vice President, General Counsel and Secretary in October 2015.

Marek W. May. Mr. May joined the Company in 2009 as Director of Operations - Defense Segment and served as Senior Director of Operations - Defense Segment from June 2010 to September 2010 and Vice President of Manufacturing Operations - Defense Segment from September 2010 to July 2013. He was appointed to his current position of Senior Vice President, Operations in July 2013. He previously served as Business Leader (Plant Manager) for Ingersoll Rand from 2007 to 2009.

Robert S. Messina. Mr. Messina joined the Company in 2009 as Chief Engineer, Advanced Products and served in various assignments, including Vice President Engineering - Defense Segment and most recently as the Vice President Engineering - Access Equipment Segment until he was appointed to his current position of Senior Vice President, Engineering and Technology in March 2015.

Colleen R. Moynihan. Ms. Moynihan joined the Company in 2011 as Senior Vice President, Quality & Continuous Improvement. She previously served as Director of Global Quality & Manufacturing Engineering at Caterpillar Inc. from 2007 to 2011.

Bradley M. Nelson. Mr. Nelson joined the Company in 2011 as Global Vice President of Marketing for JLG and was appointed to his current position of Senior Vice President and President, Commercial Segment in March 2013. He previously served as Vice President of Global Marketing and Communications from 2007 to 2011 at Eaton Corporation.

Mark M. Radue. Mr. Radue joined the Company in 2005 as Senior Director of Financial Analysis and Controls. He was appointed to his current position of Senior Vice President, Business Development in 2011.

28

Table of Contents

PART II

ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The information relating to dividends included in Note 25 of the Notes to Consolidated Financial Statements contained herein under Item 8 and the information relating to dividends per share contained herein under Item 6 are hereby incorporated by reference in answer to this item.

Common Stock Repurchases

The following table sets forth information with respect to purchases of Common Stock made by the Company or on the Company's behalf during the fourth quarter of fiscal 2015:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (1)
July 1 - July 31	—	$—	—	2,898,921
August 1 - August 31	2,359,581	38.28	2,359,581	10,539,340
September 1 - September 30	574,082	38.11	574,082	9,965,258
Total	2,933,663	38.25	2,933,663	9,965,258

(1) On August, 31 2015, the Company's Board of Directors increased the Company's authorization to repurchase shares of the Company's Common Stock by 10,000,000 shares, taking the authorized number of shares of Common Stock available for repurchase to 10,299,198 as of that date. As of September 30, 2015, the Company had repurchased 333,940 shares of Common Stock under this authorization. As a result, 9,965,258 shares of Common Stock remained available for repurchase under the repurchase authorization at September 30, 2015. The Company can use this authorization at any time as there is no expiration date associated with the authorization. From time to time, the Company may enter into a Rule 10b5-1 trading plan for the purpose of repurchasing shares under this authorization.

Table of Contents

Dividends and Common Stock Price

On October 30, 2013, the Company’s Board of Directors initiated a quarterly cash dividend of $0.15 per share of Common Stock. On October 31, 2014, the Company's Board of Directors increased the Company's quarterly dividend from $0.15 per share of Common Stock to $0.17 per share. On October 29, 2015, the Company's Board of Directors increased the Company's quarterly dividend from $0.17 per share of Common Stock to $0.19 per share. The Company did not pay dividends on its Common Stock during fiscal 2013.

The Company intends 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 and cash flows, capital requirements, the Company’s general financial condition, general business conditions and other factors. In addition, the Company's credit agreement limits the amount of dividends and other distributions, including repurchases of shares of Common Stock, the Company may pay on or after March 3, 2010 to (i) 50% of the consolidated net income of the Company and its subsidiaries (or if such consolidated net income is a deficit, minus 100% of such deficit), accrued on a cumulative basis during the period beginning on January 1, 2010 and ending on the last day of the fiscal quarter immediately preceding the date of the applicable proposed dividend or distribution; plus (ii) 100% of the aggregate net proceeds received by the Company subsequent to March 3, 2010 either as a contribution to its common equity capital or from the issuance and sale of its Common Stock. The Company's indentures for its senior notes due 2022 and senior notes due 2025 also contain restrictive covenants that may limit the Company's ability to repurchase shares of its Common Stock or make dividends and other types of distributions to shareholders. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources” for further discussion about the Company’s financial covenants under its credit agreement and indenture.

The Company’s Common Stock is listed on the New York Stock Exchange (“NYSE”) under the symbol OSK. As of November 6, 2015, there were 1,077 holders of record of Oshkosh Common Stock. The following table sets forth prices reflecting actual sales of the Company's Common Stock as reported on the NYSE for the periods indicated.

	Fiscal 2015		Fiscal 2014	
Quarter Ended	High	Low	High	Low
September 30	$43.34	$32.56	$57.99	$44.03
June 30	55.69	42.36	60.45	51.26
March 31	49.40	38.64	59.24	48.93
December 31	49.50	39.72	53.70	45.66

Item 12 of this Annual Report on Form 10-K contains certain information relating to the Company’s equity compensation plans.

The following information in this Item 5 is not deemed to be “soliciting material” or to be “filed” with the SEC or subject to Regulation 14A or 14C under the Securities Exchange Act of 1934 (“Exchange Act”) or to the liabilities of Section 18 of the Exchange Act, and will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act, except to the extent the Company specifically incorporates it by reference into such a filing. The SEC requires the Company to include a line graph presentation comparing cumulative five year Common Stock returns with a broad-based stock index and either a nationally recognized industry index or an index of peer companies selected by the Company. The Company has chosen to use the Standard & Poor’s MidCap 400 market index as the broad-based index and the companies currently in the Standard Industry Classification Code 371 Index (motor vehicles and equipment) (the “SIC Code 371 Index”) as a more specific comparison.

Table of Contents

The comparisons assume that $100 was invested on September 30, 2010 in each of: the Company's Common Stock, the Standard & Poor's MidCap 400 market index and the SIC Code 371 Index. The total return assumes reinvestment of dividends and is adjusted for stock splits. The fiscal 2015 return listed in the charts below is based on closing prices per share on September 30, 2015. On that date, the closing price for the Company's Common Stock was $36.33.

---

* $100 invested on September 30, 2010 in stock or index, including reinvestment of dividends.

	September 30,				
	2011	2012	2013	2014	2015
Oshkosh Corporation	$57.24	$99.75	$178.11	$162.44	$135.68
S&P MidCap 400 market index	98.72	126.90	162.02	181.17	183.70
SIC Code 371 Index	88.35	106.12	171.69	178.94	179.61

Table of Contents

ITEM 6. SELECTED FINANCIAL DATA

	Fiscal Year Ended September 30,				
(In millions, except per share amounts)	2015	2014	2013	2012	2011
Income Statement Data:					
Net sales	$6,098.1	$6,808.2	$7,665.1	$8,141.1	$7,538.5
Gross income	1,039.2	1,182.7	1,191.8	1,006.9	1,091.3
Intangible asset impairment charges	—	—	9.0	—	2.0
Depreciation	64.9	65.3	65.3	65.5	77.9
Amortization of purchased intangibles, deferred financing costs and stock-based compensation [(1)]	81.0	86.5	85.9	83.2	79.9
Operating income [(2)]	398.6	503.3	505.7	387.7	526.1
Income (loss) attributable to Oshkosh Corporation common shareholders:					
From continuing operations	229.0	308.1	314.3	244.6	290.6
From discontinued operations [(3)]	—	—	1.7	(14.4)	(17.6)
Net income	229.0	308.1	316.0	230.2	273.0
Income (loss) attributable to Oshkosh Corporation common shareholders per share assuming dilution:					
From continuing operations	$2.90	$3.61	$3.53	$2.67	$3.18
From discontinued operations [(3)]	—	—	0.02	(0.16)	(0.19)
Net income	2.90	3.61	3.55	2.51	2.99
Dividends per share	$0.68	$0.60	$—	$—	$—
Balance Sheet Data:					
Cash and cash equivalents	$42.9	$313.8	$733.5	$540.7	$428.5
Total assets	4,613.0	4,586.7	4,765.7	4,947.8	4,826.9
Net working capital	971.2	1,072.7	1,172.7	990.0	762.8
Long-term debt (including current maturities)	938.5	895.0	955.0	955.0	1,060.1
Oshkosh Corporation shareholders’ equity	1,911.1	1,985.0	2,107.8	1,853.5	1,596.5
Other Financial Data:					
Expenditures for property, plant and equipment	$131.7	$92.2	$46.0	$55.9	$82.3
Backlog	2,607.4	1,891.0	2,838.0	4,046.2	6,478.4
Book value per share	$25.33	$24.86	$24.36	$20.24	$17.48

---

(1) Includes amortization of deferred financing costs of $6.4 million in fiscal 2015, $6.2 million in fiscal 2014, $4.9 million in fiscal 2013, $7.0 million in fiscal 2012 and $5.1 million in fiscal 2011.

(2) Includes costs incurred by the Company in connection with an unsolicited tender offer for the Company's Common Stock and a threatened proxy contest of $16.3 million in fiscal 2013 and costs incurred by the Company in connection with a proxy contest of $6.6 million in fiscal 2012.

(3) In fiscal 2013, the Company discontinued production of ambulances, which the Company sold under the Medtec brand name. In fiscal 2012, the Company completed the sale of its European mobile medical business, Oshkosh Specialty Vehicles (UK), Limited and AK Specialty Vehicles and its wholly-owned subsidiary (together, "SMIT"), and discontinued production of U.S. mobile medical units.

Table of Contents

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General

The Company is a leading designer, manufacturer and marketer of a wide range of specialty vehicles and vehicle bodies, including access equipment, defense trucks and trailers, fire & emergency vehicles, concrete mixers and refuse collection vehicles. The Company is a leading global manufacturer of aerial work platforms under the "JLG" brand name. The Company is among the worldwide leaders in the manufacturing of telehandlers under the "JLG" and "SkyTrak" brand names. Under the "Jerr-Dan" brand name, the Company is a leading domestic manufacturer and marketer of towing and recovery equipment. The Company manufactures defense trucks under the "Oshkosh" brand name and is a leading manufacturer of severe-duty, tactical wheeled vehicles for the DoD. Under the "Pierce" brand name, the Company is among the leading global manufacturers of fire apparatus assembled on both custom and commercial chassis. Under the "Frontline" brand name, the Company is a leading domestic manufacturer and marketer of broadcast vehicles. The Company manufactures ARFF and airport snow removal vehicles under the "Oshkosh" brand name. Under the "McNeilus," "Oshkosh," "London" and "CON-E-CO" brand names, the Company manufactures rear- and front-discharge concrete mixers and portable and stationary concrete batch plants. Under the "McNeilus" brand name, the Company manufactures a wide range of automated, rear, front, side and top loading refuse collection vehicles. Under the "IMT" brand name, the Company is a leading domestic manufacturer of field service vehicles and truck-mounted cranes.

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

Access equipment — aerial work platforms and telehandlers used in a wide variety of construction, agricultural, industrial, institutional and general maintenance applications to position workers and materials at elevated heights, as well as wreckers and carriers. Access equipment customers include equipment rental companies, construction contractors, manufacturing companies, home improvement centers and towing companies in the U.S. and abroad.

Defense — tactical trucks, trailers and supply parts and services sold to the U.S. military and to other militaries around the world.

Fire & emergency — custom and commercial firefighting vehicles and equipment, ARFF vehicles, snow removal vehicles, simulators and other emergency vehicles primarily sold to fire departments, airports and other governmental units, and broadcast vehicles sold to broadcasters and TV stations in the U.S. and abroad.

Commercial — concrete mixers, refuse collection vehicles, portable and stationary concrete batch plants and vehicle components sold to ready-mix companies and commercial and municipal waste haulers in the Americas and other international markets and field service vehicles and truck-mounted cranes sold to mining, construction and other companies in the U.S. and abroad.

All estimates referred to in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" refer to the Company's estimates as of November 13, 2015.

Executive Overview

In fiscal 2015, the Company faced two difficult conditions. First, the multi-year decline in U.S. defense spending caused the Company's defense sales and earnings to reach a trough, marginally profitable levels, consistent with the Company's expectations. However, the Company did not anticipate a broad-based decline in construction equipment sales in North America during a period of improving residential and non-residential construction spending. The decline in fiscal 2015 was caused by a number of contributing factors including severe weather in the Northeast and rains across the Southern U.S. which shortened the construction season and a decline in oil and gas related construction activity which accelerated into fiscal 2015 a mid-cycle dip in demand for access equipment as a result of low purchases of access equipment in the 2009-2010 time-period. This led to sales declines in the Company's access equipment and concrete mixer businesses at a time that the Company believed it was in position to achieve its long-term target for fiscal 2015 earnings per share. Despite these difficult conditions, the Company delivered solid results in fiscal 2015, which represented a 9.5% compound annual growth rate of earnings per share on an adjusted basis from fiscal 2012 to fiscal 2015 and believes it has set the foundation for improved earnings performance in fiscal 2016 and beyond. Specific examples of this include the following:

Table of Contents

- The Company delivered higher sales and margins in its fire & emergency and commercial segments. Due largely to market share gains, in marginally improving markets, sales grew by 7.8% and 12.9% in the fire & emergency and commercial segments, respectively, in fiscal 2015. Importantly, by executing strategic growth road maps for each segment, operating income margins increased by 190 and 40 basis points, respectively, which yielded a combined 35% increase in the operating income of these two segments. The improvement in commercial segment margins was muted by investments intended to raise margins further in fiscal 2016.
- The Company set the foundation for defense segment earnings recovery in fiscal 2016. Extensive efforts over multiple years expanding the number of M-ATV variants and marketing them globally resulted in the defense segment securing an order in August 2015 from an international customer for an additional 273 M-ATVs for sale in fiscal 2016. In addition, the defense segment expects to secure a contract for more than 1,000 additional M-ATVs in the first quarter of fiscal 2016, the majority of which the Company expects to sell in fiscal 2016. The Company's defense segment continues to pursue opportunities to sell thousands of M-ATVs over the next few years.
- The Company's defense segment achieved a historic award of the JLTV production contract. The award of the $6.7 billion JLTV contract positions the defense business with a strong, profitable base of business for at least the next eight years. The JLTV will become the tactical workhorse for transporting the next generation of U.S. soldiers and Marines around the battlefield. The JLTV contract award is currently being protested by one of the competing bidders, and the DoD has issued a stop-work order on the JLTV program pending resolution of the protest. The Company expects a decision on the protest in December 2015.

Additionally, the Company repurchased 4.9 million shares of its Common Stock, or 6.1% of its shares outstanding in fiscal 2015, signaled its intention to repurchase additional shares in fiscal 2016, increased its quarterly cash dividend by 13% in December 2014 and announced an additional 12% increase beginning in November 2015.

Looking forward to fiscal 2016, the Company expects consolidated sales will increase to a range of $6.2 billion to $6.5 billion, despite an expected 10% - 15% decline in access equipment segment sales. The Company believes the longer term fundamental drivers for access equipment demand remain solid. Specifically, the Company believes residential and non-residential construction in the U.S. will continue to improve slowly to drive modest rental fleet expansion of access equipment and that rental company metrics will remain solid. The Company also believes that global adoption of the use of access equipment as a safe, cost effective tool will help propel additional access equipment demand. However, in the near term, the Company expects lower replacement-driven demand and market cautiousness to contribute to lower access equipment sales in fiscal 2016. The Company believes that fiscal 2015 was a trough year for its defense segment and that this segment’s sales will increase approximately 65% in fiscal 2016, more than offsetting the expected decline in access equipment segment sales. The Company believes its defense segment sales will rise in fiscal 2016 due to the restart of FHTV production and the expected sale of approximately 1,000 M-ATVs internationally. The Company also believes that the fire & emergency and commercial segments will report sales growth in fiscal 2016.

The Company expects operating income of $400 million to $440 million and earnings per share of $3.00 to $3.40 in fiscal 2016, assuming an average share count of approximately 75 million.

The Company expects that earnings per share in fiscal 2016 will be weighted toward the second half of the year, with fiscal first quarter earnings being slightly profitable, due to the continued lower expected access equipment replacement demand, seasonality factors and the expected significant increase in defense segment sales not beginning until the third fiscal quarter.

MOVE Strategy

In fiscal 2011, the Company completed a comprehensive strategic planning process to, among other things, assess the outlook for each of its markets, consider strategic alternatives and develop strategic initiatives to address the difficult market forces then facing the Company. Those difficult market forces involved non-defense markets, which were down 40% to more than 90% from peak, an uncertain economic recovery and a likely sharp downturn in U.S. defense spending beginning in 2011. The study culminated in the creation of the Company’s planned roadmap to deliver long-term earnings growth and increased shareholder value over the next business cycle and beyond. The Company’s roadmap, named MOVE, entails aggressive cost reduction and prudent organic growth initiatives until a market recovery provides an opportunity for both significant earnings leverage and cash flow, at which time the Company's strategic options could expand.

Table of Contents

In September 2012, the Company announced various targets for shareholders to assess its overall performance under its MOVE strategy, including an ambitious target to approximately double its fiscal 2012 adjusted earnings per share by fiscal 2015 despite an expected sharp downturn in the defense segment. The Company made good progress towards its earnings per share target in fiscal 2013 and 2014. However, due to adverse weather conditions in parts of the U.S. and the impact of a sudden and significant drop in the price of oil and gas on oil and gas exploration and related construction activity, which accelerated the mid-cycle dip in access equipment demand into fiscal 2015, access equipment segment sales and operating income fell short of the Company's previous estimates for fiscal 2015, causing the Company not to achieve its overall target of approximately doubling its earnings per share from fiscal 2012 to fiscal 2015. The Company's performance in executing the four key strategic initiatives of the MOVE strategy through fiscal 2015 follows:

- Market recovery and growth — The Company plans to capture or improve its historical share of a market recovery. The Company estimated at its Analyst Day in September 2012 that even a modest market recovery represented a $220 million operating income opportunity in its non-defense businesses between fiscal 2012 and fiscal 2015 at historical margins and assuming no major market share gains. As a result of the impact of adverse weather in the Northeast and Southern U.S. in 2015 on the construction season in the U.S. and the impact of the sudden and significant decline in oil and gas prices on exploration activity, access equipment demand and, to a lesser extent, concrete mixer demand did not meet the Company's expectations and as a result, the Company fell short of its fiscal 2015 target for the Market Recovery and Growth initiative.
- Optimize cost and capital structure — The Company is executing plans to optimize its cost and capital structure (“O” initiative) to provide value for customers and shareholders by aggressively attacking its product, process and overhead costs. The Company had targeted 250 basis points of operating income margin improvement between fiscal 2012 and fiscal 2015 through this initiative. The Company's actual operating income margin improvement from cost optimization activities exceeded the 250 basis point target.

The Company is also executing a prudent capital allocation strategy as part of its optimize cost and capital structure initiative, which the Company expects to incrementally benefit earnings as well as returns for shareholders. As part of this strategy, the Company repurchased approximately 0.5 million, 6.1 million, 8.3 million and 4.9 million shares of its Common Stock during fiscal 2012, 2013, 2014 and 2015, respectively, at an aggregate cost of $818.8 million. Earnings per share in fiscal 2015 improved $0.22 compared to the prior year as a result of lower average shares outstanding. In addition, in November 2013, the Company reinstated its quarterly cash dividend at a rate of $0.15 per share. In October 2014, the Company announced as part of its capital allocation strategy that it was increasing its quarterly cash dividend by 13% to $0.17 per share. In October 2015, the Company announced that it was increasing its quarterly cash dividend by an additional 12%, declaring a dividend of $0.19 per share payable on November 30, 2015 to shareholders of record on November 15, 2015.

- Value innovation — The Company has maintained its emphasis on new product development as it seeks to expand sales and margins by leading its core markets in the introduction of new or improved products and new technologies. The Company had targeted this initiative to achieve $350 million of incremental annual revenue by fiscal 2015 compared to fiscal 2012. As part of this initiative, the Company launched more than 20 new products in fiscal 2014 and approximately 30 new products in fiscal 2015. The Company's incremental revenue from new products in fiscal 2015 compared to fiscal 2012 exceeded the Company's $350 million target.
- Emerging market expansion — The Company is driving expansion in targeted international geographies where it believes that there are significant opportunities for growth. The Company targeted to derive 25% of its revenues from outside the U.S. by fiscal 2015. The Company has continued to invest in international business development resources, including opening new access equipment segment sales and service offices in fiscal 2014 and 2015. The Company's revenue from outside of the U.S. in fiscal 2015 was approximately 21%, 23% on a constant currency basis, of its consolidated fiscal 2015 revenues. Achievement of the original target was adversely impacted by significant weakening of currencies against the U.S. dollar in fiscal 2015.

The Company expects to continue to pursue its MOVE strategy in fiscal 2016 and beyond, with the belief that this strategy will continue to drive actions that will position the Company to deliver strong shareholder value in the coming years.

Table of Contents

Non-GAAP Financial Measures

The Company is comparing earnings per share from continuing operations excluding items that affect comparability. When the Company is comparing earnings per share from continuing operations, excluding items, these are considered non-GAAP financial measures. The Company believes excluding the impact of these items is useful to investors to allow a more accurate comparison of the Company's operating performance between periods. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the Company's results prepared in accordance with GAAP. The table below presents a reconciliation of the Company's presented non-GAAP measures to the most directly comparable GAAP measures:

	Fiscal Year Ended September 30,	
	2015	2012
Adjusted earnings per share from continuing operations-diluted (non-GAAP)	$3.02	$2.30
Discrete tax benefits	—	0.49
Debt extinguishment costs, net of tax	(0.12)	—
Pension and OPEB curtailment/settlement, net of tax	0.03	(0.02)
Workforce reduction charges, net of tax	(0.03)	—
Tender offer and proxy contest costs, net of tax	—	(0.05)
Performance share valuation adjustment, net of tax	—	(0.05)
Earnings per share from continuing operations-diluted (GAAP)	$2.90	$2.67

Results of Operations

Consolidated Net Sales — Three Years Ended September 30, 2015

The following table presents net sales (see definition of net sales contained in Note 2 of the Notes to Consolidated Financial Statements) by business segment (in millions):

	Fiscal Year Ended September 30,		
	2015	2014	2013
Net sales:			
Access equipment	$3,400.6	$3,506.5	$3,120.8
Defense	939.8	1,724.5	3,049.7
Fire & emergency	815.1	756.5	792.4
Commercial	978.0	865.9	766.9
Intersegment eliminations	(35.4)	(45.2)	(64.7)
Consolidated	$6,098.1	$6,808.2	$7,665.1

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

	Fiscal Year Ended September 30,		
	2015	2014	2013
Net sales:			
United States	$4,789.3	$5,247.7	$6,034.5
Other North America	302.8	351.2	235.2
Europe, Africa and the Middle East	564.4	672.3	898.7
Rest of the world	441.6	537.0	496.7
Consolidated	$6,098.1	$6,808.2	$7,665.1

Table of Contents

Fiscal 2015 Compared to Fiscal 2014

Consolidated net sales decreased $710.1 million, or 10.4%, to $6.10 billion in fiscal 2015 compared to fiscal 2014 largely as a result of an expected significant decline in defense segment sales. Foreign currency exchange rates also adversely impacted sales by $103 million compared to the prior year.

Access equipment segment net sales decreased $105.9 million, or 3.0%, to $3.40 billion in fiscal 2015 compared to fiscal 2014, due largely to an unfavorable currency impact of $94 million as a result of the weakening of most major currencies against the U.S. dollar during the year. Access equipment segment sales were also negatively impacted in the second half of the fiscal year as a result of the beginning of a mid-cycle dip in North American demand.

Defense segment net sales decreased $784.7 million, or 45.5%, to $939.8 million in fiscal 2015 compared to fiscal 2014. The decrease in defense segment sales was primarily due to an expected decline in sales to the DoD (down $706 million) and lower international sales of M-ATVs.

Fire & emergency segment net sales increased $58.6 million, or 7.8%, to $815.1 million in fiscal 2015 compared to fiscal 2014. The increase in sales primarily reflected higher fire apparatus deliveries (up $46 million) as a result of improved production rates and improved pricing (up $14 million).

Commercial segment net sales increased $112.1 million, or 12.9%, to $978.0 million in fiscal 2015 compared to fiscal 2014. The increase in commercial segment sales was primarily attributable to higher refuse collection vehicle unit volume (up $46 million), an increase in sales of higher content units with both chassis and bodies (up $42 million) and improved aftermarket parts and service sales (up $20 million).

Fiscal 2014 Compared to Fiscal 2013

Consolidated net sales decreased $856.9 million, or 11.2%, to $6.81 billion in fiscal 2014 compared to fiscal 2013. An expected significant decline in defense segment sales was partially offset by increased sales in the access equipment and commercial segments.

Access equipment segment net sales increased $385.7 million, or 12.4%, to $3.51 billion in fiscal 2014 compared to fiscal 2013. The increase in access equipment segment sales was principally the result of higher unit volumes resulting from higher global demand (up $416 million) and higher pricing (up $44 million), in part to address an increase in Tier IV engine costs, offset in part by lower U.S. military telehandler sales (down $81 million) under a contract that was completed in the fourth quarter of fiscal 2013.

Defense segment net sales decreased $1.33 billion, or 43.5%, to $1.72 billion in fiscal 2014 compared to fiscal 2013. The decrease in defense segment sales was primarily due to an expected decline in sales to the DoD (down $1.08 billion) and lower international sales of M-ATVs.

Fire & emergency segment net sales decreased $35.9 million, or 4.5%, to $756.5 million in fiscal 2014 compared to fiscal 2013. The decrease in fire & emergency segment sales primarily reflected lower sales volume (down $54 million), offset in part by improved pricing (up $14 million).

Commercial segment net sales increased $99.0 million, or 12.9%, to $865.9 million in fiscal 2014 compared to fiscal 2013. The increase in commercial segment sales was primarily attributable to improved concrete placement volume resulting from higher construction in North America (up $84 million), offset in part by a reduction in intersegment defense sales (down $13 million).

37

Table of Contents

Consolidated Cost of Sales — Three Years Ended September 30, 2015

The following table presents costs of sales by business segment (in millions):

	Fiscal Year Ended September 30,		
	2015	2014	2013
Cost of sales:			
Access equipment	$2,697.7	$2,706.5	$2,459.2
Defense	862.7	1,566.4	2,725.0
Fire & emergency	703.9	666.3	700.9
Commercial	820.6	727.6	649.2
Intersegment eliminations	(26.0)	(41.3)	(61.0)
Consolidated	$5,058.9	$5,625.5	$6,473.3

Fiscal 2015 Compared to Fiscal 2014

Consolidated cost of sales was $5.06 billion, or 83.0% of sales, in fiscal 2015 compared to $5.63 billion, or 82.6% of sales, in fiscal 2014. The 40 basis point increase in cost of sales as a percentage of sales in fiscal 2015 was primarily due to adverse absorption of fixed costs due to the lower production rates in the defense segment and a higher concentration of less profitable telehandler sales in the access equipment segment.

Access equipment segment cost of sales was $2.70 billion, or 79.3% of sales, in fiscal 2015 compared to $2.71 billion, or 77.2% of sales, in fiscal 2014. The 210 basis point increase in cost of sales as a percentage of sales in fiscal 2015 was primarily due to a higher concentration of less profitable telehandler sales (160 basis points) and adverse production variances (80 basis points).

Defense segment cost of sales was $862.7 million, or 91.8% of sales, in fiscal 2015 compared to $1.57 billion, or 90.8% of sales, in fiscal 2014. The 100 basis point increase in cost of sales as a percentage of sales was primarily attributable to adverse production absorption (310 basis points) on significantly lower sales, offset in part by the combined impact of pension and OPEB curtailments in fiscal 2015 and fiscal 2014 (100 basis points) and favorable product mix (60 basis points).

Fire & emergency segment cost of sales was $703.9 million, or 86.4% of sales, in fiscal 2015 compared to $666.3 million, or 88.1% of sales, in fiscal 2014. The 170 basis point decline in cost of sales as a percentage of sales in fiscal 2015 compared to fiscal 2014 was largely attributable to improved product mix (50 basis points), favorable overhead absorption (50 basis points) and improved pricing (50 basis points).

Commercial segment cost of sales of $820.6 million, or 83.9% of sales, in fiscal 2015 was largely unchanged as a percentage of sales compared to $727.6 million, or 84.0% of sales, in fiscal 2014 as adverse sales mix (30 basis points) and higher material costs (30 basis points) were offset by lower warranty expenses (60 basis points).

Fiscal 2014 Compared to Fiscal 2013

Consolidated cost of sales was $5.63 billion, or 82.6% of sales, in fiscal 2014 compared to $6.47 billion, or 84.5% of sales, in fiscal 2013. The 190 basis point decrease in cost of sales as a percentage of sales in fiscal 2014 was primarily due to favorable product mix (120 basis points), the favorable impact of cost reduction initiatives (100 basis points) and higher sales prices (80 basis points), offset in part by higher new product development spending (60 basis points). The favorable product mix was largely a result of a lower mix of FMTV sales in the defense segment, which have lower margins and higher relative costs of sales, and a higher mix of aerial work platform sales in the access equipment segment, which have higher margins and lower relative costs of sales.

Access equipment segment cost of sales was $2.71 billion, or 77.2% of sales, in fiscal 2014 compared to $2.46 billion, or 78.8% of sales, in fiscal 2013. The 160 basis point decrease in cost of sales as a percentage of sales in fiscal 2014 was primarily due to the favorable impact of cost reduction initiatives (160 basis points) and higher sales prices (90 basis points), offset in part by higher new product development spending (80 basis points).

Table of Contents

Defense segment cost of sales was $1.57 billion, or 90.8% of sales, in fiscal 2014 compared to $2.73 billion, or 89.4% of sales, in fiscal 2013. The 140 basis point increase in cost of sales as a percentage of sales in fiscal 2014 was primarily due to relatively flat new product development spending on lower sales (130 basis points).

Fire & emergency segment cost of sales of $666.3 million, or 88.1% of sales, in fiscal 2014 was largely unchanged as a percent of sales compared to $700.9 million, or 88.4% of sales, in fiscal 2013.

Commercial segment cost of sales was $727.6 million, or 84.0% of sales, in fiscal 2014 compared to $649.2 million, or 84.7% of sales, in fiscal 2013. The 70 basis point decrease in cost of sales as a percentage of sales in fiscal 2014 was primarily due to improved product mix (20 basis points) and the absence of restructuring-related costs that the Company incurred in fiscal 2013 (20 basis points).

Consolidated Operating Income (Loss) — Three Years Ended September 30, 2015

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

	Fiscal Year Ended September 30,		
	2015	2014	2013
Operating income (loss):			
Access equipment	$407.0	$501.1	$379.6
Defense	9.2	76.4	224.9
Fire & emergency	43.8	26.6	23.8
Commercial	64.5	53.9	41.3
Corporate	(126.0)	(154.7)	(163.9)
Intersegment eliminations	0.1	—	—
Consolidated	$398.6	$503.3	$505.7

Fiscal 2015 Compared to Fiscal 2014

Consolidated operating income decreased 20.8% to $398.6 million, or 6.5% of sales, in fiscal 2015 compared to $503.3 million, or 7.4% of sales, in fiscal 2014. Reductions in corporate expenses and improved performance in the fire & emergency and commercial segments were not sufficient to offset the adverse product mix in the access equipment segment as well as the impact of significantly lower sales volumes in the defense segment.

Access equipment segment operating income decreased 18.8% to $407.0 million, or 12.0% of sales, in fiscal 2015 compared to $501.1 million, or 14.3% of sales, in fiscal 2014. The decrease in operating income was primarily the result of an adverse product mix (down $56 million) and unfavorable production variances (up $25 million).

Defense segment operating income decreased 87.9% to $9.2 million, or 1.0% of sales, in fiscal 2015 compared to $76.4 million, or 4.4% of sales, in fiscal 2014. The decrease in operating income was largely due to lower gross income associated with lower sales (down $111 million), partially offset by lower operating expenses (down $14 million) and lower engineering costs (down $10 million). Operating income in fiscal 2014 was adversely impacted by an $8.9 million reduction to net sales as a result of the reversal of billings to the DoD for other post-employment benefit costs determined to be unallowable under cost-plus government contracts.

Fire & emergency segment operating income increased 64.5% to $43.8 million, or 5.4% of sales, in fiscal 2015, compared to $26.6 million, or 3.5% of sales, in fiscal 2014. The increase in operating income was largely due to higher gross income on increased sales (up $8 million), improved pricing, net of higher input costs (up a combined $7 million) and improved absorption (up $4 million), partially offset by increased operating expenses (up $4 million).

Commercial segment operating income increased 19.7% to $64.5 million, or 6.6% of sales, in fiscal 2015 compared to $53.9 million, or 6.2% of sales, in fiscal 2014. The increase in operating income was primarily a result of gross income associated with higher sales volume (up $28 million) and favorable warranty performance (down $4 million), partially offset by increased operating expenses (up $9 million), including investments in MOVE initiatives.

Table of Contents

Corporate operating expenses decreased $28.7 million to $126.0 million in fiscal 2015 compared to fiscal 2014. The decrease in corporate operating expenses in fiscal 2015 was primarily due to lower incentive compensation expense (down $12 million), lower information technology expense (down $9 million) and lower stock-based compensation expense (down $7 million), partially offset by costs to support the start-up of a corporate-led manufacturing facility to support multiple business segments. Stock-based compensation expense declined because the Company granted few equity-based long-term incentive awards in fiscal 2015 because it moved the annual employee stock-based compensation grants from September to November.

Consolidated selling, general and administrative expenses decreased 5.9% to $587.4 million, or 9.6% of sales, in fiscal 2015 compared to $624.1 million, or 9.2% of sales, in fiscal 2014. The decrease in selling, general and administrative expenses was largely the result of lower incentive compensation expense for fiscal 2015 compared to fiscal 2014. The increase in consolidated selling, general and administrative expenses as a percentage of sales was largely due to a shift in the percentage of consolidated sales to segments (non-defense) that have a higher percentage of selling, general and administrative expenses. The Company’s defense segment generally has lower selling, general and administrative costs as a percentage of sales compared to its other segments, in large part due to concentration of business with the DoD. For example, the defense segment has limited sales and marketing expenses and has operations/locations primarily in the United States, as compared to the Company’s access equipment segment, which has a diverse customer base with a significant number of customers, significant sales and marketing costs, and operations/locations in various regions of the world. As the Company’s defense segment sales decreased and the Company’s non-defense segment sales increased as a percentage of consolidated sales, consolidated selling, general and administrative expenses as a percentage of sales increased.

Fiscal 2014 Compared to Fiscal 2013

Consolidated operating income decreased 0.5%, to $503.3 million, or 7.4% of sales, in fiscal 2014 compared to $505.7 million, or 6.6% of sales, in fiscal 2013. Operating income margins improved in fiscal 2014 as a result of favorable performance in the Company’s access equipment segment, offset in part by the impact of lower sales volume in the defense segment. Operating income in fiscal 2014 was adversely impacted by an $8.9 million reduction to net sales as a result of the reversal of billings to the DoD for other post-employment benefit costs determined to be unallowable under cost-plus government contracts in the defense segment. Operating income in fiscal 2013 included costs of $16.3 million incurred by the Company in connection with an unsolicited tender offer for the Company's Common Stock and a threatened proxy contest, a non-cash intangible asset impairment charge in the access equipment segment of $9.0 million and charges of $3.8 million related to the ratification of a five-year union contract extension in the defense segment.

Access equipment segment operating income increased 32.0% to $501.1 million, or 14.3% of sales, in fiscal 2014 compared to $379.6 million, or 12.2% of sales, in fiscal 2013. The increase in operating income was primarily the result of higher gross profit due to higher sales volume (up $71 million), the favorable impact of cost reduction initiatives ($61 million) and higher pricing (up $44 million), offset in part by higher spending on new product development (up $36 million) and higher operating expenses (up $26 million). Operating results in fiscal 2014 also benefited by $7.5 million as a result of the Company reaching an agreement on the final pricing of a multi-year U.S. military contract during the first quarter of fiscal 2014. Operating results in fiscal 2013 included a non-cash intangible asset impairment charge of $9.0 million.

Defense segment operating income decreased 66.1% to $76.4 million, or 4.4% of sales, in fiscal 2014 compared to $224.9 million, or 7.4% of sales, in fiscal 2013. The decrease in operating income was largely due to lower gross profit related to lower sales volume. Operating income in fiscal 2014 was adversely impacted by an $8.9 million reduction to net sales as a result of the reversal of billings to the DoD for other post-employment benefit costs determined to be unallowable under cost-plus government contracts. Fiscal 2014 results also included a net benefit of

$1.8 million related to pension and other post-employment benefit curtailments and settlements and $1.6 million of asset impairment charges.

Fire & emergency segment operating income increased 11.7% to $26.6 million, or 3.5% of sales, in fiscal 2014, compared to $23.8 million, or 3.0% of sales, in fiscal 2013. The increase in operating income was largely the result of improved pricing (up $14 million), offset in part by lower gross profit due to lower sales volume.

Commercial segment operating income increased 30.5% to $53.9 million, or 6.2% of sales, in fiscal 2014 compared to $41.3 million, or 5.4% of sales, in fiscal 2013. Higher gross profit due to higher sales volume (up $19 million) was offset in part by higher investments in MOVE initiatives.

Table of Contents

Corporate operating expenses decreased $9.2 million to $154.7 million in fiscal 2014 compared to fiscal 2013. The decrease in corporate operating expenses was primarily due to $16.3 million of costs that the Company incurred in fiscal 2013 related to an unsolicited tender offer for the Company's Common Stock and a threatened proxy contest and lower share-based compensation expense (down $12 million) due in part to the impact of variability in the Company's share price between fiscal 2014 and 2013 on outstanding variable awards, offset in part by increased information technology spending (up $10 million), and higher depreciation and software amortization (up $5 million).

Consolidated selling, general and administrative expenses increased 0.6% to $624.1 million, or 9.2% of sales, in fiscal 2014 compared to $620.5 million, or 8.1% of sales, in fiscal 2013. The increase in selling, general and administrative expenses was largely the result of higher information technology spending (up $17 million), increased net wages and incentive compensation (up $7 million), and higher advertising, promotion and trade shows (up $5 million), offset by lower share-based compensation expense (down $12 million) due to the impact of variability in the Company's share price between fiscal 2014 and 2013 on outstanding variable awards, and the absence of costs the Company incurred in fiscal 2013 related to an unsolicited tender offer for the Company's Common Stock and a threatened proxy contest (down $16 million). The increase in consolidated selling, general and administrative expenses as a percentage of sales was largely due to a shift in sales to segments (non-defense) that have a higher percentage of selling, general and administrative expenses.

Non-Operating Income (Expense) — Three Years Ended September 30, 2015

Fiscal 2015 Compared to Fiscal 2014

Interest expense net of interest income decreased $1.8 million to $67.6 million in fiscal 2015 compared to fiscal 2014 primarily as a result of lower interest rates on the Company's senior notes refinanced in the second quarters of fiscal 2015 and fiscal 2014. Included in interest expense are $14.7 million and $10.9 million of debt extinguishment costs in connection with the refinancing of portions of the Company's long-term debt during fiscal 2015 and 2014, respectively.

Other miscellaneous expense of $4.9 million in fiscal 2015 and $2.0 million in fiscal 2014 primarily related to net foreign currency transaction losses.

Fiscal 2014 Compared to Fiscal 2013

Interest expense net of interest income increased $14.8 million to $69.4 million in fiscal 2014 compared to fiscal 2013, as a result of refinancing costs in fiscal 2014 and interest income recognized in fiscal 2013, offset in part by the benefit of lower interest rates due to the refinancing of the Company's senior notes due 2017 during the second quarter of fiscal 2014. Interest expense in fiscal 2014 included $10.9 million of debt extinguishment costs as a result of the Company's refinancing of its credit agreement and the senior notes due 2017. In fiscal 2013, the Company recognized $9.9 million of interest income upon receipt of payments on a note receivable from a customer on nonaccrual status.

Other miscellaneous expense of $2.0 million in fiscal 2014 and $6.1 million in fiscal 2013 primarily related to net foreign currency transaction losses.

Provision for Income Taxes — Three Years Ended September 30, 2015

Fiscal 2015 Compared to Fiscal 2014

The Company recorded income tax expense of $99.2 million in fiscal 2015, or 30.4% of pre-tax income, compared to $125.0 million, or 29.0% of pre-tax income in fiscal 2014. Results for fiscal 2015, when compared to the U.S.

statutory tax rate, were favorably impacted by a reduction of income tax reserves as a result of favorable tax audit settlements (260 basis points) and the benefit resulting from the reinstatement of the U.S. research and development tax credit (130 basis points). Results for fiscal 2014, when compared to the U.S. statutory tax rate, were favorably impacted by a reduction in valuation allowance on foreign, state and capital loss carryforwards (240 basis points) largely due to a favorable tax ruling in Europe, the benefit of tax audit settlements (230 basis points) and the U.S. domestic manufacturing deduction benefit (220 basis points), offset by state taxes (210 basis points) which increased due to provisions for uncertain tax benefits.

Table of Contents

Fiscal 2014 Compared to Fiscal 2013

The Company recorded a provision for income taxes of 29.0% of pre-tax income in fiscal 2014 compared to 29.6% in fiscal 2013. Results for fiscal 2014, when compared to the U.S. statutory tax rate, were favorably impacted by a reduction in valuation allowance on foreign, state and capital loss carryforwards (240 basis points) largely due to a favorable tax ruling in Europe, the benefit of tax audit settlements (230 basis points) and the U.S. domestic manufacturing deduction benefit (220 basis points), offset by state taxes (210 basis points) which increased due to provisions for uncertain tax benefits. Results for fiscal 2013, when compared to the U.S. statutory tax rate, were favorably impacted by the U.S. domestic manufacturing deduction benefit (380 basis points) and the benefit of the reinstated U.S. research and development tax credit (130 basis points).

Equity in Earnings of Unconsolidated Affiliates — Three Years Ended September 30, 2015

Fiscal 2015 Compared to Fiscal 2014

Equity in earnings of unconsolidated affiliates of $2.6 million in fiscal 2015 and $2.4 million in fiscal 2014 primarily represented the Company's equity interest in a commercial entity in Mexico and a joint venture in Europe.

Fiscal 2014 Compared to Fiscal 2013

Equity in earnings of unconsolidated affiliates of $2.4 million in fiscal 2014 and $3.0 million in fiscal 2013 primarily represented the Company's equity interest in a commercial entity in Mexico and a joint venture in Europe.

Analysis of Discontinued Operations - Three Years Ended September 30, 2015

Fiscal 2014 Compared to Fiscal 2013

In March 2013, the Company discontinued production of ambulances. The ambulance business, which was included in the Company's fire & emergency segment, had sales of $20.6 million in fiscal 2013. The Company has reflected the financial results of the business as discontinued operations in the Consolidated Statements of Income.

Liquidity and Capital Resources

Financial Condition at September 30, 2015

The Company’s cash and cash equivalents and capitalization were as follows (in millions):

	September 30,			
	2015		2014	
Cash and cash equivalents	$42.9		$313.8	
Total debt	938.5		895.0	
Total shareholders’ equity	1,911.1		1,985.0	
Total capitalization (debt plus equity)	2,849.6		2,880.0	
Debt to total capitalization	32.9	%	31.1	%

The Company generates significant capital resources from operating activities, which is the expected primary source of funding for its operations. At September 30, 2015, the Company had cash and cash equivalents of $42.9 million, a majority of which is located in the United States. The Company expects to meet its fiscal 2016 U.S. funding needs without repatriating undistributed profits that are indefinitely reinvested outside the United States. In addition to cash and cash equivalents, the Company had $723.9 million of unused available capacity under the Revolving Credit Facility (as defined in “Liquidity”) as of September 30, 2015. Borrowings under the Revolving Credit Facility could, as discussed below, be limited by the financial covenants contained within the Credit Agreement (as defined in “Liquidity”).

The Company's ratio of debt to total capitalization of 32.9% at September 30, 2015 remained within its targeted range. The Company's capital structure was impacted in fiscal 2015 by the Company's repurchase of 4.9 million shares of its Common Stock at an aggregate cost of $200.4 million. As of September 30, 2015, the Company had approximately 10.0 million shares of Common Stock remaining under the repurchase authorization approved by the Company's Board of Directors in August 2015.

Consolidated days sales outstanding (defined as “Trade Receivables” at quarter end divided by “Net Sales” for the most recent quarter multiplied by 90 days) were 50 days at both September 30, 2015 and September 30, 2014. Days sales outstanding for segments other than the defense segment were 53 days at September 30, 2015, down from 54 days at September 30, 2014. This decrease in days sales outstanding was primarily due to a decrease in accounts receivable in the access equipment segment at September 30, 2015 as a result of the beginning of a mid-cycle dip in access equipment demand. Consolidated inventory turns (defined as “Cost of Sales” on an annualized basis, divided by the average “Inventory” at the past five quarter end periods) was 4.3 times at September 30, 2015, down from 5.8 times at September 30, 2014. The decrease in inventory turns was largely due to higher inventory levels in the access equipment and defense segments as each segment executed strategic initiatives to meet expected customer demand.

Cash Flows

Operating Cash Flows

The Company generated $82.5 million of cash from operating activities during fiscal 2015 compared to $170.4 million during fiscal 2014 and $438.0 million during fiscal 2013. The decrease in cash generated from operating activities in fiscal 2015 compared to fiscal 2014 was primarily due to lower operating income and higher inventory levels in the access equipment and defense segments at September 30, 2015, partially offset by increased customer advances on higher order backlog in the fire & emergency segment. Increased inventory in the access equipment segment (up $182.8 million) resulted from the combination of a plan to level-load production during the year to address seasonal fluctuations in demand and a subsequent reduction in access equipment third and fourth quarter sales compared to previous estimates as a result of the start of a mid-cycle dip in North American demand for access equipment. Defense inventory levels grew (up $134.0 million) to support new contracts, both domestic and international. The magnitude and duration of these contracts has resulted in heightened working capital requirements in the defense segment. The decrease in cash from operating activities in fiscal 2014 compared to fiscal 2013 was primarily due to an increase in accounts receivable in the access equipment segment in fiscal 2014 as a result of a larger concentration of sales in the last month of fiscal 2014 and increased inventory levels in the access equipment and commercial segments at September 30, 2014.

Investing Cash Flows

Net cash used in investing activities in fiscal 2015 was $140.1 million compared to $114.7 million in fiscal 2014 and $74.7 million in fiscal 2013. Additions to property, plant and equipment of $131.7 million in fiscal 2015 reflected an increase in capital spending of $39.5 million compared to fiscal 2014 as a result of investments in the Company's vertical integration strategy and global information systems replacement initiative. In fiscal 2016, the Company expects capital spending to decrease to approximately $100 million. In fiscal 2013, the Company made an initial contribution of $19.4 million to a rabbi trust established to fund obligations under the Company's non-qualified supplemental executive retirement plans.

Financing Cash Flows

Financing activities resulted in a net use of cash of $212.9 million in fiscal 2015 compared to $476.0 million in fiscal 2014 and $170.0 million in fiscal 2013. The Company made required quarterly debt payments during fiscal 2015 totaling $20.0 million compared to $37.5 million in fiscal 2014. The Company also prepaid $22.5 million of term debt in fiscal 2014 as part of refinancing the Credit Agreement. No debt payments were required in fiscal 2013 as the Company made all required quarterly payments in fiscal 2012. In fiscal 2015, 2014 and 2013 the Company repurchased approximately 4.9 million, 8.3 million and 6.1 million shares of its Common Stock, respectively, under its share repurchase authorization at an aggregate cost of $200.4 million, $403.3 million and $201.8 million, respectively. The Company expects to continue to repurchase shares of its Common Stock in fiscal 2016, subject to maintaining prudent leverage and the price of the Company's Common Stock. In addition, the Company paid dividends of $53.1 million and $50.7 million in fiscal 2015 and 2014, respectively.

Table of Contents

Liquidity

The Company's primary sources of liquidity are the cash flow generated from operations, availability under the Revolving Credit Facility and available cash and cash equivalents. In addition to cash and cash equivalents of $42.9 million, the majority of which is located in the United States, the Company had $723.9 million of unused availability under the Revolving Credit Facility as of September 30, 2015. These sources of liquidity are needed to fund the Company's working capital requirements, debt service requirements, capital expenditures, share repurchases and dividends. The Company expects to have sufficient liquidity to finance its operations over the next twelve months.

Senior Secured Credit Agreement

On March 21, 2014, the Company entered into an Amended and Restated Credit Agreement with various lenders (the “Credit Agreement”). The Credit Agreement provides for (i) a revolving credit facility (“Revolving Credit Facility”) that matures in March 2019 with an initial maximum aggregate amount of availability of $600 million and (ii) a $400 million term loan due in quarterly principal installments of $5.0 million with a balloon payment of $310.0 million due at maturity in March 2019. On January 22, 2015, the Company entered into an agreement with lenders under the Credit Agreement that increased the Revolving Credit Facility by $250.0 million to an aggregate maximum amount of $850.0 million effective January 26, 2015. Refer to Note 11 of the Notes to Consolidated Financial Statements for additional information regarding the Credit Agreement.

The Company’s obligations under the Credit Agreement are guaranteed by certain of its domestic subsidiaries, and the Company will guarantee the obligations of certain of its subsidiaries under the Credit Agreement. Subject to certain exceptions, the Credit Agreement is collateralized by (i) a first-priority perfected lien and security interests in substantially all of the personal property of the Company, each material subsidiary of the Company and each subsidiary guarantor, (ii) mortgages upon certain real property of the Company and certain of its domestic subsidiaries and (iii) a pledge of the equity of each material subsidiary of the Company.

Under the Credit Agreement, the Company must pay (i) an unused commitment fee ranging from 0.225% to 0.35% per annum of the average daily unused portion of the aggregate revolving credit commitments under the Credit Agreement and (ii) a fee ranging from 0.625% to 2.00% per annum of the maximum amount available to be drawn for each letter of credit issued and outstanding under the Credit Agreement.

Borrowings under the Credit Agreement bear interest at a variable rate equal to (i) LIBOR plus a specified margin, which may be adjusted upward or downward depending on whether certain criteria are satisfied, or (ii) for dollar-denominated loans only, the base rate (which is the highest of (a) the administrative agent's prime rate, (b) the federal funds rate plus 0.50% or (c) the sum of 1% plus one-month LIBOR) plus a specified margin, which may be adjusted upward or downward depending on whether certain criteria are satisfied.

Covenant Compliance

The Credit Agreement contains various restrictions and covenants, including requirements that the Company maintain certain financial ratios at prescribed levels and restrictions, subject to certain exceptions, on the ability of the Company and certain of its subsidiaries to consolidate or merge, create liens, incur additional indebtedness, dispose of assets, consummate acquisitions and make investments in joint ventures and foreign subsidiaries.

The Credit Agreement contains the following financial covenants:

- Leverage Ratio: A maximum leverage ratio (defined as, with certain adjustments, the ratio of the Company’s consolidated indebtedness to consolidated net income before interest, taxes, depreciation, amortization, non-cash charges and certain other items (“EBITDA”)) as of the last day of any fiscal quarter of 4.50 to 1.0.

- Interest Coverage Ratio: A minimum interest coverage ratio (defined as, with certain adjustments, the ratio of the Company’s consolidated EBITDA to the Company’s consolidated cash interest expense) as of the last day of any fiscal quarter of 2.50 to 1.0.
- Senior Secured Leverage Ratio: A maximum senior secured leverage ratio (defined as, with certain adjustments, the ratio of the Company’s consolidated secured indebtedness to the Company’s consolidated EBITDA) of 3.00 to 1.0.

Table of Contents

With certain exceptions, the Company may elect to have the collateral pledged in connection with the Credit Agreement released during any period that the Company maintains an investment grade corporate family rating from either Standard & Poor's Ratings Group or Moody's Investor Service Inc. During any such period when the collateral has been released, the Company's leverage ratio as of the last day of any fiscal quarter must not be greater than 3.75 to 1.0, and the Company would not be subject to any additional requirement to limit its senior secured leverage ratio.

The Company was in compliance with the financial covenants contained in the Credit Agreement as of September 30, 2015 and expects to be able to meet the financial covenants contained in the Credit Agreement over the next twelve months.

Additionally, with certain exceptions, the Credit Agreement limits the ability of the Company to pay dividends and other distributions, including repurchases of shares of its Common Stock. However, so long as no event of default exists under the Credit Agreement or would result from such payment, the Company may pay dividends and other distributions after March 3, 2010 in an aggregate amount not exceeding the sum of:

i. 50% of the consolidated net income of the Company and its subsidiaries (or if such consolidated net income is a deficit, minus 100% of such deficit), accrued on a cumulative basis during the period beginning on January 1, 2010 and ending on the last day of the fiscal quarter immediately preceding the date of the applicable proposed dividend or distribution; and

ii. 100% of the aggregate net proceeds received by the Company subsequent to March 3, 2010 either as a contribution to its common equity capital or from the issuance and sale of its Common Stock.

Senior Notes

In March 2010, the Company issued $250.0 million of 8¼% unsecured senior notes due March 1, 2017 (the "2017 Senior Notes") and $250.0 million of 8½% unsecured senior notes due March 1, 2020 (the "2020 Senior Notes").

On February 21, 2014, the Company issued $250.0 million of 5.375% unsecured senior notes due March 1, 2022 (the "2022 Senior Notes"). The Company used the net proceeds from the sale of the 2022 Senior Notes, together with available cash, to redeem all of the outstanding 2017 Senior Notes at a price of 104.125%.

On March 2, 2015, the Company issued $250.0 million of 5.375% unsecured senior notes due March 1, 2025 (the "2025 Senior Notes"). The Company used the net proceeds from the sale of the 2025 Senior Notes, together with available cash, to redeem all of the outstanding 2020 Senior Notes at a price of 104.250%.

The Company has the option to redeem the 2022 Senior Notes and the 2025 Senior Notes for a premium after March 1, 2017 and March 1, 2020, respectively.

The 2022 Senior Notes and the 2025 Senior Notes were issued pursuant to separate indentures (the "Indentures") among the Company, the subsidiary guarantors named therein and a trustee. The Indentures contain customary affirmative and negative covenants. Certain of the Company's subsidiaries jointly, severally, fully and unconditionally guarantee the Company's obligations under the 2022 Senior Notes and 2025 Senior Notes. See Note 24 of the Notes to Consolidated Financial Statements for separate financial information of the subsidiary guarantors.

Refer to Note 11 of the Notes to Consolidated Financial Statements for additional information regarding the Company's outstanding debt as of September 30, 2015.

Table of Contents

Contractual Obligations, Commitments and Off-Balance Sheet Arrangements

Following is a summary of the Company's contractual obligations and payments due by period following September 30, 2015 (in millions):

	Payments Due by Period				
		Less Than			More Than
	Total	1 Year	1-3 Years	3-5 Years	5 Years
Contractual Obligations					
Long-term debt (including interest)[1]	$1,107.2	$53.2	$105.4	$371.3	$577.3
Operating leases	57.9	22.9	25.5	7.1	2.4
Purchase obligations[2]	707.0	705.5	1.5	—	—
Other long-term liabilities:					
Uncertain tax positions[3]	—	—	—	—	—
Other[4]	542.9	54.7	68.6	46.1	373.5
Total contractual obligations	$2,415.0	$836.3	$201.0	$424.5	$953.2

(1) Interest was calculated based upon the interest rate in effect on September 30, 2015.

(2) The Company utilizes blanket purchase orders to communicate expected annual requirements to many of its suppliers or contractors. Requirements under blanket purchase orders generally do not become "firm" until four weeks prior to the Company's scheduled unit production. The purchase obligations amounts included above represent the values of commitments considered firm, plus the value of all outstanding subcontracts.

(3) Due to the uncertainty of the timing of settlement with taxing authorities, the Company is unable to make reasonably reliable estimates of the period of cash settlement of unrecognized tax benefits for the remaining uncertain tax liabilities. Therefore, $27.0 million of unrecognized tax benefits as of September 30, 2015 have been excluded from the Contractual Obligations table above. See Note 19 of the Notes to Consolidated Financial Statements for additional information regarding the Company's unrecognized tax benefits as of September 30, 2015.

(4) Represents other long-term liabilities on the Company's Consolidated Balance Sheet, including the current portion of these liabilities. The projected timing of cash flows associated with these obligations is based on management's estimates, which are based largely on historical experience. This amount also includes all liabilities under the Company's pension and other postretirement benefit plans. See Note 18 of the Notes to Consolidated Financial Statements for information regarding these liabilities and the plan assets available to satisfy them.

The following is a summary of the Company's commitments by period following September 30, 2015 (in millions):

	Amount of Commitment Expiration Per Period				
		Less Than			More Than
	Total	1 Year	1-3 Years	3-5 Years	5 Years
Commitments					
Customer financing guarantees to third parties	$120.4	$44.1	$32.9	$22.1	$21.3
Standby letters of credit	62.6	40.1	22.3	0.2	—
Total commercial commitments	$183.0	$84.2	$55.2	$22.3	$21.3

The Company incurs contingent limited recourse liabilities with respect to customer financing activities primarily in the access equipment segment. For additional information relative to guarantees, see Note 13 of the Notes to Consolidated Financial Statements.

Table of Contents

Fiscal 2016 Outlook

The Company believes consolidated net sales will increase approximately 2% to 6% in fiscal 2016 compared to fiscal 2015, resulting in consolidated sales of between $6.2 billion and $6.5 billion. The high end of the estimates assumes higher sales in each of the Company's non-access equipment segments, led by an expected significant percentage increase in defense segment sales as a result of the expected sale of approximately 1,000 M-ATVs internationally and a full year of FHTV sales, after signing a new five year contract in June 2015 following a six-month break in production while the new contract was being negotiated. The Company expects access equipment segment sales to decline 10%-15% compared to fiscal 2015 as a result of continuation of the mid-cycle dip that the access equipment market began to experience in fiscal 2015. The Company expects consolidated operating income will be in the range of $400 million to $440 million, with earnings per share of approximately $3.00 to $3.40 assuming a full year average share count of approximately 75 million shares.

The Company believes access equipment segment sales will be between $2.90 billion and $3.05 billion in fiscal 2016, representing a decrease of 10%-15% compared to fiscal 2015. The Company expects the sales decrease will be a result of the continuation of the mid-cycle dip that began in fiscal 2015. The Company expects operating income margin in the access equipment segment will be approximately 10.5%, compared to an operating income margin of 12.0% in fiscal 2015, reflecting the impact of lower sales and under-absorption of fixed overhead as this segment works to align inventory levels with lower expected demand.

The Company expects that defense segment sales will be approximately $1.55 billion in fiscal 2016, an increase of approximately 65% from fiscal 2015 sales. The Company is assuming that it will secure an additional international contract in time to record sales of approximately 1,000 M-ATVs in fiscal 2016. The Company believes operating income margins in this segment will be approximately 8.75%. The Company expects defense segment margins to be positively impacted by higher sales.

The Company expects fire & emergency segment sales will be approximately $900 million in fiscal 2016, reflecting the continued recovery in the municipal fire apparatus market and increased production rates. The Company expects operating income margins in this segment to increase to approximately 6.0% in fiscal 2016 as a result of the higher sales volumes and improved operating efficiencies.

The Company believes commercial segment sales will be approximately $1.0 billion in fiscal 2016, a 2% improvement over fiscal 2015, driven by an expected continued recovery in the U.S. refuse collection vehicle market and share gains, partially offset by expected lower concrete placement product sales. The Company expects operating income margins in this segment to be approximately 7.0% in fiscal 2016, reflecting the benefits of higher sales and the impact of other MOVE initiatives.

The Company expects corporate expenses in fiscal 2016 will be between $144 million and $152 million reflecting an assumed target level bonus after minimal bonuses were earned in fiscal 2015 and continued start-up costs of a shared production facility. The Company estimates its effective tax rate for fiscal 2016 will be approximately 34%. The Company is assuming a fiscal 2016 full year share count of approximately 75 million. The Company expects capital expenditures to be approximately $100 million in fiscal 2016, down from $131.7 million in fiscal 2015. The Company also expects a significant increase in cash flow from operations in fiscal 2016 due to strong earnings and a targeted reduction in inventory levels.

Critical Accounting Policies

The Company's significant accounting policies are described in Note 2 of the Notes to Consolidated Financial Statements. 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.

Revenue Recognition. The Company recognizes revenue on equipment and parts sales when contract terms are met, collectability is reasonably assured and a product is shipped or risk of ownership has been transferred to and accepted by the customer. Revenue from service agreements is recognized as earned, when services have been rendered. Appropriate provisions are made for discounts, returns and sales allowances. Sales are recorded net of amounts invoiced for taxes imposed on the customer such as excise or value-added taxes.

Table of Contents

Sales to the U.S. government of non-commercial products manufactured to the government's specifications are recognized using the units-of-delivery measure under the percentage-of-completion accounting method as units are accepted by the government. Under the units-of-delivery measure, the Company records sales as units are accepted by the DoD based on unit sales values stated in the respective contracts. Costs of sales are based on actual costs incurred to produce the units delivered under the contract. 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 charges anticipated losses on contracts or programs in progress to earnings when identified. Approximately 13% of the Company's revenues for fiscal 2015 were recognized under the percentage-of-completion accounting method.

The Company accounts for certain equipment lease contracts as sales-type leases. The present value of all payments, net of executory costs (such as legal fees), is recorded as revenue, the related cost of the equipment is charged to cost of sales, certain profit is deferred in accordance with lease accounting rules and interest income is recognized over the terms of the leases using the effective interest method.

The Company enters into rental purchase guarantee agreements with some of its customers. These agreements are normally for a term of no greater than twelve months and provide for rental payments with a guaranteed purchase at the end of the agreement. At the inception of the agreement, the Company records the full amount due under the agreement as revenue and the related cost of the equipment is charged to cost of sales.

Sales Incentives. The terms for sales transactions with some of the Company's distributors and customers may include specific volume-based incentives, which are calculated and paid or credited on account as a percentage of actual sales. The Company accounts for these incentives as sales discounts at the time of revenue recognition, which are recorded as a direct reduction of sales. The Company reviews its accrual for sales incentives on a quarterly basis and any adjustments are reflected in current earnings.

Impairment of Goodwill and Indefinite-Lived Intangible Assets. Goodwill and indefinite-lived intangible assets are tested for impairment annually, or more frequently if events or changes in circumstances indicate that the assets might be impaired. Such circumstances include a significant adverse change in the business climate for one of the Company's reporting units, a material negative change in relationships with significant customers, or strategic decisions made in response to economic and competitive conditions. The Company performs its annual review at the beginning of the fourth quarter of each fiscal year. See "Critical Accounting Estimates."

The Company evaluates the recoverability of goodwill by estimating the fair value of the businesses to which the goodwill relates. A reporting unit is an operating segment or, under certain circumstances, a component of an operating segment that constitutes a business. When the fair value of the reporting unit is less than the carrying value of the reporting unit, a further analysis is performed to measure and recognize the amount of the impairment loss, if any. Impairment losses, limited to the carrying value of goodwill, represent the excess of the carrying amount of a reporting unit's goodwill over the implied fair value of that goodwill.

The Company evaluates the recoverability of indefinite-lived trade names based upon a "relief from royalty" method. This methodology determines the fair value of each trade name through use of a discounted cash flow model that incorporates an estimated "royalty rate" the Company would be able to charge a third party for the use of the particular trade name. In determining the estimated future cash flows, the Company considers projected future sales, a fair market royalty rate for each applicable trade name and an appropriate discount rate to measure the present value of the anticipated cash flows. During fiscal 2013, the Company recognized an impairment of a trade name in the access equipment segment of $9.0 million.

Impairment of Long-Lived and Amortized Intangible Assets. The Company performs impairment evaluations of its long-lived assets, including property, plant and equipment and intangible assets with finite lives, whenever business conditions or events indicate that those assets may be impaired. When the estimated future undiscounted cash flows to be generated by the assets are less than the carrying value of the long-lived assets, the assets are written down to fair market value and a charge is recorded to current operations. During fiscal 2014, the Company recorded a $1.6 million charge for the impairment of long-lived assets in the defense segment.

Guarantees of the Indebtedness of Others. The Company enters into agreements with finance companies whereby the Company will guarantee the indebtedness of third-party end-users to whom the finance company lends to purchase the Company’s equipment. In some instances, the Company retains an obligation to the finance companies in the event the customer defaults on the financing. In accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification

Table of Contents

("ASC") Topic 460, Guarantees, the Company recognizes the greater of the fair value of the guarantee or the contingent liability required by FASB ASC Topic 450, Contingencies. Reserves are initially established related to these guarantees at the fair value of the guarantee based upon the Company's understanding of the current financial position of the underlying customers and based on estimates and judgments made from information available at that time. If the Company becomes aware of deterioration in the financial condition of the customer/borrower or of any impairment of the customer/borrower's ability to make payments, additional allowances are considered. Although the Company may be liable for the entire amount of a customer/borrower's financial obligation under guarantees, its losses would generally be mitigated by the value of any underlying collateral including financed equipment, the finance company's inability to provide clear title of foreclosed equipment to the Company, loss pools established in accordance with the agreements and other conditions. During periods of economic downturn, the value of the underlying collateral supporting these guarantees can decline sharply to further increase losses in the event of a customer/borrower's default.

Critical Accounting Estimates

"Management's Discussion and Analysis of Financial Condition and Results of Operations" is based on the Company's Consolidated Financial Statements, which have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and judgments that affect reported amounts and related disclosures. On an ongoing basis, management evaluates and updates its estimates. Management employs judgment in making its estimates but they are based on historical experience and currently available information and various other assumptions that the Company believes to be reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of assets and liabilities that are not readily available from other sources. Actual results could differ from those estimates. Management believes that its judgment is applied consistently and produces financial information that fairly depicts the results of operations for all periods presented.

Definitization of Undefinitized Contracts. The Company recognizes revenue on undefinitized contracts with the DoD to the extent that it can reasonably and reliably estimate the expected final contract price and when collectability is reasonably assured. Undefinitized contracts are used when the Company and the DoD have not agreed upon all contract terms before the Company begins performance under the contracts. To the extent that contract definitization results in changes or adjustments to previously recognized revenues or estimated or incurred costs, including charges from subcontractors, the Company records those adjustments as a change in estimate in the period of change. The Company updated its estimated costs under several undefinitized change orders and recorded $7.5 million and $13.8 million of revenue related to such updates during fiscal 2014 and 2013, respectively. As the majority of costs associated with these contracts had previously been expensed, the definitization of contracts increased net income by $4.7 million, or $0.06 per share, and $6.6 million, or $0.07 per share, for fiscal 2014 and 2013, respectively.

Allowance for Doubtful Accounts. The allowance for doubtful accounts requires management to estimate a customer's ability to satisfy its obligations. The estimate of the allowance for doubtful accounts is particularly critical in the Company's access equipment segment where the majority of the Company's trade receivables are recorded. In circumstances where the Company is aware of a specific customer's inability to meet its financial obligations, a specific reserve is recorded against amounts due to reduce the net recognized receivable to the amount reasonably expected to be collected. Additional reserves are established based upon the Company's perception of the quality of the current receivables, including the length of time the receivables are past due, past experience of collectability and underlying economic conditions. At September 30, 2015, reserves for potentially uncollectible accounts receivable totaled $20.3 million. If the financial condition of the Company's customers were to deteriorate resulting in an impairment of their ability to make payments, additional reserves would be required.

Inventories. Inventories are stated at the lower of cost or market (“LCM”) value. In valuing inventory, the Company is required to make assumptions regarding the level of reserves required to value potentially obsolete or over-valued items. These assumptions require the Company to analyze the aging of and forecasted demand for its inventory, forecast future product sales prices, pricing trends and margins, and to make judgments and estimates regarding obsolete or excess inventory. Future product sales prices, pricing trends and margins are based on the best available information at that time including actual orders received, negotiations with customers for future orders, including their plans for expenditures, and market trends for similar products. The Company's judgments and estimates for excess or obsolete inventory are based on analysis of actual and forecasted usage. The valuation of used equipment taken in trade from customers requires the Company to use the best information available to determine the value of the equipment to potential customers. This value is subject to change based on numerous conditions. Inventory reserves are established taking into account age, frequency of use, or sale, and in the case of repair parts, the installed base of machines. While calculations are made involving these factors, significant management judgment regarding expectations for future events is involved. Future events that could significantly influence the Company's judgment and related estimates include general economic conditions in markets where the Company's products are sold, new equipment price fluctuations, actions of the Company's competitors, including the introduction of new products and technological advances. The Company makes adjustments to its inventory reserves based on the identification of specific situations and increases its inventory reserves accordingly. At September 30, 2015, reserves for LCM, excess and obsolete inventory totaled $84.9 million.

Goodwill. In evaluating the recoverability of goodwill, it is necessary to estimate the fair value of the reporting units. The estimate of the fair value of the reporting units is generally determined on the basis of discounted future cash flows and a market approach. In estimating the fair value, management must make assumptions and projections regarding such items as the Company performance and profitability under existing contracts, its success in securing future business, the appropriate risk-adjusted interest rate used to discount the projected cash flows, and terminal value growth and earnings rates. The assumptions used in the estimate of fair value are generally consistent with the past performance of each reporting unit and are also consistent with the projections and assumptions that are used in current operating plans. Such assumptions are subject to change as a result of changing economic and competitive conditions.

The rate used to discount estimated cash flows is a rate corresponding to the Company’s cost of capital, adjusted for risk where appropriate, and is dependent upon interest rates at a point in time. To assess the reasonableness of the discounted projected cash flows, the Company compares the sum of its reporting units' fair value to the Company's market capitalization and calculates an implied control premium (the excess of the sum of the reporting units' fair values over the market capitalization). The reasonableness of this control premium is evaluated by comparing it to control premiums for recent comparable market transactions. Consistent with prior years, the Company weighted the income approach more heavily (75%) as the income approach uses long-term estimates that consider the expected operating profit of each reporting unit during periods where residential and non-residential construction and other macroeconomic indicators are nearer historical averages. The Company believes the income approach more accurately considers the expected recovery in the U.S. and European construction markets than the market approach. There are inherent uncertainties related to these factors and management’s judgment in applying them to the analysis of goodwill impairment. It is possible that assumptions underlying the impairment analysis will change in such a manner to cause further impairment of goodwill, which could have a material impact on the Company’s results of operations. The Company completed the required goodwill impairment test as of July 1, 2015. The Company identified no indicators of goodwill impairment in the test performed as of July 1, 2015. In order to evaluate the sensitivity of any quantitative fair value calculations on the goodwill impairment test, a hypothetical 10% decrease to the fair values of any reporting unit was calculated. This hypothetical 10% decrease would still result in excess fair value over carrying value for the reporting units as of July 1, 2015.

Approximately 90% of the Company’s recorded goodwill and indefinite-lived purchased intangibles are concentrated within the JLG reporting unit in the access equipment segment. Assumptions utilized in the impairment analysis are highly judgmental. While the Company currently believes that an impairment of intangible assets at JLG is unlikely, events and conditions that could result in the impairment of intangibles at JLG include a sharp decline in economic conditions, pricing pressure on JLG's margins or other factors leading to reductions in expected long-term sales or profitability at JLG.

Guarantees of the Indebtedness of Others. The reserve for guarantees of the indebtedness of others requires management to estimate a customer’s ability to satisfy its obligations. The estimate is particularly critical in the Company’s access equipment segment where the majority of the Company’s guarantees are granted. The Company evaluates the reserve based on a combination of factors. In circumstances where the Company is aware of a specific customer’s inability to meet its financial obligations, a specific reserve is recorded in accordance with FASB ASC Topic 450, Contingencies. In most cases, the financing company is required to provide clear title to the equipment under the financing program. The Company considers the residual value of the equipment to reduce the amount of exposure. Residual values are estimated based upon recent auctions, used equipment sales and periodic studies performed by a third-party. Additional reserves, based upon historical loss percentages, are established at the time of sale of the equipment based upon the requirement of FASB ASC Topic 460, Guarantees. If the financial condition of the Company's customers were to deteriorate resulting in an impairment of their ability to make payments, additional reserves would be required.

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 access equipment, concrete placement and refuse collection vehicle businesses, while such lawsuits in the Company's defense and fire & emergency businesses have historically been limited. 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. As of September 30, 2015, the Company was generally self-insured for future claims up to $5.0 million per claim.

Table of Contents

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.

Warranty. Sales of the Company’s products generally carry typical explicit manufacturers’ warranties that extend from six months to five years, based on terms that are generally accepted in the Company's marketplaces. 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 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. At times, warranty issues arise that are 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.

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 five fiscal years, the Company’s warranty cost as a percentage of sales has ranged from 0.39% of sales to 0.87% of sales. Warranty costs tend to be higher shortly after new product introductions, especially those introductions involving new technologies, 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 that would require a field campaign. Also, based upon historical experience, 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.

Defined Benefit Plans. The pension benefit obligation and related pension income are calculated in accordance with FASB ASC Topic 715, Compensation — Retirement Benefits. Determination of defined benefit pension and postretirement plan obligations and their associated expenses requires the use of actuarial valuations to estimate the benefits that employees earn while working, as well as the present value of those benefits. The Company uses the services of independent actuaries to assist with these calculations. Inherent in these valuations are economic assumptions, including the expected rate of return on plan assets, discount rates at which liabilities may be settled, rates of increase of health care costs as well as employee demographic assumptions such as retirement patterns, mortality and turnover. The actuarial assumptions used may differ materially from actual results due to changing market and economic conditions, higher or lower turnover rates, or longer or shorter life spans of participants. Actual results that differ from the actuarial assumptions used are recorded as unrecognized gains and losses. Unrecognized gains and losses that exceed 10% of the greater of the plan's projected benefit obligations or the market-related value of assets are amortized to earnings over the shorter of the estimated future service period of the plan participants or the period until any anticipated final plan settlements.

The Company determines the discount rate used each year based on the rate of return currently available on a portfolio of high-quality fixed-income investments with a maturity that is consistent with the projected benefit payout period. The Company's long-term rate of return on assets is based on consideration of historical and forward-looking returns and the current asset allocation strategy. Actuarial valuations at September 30, 2015 used a weighted-average discount rate of 4.45% and an expected return on plan assets of 6.03%. A 50 basis point decrease in the discount rate would increase the Company's annual pension expense by $2.0 million. A 50 basis point decrease in the expected return on plan assets would increase the Company’s annual pension expense by $1.4 million.

Table of Contents

Income Taxes. The Company records deferred income tax assets and liabilities for differences between the book basis and tax basis of the related net assets. The Company records a valuation allowance, when appropriate, to adjust deferred tax asset balances to the amount management expects to realize. Management considers, as applicable, the amount of taxable income available in carryback years, future taxable income and potential tax planning strategies in assessing the need for a valuation allowance.

The Company accounts for uncertain tax positions in accordance with FASB ASC Topic 740, Income Taxes. ASC Topic 740 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC Topic 740 also provides guidance on derecognition, classification, interest and penalties, disclosure and transition. The evaluation of a tax position in accordance with ASC Topic 740 is a two-step process. The first step is recognition, where the Company evaluates whether an individual tax position has a likelihood of greater than 50% of being sustained upon examination based on the technical merits of the position, including resolution of any related appeals or litigation processes. For tax positions that are currently estimated to have a less than 50% likelihood of being sustained, zero tax benefit is recorded. For tax positions that have met the recognition threshold in the first step, the Company performs the second step of measuring the benefit to be recorded. The actual benefits ultimately realized may differ from the Company's estimates. In future periods, changes in facts and circumstances and new information may require the Company to change the recognition and measurement estimates with regard to individual tax positions. Changes in recognition and measurement estimates are recorded in results of operations and financial position in the period in which such changes occur. As of September 30, 2015, the Company had net liabilities for unrecognized tax benefits pertaining to uncertain tax positions totaling $27.0 million.

New Accounting Standards

Refer to Note 2 of the Notes to Consolidated Financial Statements for a discussion of the impact of new accounting standards on the Company's consolidated financial statements.

Customers and Backlog

Sales to the U.S. government comprised approximately 15% of the Company's net sales in fiscal 2015. 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 the fulfillment of customer orders that are received prior to commencing production.

The Company's backlog as of September 30, 2015 increased 37.9% to $2.61 billion compared to $1.89 billion at September 30, 2014 due largely to an increase the defense segment backlog as a result of new contracts in fiscal 2015. Access equipment segment backlog decreased 45.4% to $209.7 million at September 30, 2015 compared to $384.3 million at September 30, 2014, due to the impact of the mid-cycle dip in North American demand for access equipment. Defense segment backlog increased 81.4% to $1,414.0 million at September 30, 2015 compared to $779.7 million at September 30, 2014 due largely to orders under a new FHTV contract, higher international M-ATV orders and $114.7 million in delivery orders under the new JLTV contract. The JLTV orders represent initial delivery orders on this new contract. Fire & emergency segment backlog increased 39.4% to $790.7 million at September 30, 2015 compared to $567.1 million at September 30, 2014 due largely to increased orders for domestic fire apparatus as a result of market growth and share gains. Commercial segment backlog increased 20.7% to $193.0 million at September 30, 2015 compared to $159.9 million at September 30, 2014. Unit backlog for concrete mixers as of September 30, 2015 was flat compared to September 30, 2014. Unit backlog for refuse collection vehicles was up 46.0% at September 30, 2015 compared to September 30, 2014 due to fleet replacement and share growth.

Reported backlog excludes purchase options and announced orders for which definitive contracts have not been executed. Backlog information and comparisons thereof 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. Approximately 17% of the Company’s September 30, 2015 backlog is not expected to be filled in fiscal 2016. The Company's September 30, 2015 backlog includes $114.7 million in orders under the recently awarded JLTV contract. These orders are on hold until the JLTV contract stop-work-order has been lifted. The Company expects a decision on the JLTV protest in December 2015.

Table of Contents

Financial Market Risk

The Company is exposed to market risk from changes in interest rates, certain commodity prices and foreign currency exchange rates. To reduce the risk from changes in foreign currency exchange and interest rates, the Company selectively uses financial instruments. All hedging transactions are authorized and executed pursuant to clearly defined policies and procedures, which strictly prohibit the use of financial instruments for speculative purposes.

Interest Rate Risk. The Company's earnings exposure related to adverse movements in interest rates is primarily derived from outstanding floating rate debt instruments that are indexed to short-term market interest rates. In this regard, changes in U.S. and off-shore interest rates affect interest payable on the Company's borrowings under its Credit Agreement. Based on debt outstanding at September 30, 2015, a 100 basis point increase or decrease in the average cost of the Company's variable rate debt would increase or decrease annual pre-tax interest expense by approximately $4.4 million.

The table below provides information about the Company's debt obligations, which are sensitive to changes in interest rates (dollars in millions):

	Expected Maturity Date							
	2016	2017	2018	2019	2020	Thereafter	Total	Fair Value
Liabilities								
Long-term debt:								
Variable rate ($US)	$20.0	$20.0	$20.0	$315.0	$—	$—	$375.0	$375.0
Average interest rate	1.9904 %	2.5064 %	2.9770 %	3.2418 %	— %	— %	3.1217 %	
Fixed rate ($US)	$—	$—	$—	$—	$—	$500.0	$500.0	$501.0
Average interest rate	5.3750 %	5.3750 %	5.3750 %	5.3750 %	5.3750 %	5.3750 %	5.3750 %	

The table presents principal cash flows and related weighted-average interest rates by expected maturity dates. Weighted-average variable rates are based on implied forward rates in the yield curve at the reporting date.

Commodity Price Risk. The Company is a purchaser of certain commodities, including steel, aluminum and composites. In addition, the Company is a purchaser of components and parts containing various commodities, including steel, aluminum, rubber and others which are integrated into the Company's end products. The Company generally buys these commodities and components based upon market prices that are established with the vendor as part of the purchase process. The Company does not use commodity financial instruments to hedge commodity prices.

The Company generally obtains firm quotations from its suppliers for a significant portion of its orders under firm, fixed-price contracts in its defense segment. In the Company's access equipment, fire & emergency and commercial segments, the Company generally attempts to obtain firm pricing from most of its suppliers, consistent with backlog requirements and/or forecasted annual sales. To the extent that commodity prices increase and the Company does not have firm pricing from its suppliers, or its suppliers are not able to honor such prices, then the Company may experience margin declines to the extent it is not able to increase selling prices of its products.

Foreign Currency Risk. The Company's operations consist of manufacturing in the U.S., Belgium, Mexico, Canada, France, Australia, Romania, the United Kingdom and China and sales and limited vehicle body mounting activities on five continents. International sales comprised approximately 21% of overall net sales in fiscal 2015, of which approximately 70% involved exports from the U.S. The majority of export sales in fiscal 2015 were denominated in U.S. dollars. As a result of the manufacture and sale of the Company's products in foreign markets, the Company's earnings are affected by fluctuations in the value of foreign currencies in which certain of the Company's transactions are denominated as compared to the value of the U.S. dollar. The Company's operating results are principally exposed to changes in exchange rates between the U.S. dollar and the European currencies, primarily the Euro and the U.K. pound sterling, changes between the U.S. dollar and the Australian dollar, changes between the U.S. dollar and the Brazilian real, changes between the U.S. dollar and the Mexican peso and changes between the U.S. dollar and the Chinese renminbi.

Table of Contents

The Company enters into certain forward foreign currency exchange contracts to mitigate the Company's foreign currency exchange risk on monetary assets or liabilities. These contracts qualify as derivative instruments under FASB ASC Topic 815, Derivatives and Hedging; however, the Company has not designated all of these instruments as hedge transactions under ASC Topic 815. Accordingly, the mark-to-market impact of these derivatives is recorded each period to current earnings along with the offsetting foreign currency transaction gain/loss recognized on the related balance sheet exposure. At September 30, 2015, the Company was managing $138.5 million (notional) of foreign currency contracts, including $125.8 million (notional) which were not designated as accounting hedges. All outstanding foreign currency contracts as of September 30, 2015 will settle within 365 days.

The following table quantifies outstanding forward foreign exchange contracts intended to hedge non-U.S. dollar denominated cash, receivables and payables and the corresponding U.S. dollar impact on the value of these instruments assuming a 10% appreciation/depreciation of the sell currency at September 30, 2015 (dollars in millions):

				Foreign Exchange Gain/(Loss) From:	
	Notional Amount	Average Contractual Exchange Rate	Fair Value	10% Appreciation of Sell Currency	10% Depreciation of Sell Currency
Sell AUD / Buy USD	$53.2	1.3752	$—	$5.3	$(5.3)
Sell USD / Buy EUR	17.9	1.1228	(0.1)	1.8	(1.8)
Sell EUR / Buy SEK	17.6	9.4049	0.1	2.0	(1.6)
Sell EUR / Buy USD	17.3	1.1222	0.2	1.7	(1.7)
Sell CAD / Buy USD	10.5	0.0761	0.3	0.8	(0.8)
Sell USD / Buy GBP	9.4	1.5427	(0.2)	0.9	(0.9)
Sell CAD / Buy EUR	6.6	1.4910	—	0.7	(0.7)
Sell GBP / Buy EUR	3.2	1.3751	—	0.3	(0.3)
Sell GBP / Buy USD	2.8	1.5336	—	0.3	(0.3)

As previously noted, the Company's policy prohibits the trading of financial instruments for speculative purposes or the use of leveraged instruments. It is important to note that gains and losses indicated in the sensitivity analysis would be offset by gains and losses on the underlying receivables and payables.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations — Financial Market Risk" contained in Item 7 of this Form 10-K is hereby incorporated by reference in answer to this item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Oshkosh Corporation
Oshkosh, Wisconsin

We have audited the accompanying consolidated balance sheets of Oshkosh Corporation and subsidiaries (the "Company") as of September 30, 2015 and 2014, and the related consolidated statements of income, comprehensive income, shareholders’ equity, and cash flows for each of the three years in the period ended September 30, 2015. Our audits also included the consolidated financial statement schedule listed in the Table of Contents at Item 15. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Oshkosh Corporation and subsidiaries at September 30, 2015 and 2014 and the results of their operations and their cash flows for each of the three years in the period ended September 30, 2015, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of September 30, 2015, based on the criteria established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated November 13, 2015, expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Milwaukee, Wisconsin
November 13, 2015

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Oshkosh Corporation
Oshkosh, Wisconsin

We have audited the internal control over financial reporting of Oshkosh Corporation and subsidiaries (the "Company") as of September 30, 2015, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2015, based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended September 30, 2015 of the Company and our report dated November 13, 2015 expressed an unqualified opinion on those consolidated financial statements and financial statement schedule.

/s/ Deloitte & Touche LLP

Milwaukee, Wisconsin
November 13, 2015

Table of Contents

OSHKOSH CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(In millions, except per share amounts)

	Fiscal Year Ended September 30,		
	2015	2014	2013
Net sales	$6,098.1	$6,808.2	$7,665.1
Cost of sales	5,058.9	5,625.5	6,473.3
Gross income	1,039.2	1,182.7	1,191.8
Operating expenses:			
Selling, general and administrative	587.4	624.1	620.5
Amortization of purchased intangibles	53.2	55.3	56.6
Intangible asset impairment charge	—	—	9.0
Total operating expenses	640.6	679.4	686.1
Operating income	398.6	503.3	505.7
Other income (expense):			
Interest expense	(70.1)	(71.4)	(66.0)
Interest income	2.5	2.0	11.4
Miscellaneous, net	(4.9)	(2.0)	(6.1)
Income from continuing operations before income taxes and equity in earnings of unconsolidated affiliates	326.1	431.9	445.0
Provision for income taxes	99.2	125.0	131.7
Income from continuing operations before equity in earnings of unconsolidated affiliates	226.9	306.9	313.3
Equity in earnings of unconsolidated affiliates	2.6	2.4	3.0
Income from continuing operations, net of tax	229.5	309.3	316.3
Discontinued operations (Note 3):			
Income from discontinued operations	—	—	2.6
Income tax provision	—	—	(0.9)
Income from discontinued operations, net of tax	—	—	1.7
Net income	$229.5	$309.3	$318.0
Earnings per share-basic:			
From continuing operations	$2.94	$3.66	$3.58
From discontinued operations	—	—	0.02
	$2.94	$3.66	$3.60
Earnings per share-diluted:			
From continuing operations	$2.90	$3.61	$3.53
From discontinued operations	—	—	0.02
	$2.90	$3.61	$3.55

The accompanying notes are an integral part of these financial statements

OSHKOSH CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)

	Fiscal Year Ended September 30,		
	2015	2014	2013
Net income	$229.5	$309.3	$318.0
Other comprehensive income (loss), net of tax:			
Change in fair value of derivative instruments	0.1	—	—
Employee pension and postretirement benefits	(2.2)	(21.2)	76.6
Currency translation adjustments	(73.1)	(33.4)	10.2
Total other comprehensive income (loss), net of tax	(75.2)	(54.6)	86.8
Comprehensive income	$154.3	$254.7	$404.8

The accompanying notes are an integral part of these financial statements

Table of Contents

OSHKOSH CORPORATION
CONSOLIDATED BALANCE SHEETS
(In millions, except share and per share amounts)

	September 30, 2015	2014
Assets		
Current assets:		
Cash and cash equivalents	$42.9	$313.8
Receivables, net	964.6	974.9
Inventories	1,301.7	960.9
Deferred income taxes, net	52.2	66.3
Prepaid income taxes	22.8	22.7
Other current assets	45.1	45.7
Total current assets	2,429.3	2,384.3
Investment in unconsolidated affiliates	16.2	21.1
Property, plant and equipment, net	475.8	405.5
Goodwill	1,001.1	1,025.5
Purchased intangible assets, net	606.7	657.9
Other long-term assets	83.9	92.4
Total assets	$4,613.0	$4,586.7
Liabilities and Shareholders' Equity		
Current liabilities:		
Revolving credit facility and current maturities of long-term debt	$83.5	$20.0
Accounts payable	552.8	586.7
Customer advances	440.2	310.1
Payroll-related obligations	116.6	147.2
Accrued warranty	76.9	91.2
Other current liabilities	188.1	156.4
Total current liabilities	1,458.1	1,311.6
Long-term debt, less current maturities	855.0	875.0
Deferred income taxes, net	91.7	125.0
Other long-term liabilities	297.1	290.1
Commitments and contingencies		
Shareholders' Equity:		
Preferred Stock ($.01 par value; 2,000,000 shares authorized; none issued and outstanding)	—	—
Common Stock ($.01 par value; 300,000,000 shares authorized; 92,101,465 shares issued)	0.9	0.9
Additional paid-in capital	771.5	758.0
Retained earnings	2,016.5	1,840.1
Accumulated other comprehensive loss	(144.4)	(69.2)
Common Stock in treasury, at cost (16,647,031 and 12,256,103 shares, respectively)	(733.4)	(544.8)
Total shareholders’ equity	1,911.1	1,985.0
Total liabilities and shareholders' equity	$4,613.0	$4,586.7

The accompanying notes are an integral part of these financial statements

Table of Contents

OSHKOSH CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In millions, except per share amounts)

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Common Stock in Treasury at Cost	Total
Balance at September 30, 2012	$0.9	$703.5	$1,263.5	$ (101.4)	$(13.0)	$1,853.5
Net income	—	—	318.0	—	—	318.0
Employee pension and postretirement benefits, net of tax of $44.6	—	—	—	76.6	—	76.6
Currency translation adjustments	—	—	—	10.2	—	10.2
Repurchases of Common Stock	—	—	—	—	(201.8)	(201.8)
Exercise of stock options	—	(0.5)	—	—	31.9	31.4
Stock-based compensation expense	—	24.4	—	—	—	24.4
Excess tax benefit (shortfall) from stock-based compensation	—	(1.0)	—	—	—	(1.0)
Shares tendered for taxes on stock-based compensation	—	—	—	—	(3.5)	(3.5)
Other	—	(0.8)	—	—	0.8	—
Balance at September 30, 2013	0.9	725.6	1,581.5	(14.6)	(185.6)	2,107.8
Net income	—	—	309.3	—	—	309.3
Employee pension and postretirement benefits, net of tax of $(12.4)	—	—	—	(21.2)	—	(21.2)
Currency translation adjustments	—	—	—	(33.4)	—	(33.4)
Cash dividends ($0.60 per share)	—	—	(50.7)	—	—	(50.7)
Repurchases of Common Stock	—	—	—	—	(403.3)	(403.3)
Exercise of stock options	—	6.2	—	—	44.7	50.9
Stock-based compensation expense	—	25.0	—	—	—	25.0
Excess tax benefit from stock-based compensation	—	6.4	—	—	—	6.4
Payment of earned performance shares	—	(5.1)	—	—	5.1	—
Shares tendered for taxes on stock-based compensation	—	—	—	—	(6.2)	(6.2)
Other	—	(0.1)	—	—	0.5	0.4
Balance at September 30, 2014	0.9	758.0	1,840.1	(69.2)	(544.8)	1,985.0
Net income	—	—	229.5	—	—	229.5
Gains on derivative instruments, net of tax	—	—	—	0.1	—	0.1
Employee pension and postretirement benefits, net of tax of $(1.2)	—	—	—	(2.2)	—	(2.2)
Currency translation adjustments	—	—	—	(73.1)	—	(73.1)
Cash dividends ($0.68 per share)	—	—	(53.1)	—	—	(53.1)
Repurchases of Common Stock	—	—	—	—	(200.4)	(200.4)
Exercise of stock options	—	0.3	—	—	8.3	8.6
Stock-based compensation expense	—	21.4	—	—	—	21.4
Excess tax benefit from stock-based compensation	—	3.8	—	—	—	3.8
Payment of earned performance shares	—	(7.4)	—	—	7.4	—

Shares tendered for taxes on stock-based compensation	—	—	—	—	(8.9)	(8.9)
Other	—	(4.6)	—	—	5.0	0.4
Balance at September 30, 2015	$0.9	$771.5	$2,016.5	$ (144.4)	$(733.4)	$1,911.1

The accompanying notes are an integral part of these financial statements

60

Table of Contents

OSHKOSH CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Fiscal Year Ended September 30,		
	2015	2014	2013
Operating activities:			
Net income	$229.5	$309.3	$318.0
Intangible asset impairment charge	—	—	9.0
Depreciation and amortization	124.5	126.8	126.8
Stock-based compensation expense	21.4	25.0	24.4
Deferred income taxes	(12.2)	(19.8)	(30.4)
Foreign currency transaction (gains) losses	10.4	(2.3)	(1.8)
Other non-cash adjustments	4.8	4.3	(1.3)
Changes in operating assets and liabilities:			
Receivables, net	(13.9)	(195.6)	236.5
Inventories	(378.8)	(153.4)	113.1
Other current assets	(1.7)	(6.8)	(5.6)
Accounts payable	(28.7)	62.4	(156.0)
Customer advances	130.1	15.8	(216.0)
Payroll-related obligations	(37.2)	(4.8)	13.6
Income taxes	17.6	74.3	1.4
Other current liabilities	(9.1)	(89.8)	(56.0)
Other long-term assets and liabilities	25.8	25.0	62.3
Total changes in operating assets and liabilities	(295.9)	(272.9)	(6.7)
Net cash provided by operating activities	82.5	170.4	438.0
Investing activities:			
Additions to property, plant and equipment	(131.7)	(92.2)	(46.0)
Additions to equipment held for rental	(26.3)	(32.7)	(13.9)
Acquisition of a business, net of cash acquired	(10.0)	—	—
Contributions to rabbi trust	—	(1.9)	(19.4)
Proceeds from sale of equipment held for rental	26.8	12.8	7.5
Other investing activities	1.1	(0.8)	(3.0)
Net cash used by investing activities	(140.1)	(114.8)	(74.8)
Financing activities:			
Repayment of long-term debt	(270.0)	(710.0)	—
Proceeds from issuance of long-term debt	250.0	650.0	—
Proceeds from revolving credit facility	63.5	—	—
Repurchases of Common Stock	(200.4)	(403.3)	(201.8)
Debt issuance costs	(15.5)	(19.1)	—
Proceeds from exercise of stock options	8.6	50.9	31.4
Dividends paid	(53.1)	(50.7)	—
Excess tax benefit from stock-based compensation	4.0	6.2	0.4
Net cash used by financing activities	(212.9)	(476.0)	(170.0)
Effect of exchange rate changes on cash	(0.4)	0.7	(0.4)
Increase (decrease) in cash and cash equivalents	(270.9)	(419.7)	192.8
Cash and cash equivalents at beginning of year	313.8	733.5	540.7

Cash and cash equivalents at end of year	$42.9	$313.8	$733.5
Supplemental disclosures:			
Cash paid for interest	$51.0	$56.0	$61.1
Cash paid for income taxes	89.9	61.9	157.0

The accompanying notes are an integral part of these financial statements

Table of Contents
OSHKOSH CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Operations

Oshkosh Corporation and its subsidiaries (the “Company”) are leading manufacturers of a wide variety of specialty vehicles and vehicle bodies for the Americas and global markets. “Oshkosh” refers to Oshkosh Corporation, not including its subsidiaries. The Company sells its products into four principal vehicle markets — access equipment, defense, fire & emergency and commercial. The access equipment business is conducted through its wholly-owned subsidiary, JLG Industries, Inc. and its wholly-owned subsidiaries (“JLG”) and JerrDan Corporation (“JerrDan”). JLG holds, along with an unaffiliated third-party, a 50% interest in a joint venture in The Netherlands, RiRent Europe, B.V. (“RiRent”). The Company's defense business is conducted principally through its wholly-owned subsidiary, Oshkosh Defense, LLC and its wholly-owned subsidiary (“Oshkosh Defense”). The Company’s fire & emergency business is principally conducted through its wholly-owned subsidiaries Pierce Manufacturing Inc. (“Pierce”), Oshkosh Airport Products, LLC (“Airport Products”) and Kewaunee Fabrications LLC (“Kewaunee”). The Company’s commercial business is principally conducted through its wholly-owned subsidiaries, McNeilus Companies, Inc. (“McNeilus”), Concrete Equipment Company, Inc. and its wholly-owned subsidiary (“CON-E-CO”), London Machinery Inc. and its wholly-owned subsidiary (“London”), Iowa Mold Tooling Co., Inc. (“IMT”) and Oshkosh Commercial Products, LLC. (“Oshkosh Commercial”). McNeilus owns a 49% interest in Mezcladoras Trailers de Mexico, S.A. de C.V. (“Mezcladoras”), which manufactures and markets concrete mixers, concrete batch plants and refuse collection vehicles in Mexico.

2. Summary of Significant Accounting Policies

Principles of Consolidation and Presentation — The consolidated financial statements include the accounts of Oshkosh and all of its majority-owned or controlled subsidiaries and are prepared in conformity with generally accepted accounting principles in the United States of America (“U.S. GAAP”). All intercompany accounts and transactions have been eliminated in consolidation. The Company accounts for its 50% voting interest in RiRent and its 49% interest in Mezcladoras under the equity method.

Under certain criteria as provided in Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 810, Consolidation, the Company may consolidate a partially-owned affiliate. To determine whether to consolidate a partially-owned affiliate, the Company first determines if the entity is a variable interest entity (“VIE”). An entity is considered to be a VIE if it has one of the following characteristics: (1) the entity is thinly capitalized; (2) residual equity holders do not control the entity; (3) equity holders are shielded from economic losses or do not participate fully in the entity’s residual economics; or (4) the entity was established with non-substantive voting. If the entity meets one of these characteristics, the Company then determines if it is the primary beneficiary of the VIE. The party with the power to direct activities of the VIE that most significantly impact the VIE’s economic performance and the potential to absorb benefits or losses that could be significant to the VIE is considered the primary beneficiary and consolidates the VIE. If the entity is not considered a VIE, then the Company applies the voting interest model to determine whether or not the Company shall consolidate the partially-owned affiliate. The Company has determined that it does not have any consolidated VIEs.

Nonconsolidated VIE - In July 2015, the Company agreed to provide a newly-formed, thinly-capitalized entity up to $15.0 million of subordinated financing to purchase product from the Company. The Company does not have any equity interest in the entity, however the Company has determined that its subordinated financing represents a variable interest in the entity. The Company has determined that the equity holder of the entity held the power to make key operating decisions considered to be most significant to the entity, and as a result, the Company determined that it is not the primary beneficiary of the entity. The Company records transactions with the customer under the cost recovery method, which defers recognition of sales and profit on equipment sales to this entity until the Company has recovered its cost. As of September 30, 2015, the Company has recorded $6.2 million in trade receivables and $5.0 million in long-term receivables and has deferred $11.2 million in revenue. The Company’s maximum exposure to loss relative to this customer is $6.2 million as of September 30, 2015.

Use of Estimates — 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.

Revenue Recognition — The Company recognizes revenue on equipment and parts sales when contract terms are met, collectability is reasonably assured and a product is shipped or risk of ownership has been transferred to and accepted by the customer. Revenue from service agreements is recognized as earned, when services have been rendered. Appropriate provisions are made for discounts, returns and sales allowances. Sales are recorded net of amounts invoiced for taxes imposed on the customer such as excise or value-added taxes.

Sales to the U.S. government of non-commercial products manufactured to the government's specifications are recognized using the units-of-delivery measure under the percentage-of-completion accounting method as units are accepted by the government. Under the units-of-delivery measure, the Company records sales as units are accepted by the U.S. Department of Defense ("DoD") based on unit sales values stated in the respective contracts. Costs of sales are based on actual costs incurred to produce the units delivered under the contract. Approximately 13%, 20% and 31% of the Company's revenues were recognized under the percentage-of-completion accounting method in fiscal 2015, 2014 and 2013, respectively.

The Company invoices the government as the units are formally accepted. Deferred revenue arises from amounts received in advance of the culmination of the earnings process and is recognized as revenue in future periods when the applicable revenue recognition criteria have been met.

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 charges anticipated losses on contracts or programs in progress to earnings when identified. Bid and proposal costs are expensed as incurred.

Shipping and Handling Fees and Costs — Revenue received from shipping and handling fees is reflected in net sales. Shipping and handling fee revenue was not significant for any period presented. Shipping and handling costs are included in cost of sales.

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. The amount of warranty liability accrued reflects management's best estimate of the expected future cost of honoring Company obligations under the warranty plans. Historically, the cost of fulfilling the Company's warranty obligations has principally involved replacement parts, labor and sometimes travel for any field retrofit 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 features/components included in product models. Also, each quarter, the Company reviews actual warranty claims experience to determine if there are systemic defects that would require a field campaign. The Company recognizes the revenue from sales of extended warranties over the life of the contracts.

Research and Development and Similar Costs — Except for customer sponsored research and development costs incurred pursuant to contracts (generally with the DoD), research and development costs are expensed as incurred and included in cost of sales. Research and development costs charged to expense amounted to $147.9 million, $142.0 million and $112.9 million during fiscal 2015, 2014 and 2013, respectively. Customer sponsored research and development costs incurred pursuant to contracts are accounted for as contract costs.

Advertising — Advertising costs are included in selling, general and administrative expense and are expensed as incurred. These expenses totaled $22.1 million, $20.4 million and $17.1 million in fiscal 2015, 2014 and 2013, respectively.

Stock-Based Compensation — The Company recognizes stock-based compensation using the fair value provisions prescribed by ASC Topic 718, Compensation — Stock Compensation. Accordingly, compensation costs for awards of stock-based compensation settled in shares are determined based on the fair value of the share-based instrument at the time of grant and are recognized as expense over the vesting period of the share-based instrument. See Note 17 of the Notes to Consolidated Financial Statements for information regarding the Company's stock-based incentive plans.

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. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment.

The Company evaluates uncertain income tax positions in a two-step process. The first step is recognition, where the Company evaluates whether an individual tax position has a likelihood of greater than 50% of being sustained upon examination based on the technical merits of the position, including resolution of any related appeals or litigation processes. For tax positions that are currently estimated to have a less than 50% likelihood of being sustained, zero tax benefit is recorded. For tax positions that have met the recognition threshold in the first step, the Company performs the second step of measuring the benefit to be recorded. The actual benefits ultimately realized may differ from the Company's estimates. In future periods, changes in facts and circumstances and new information may require the Company to change the recognition and measurement estimates with regard to individual tax positions. Changes in recognition and measurement estimates are recorded in results of operations and financial position in the period in which such changes occur.

A majority of the Company's cash and cash equivalents at September 30, 2015 was located in the United States. U.S. income taxes are provided on financial statement earnings of non-U.S. subsidiaries expected to be repatriated. The Company determines annually the amount of undistributed non-U.S. earnings to invest indefinitely in its non-U.S. operations. As a result of anticipated cash requirements in foreign subsidiaries, the Company currently believes that all earnings of non-U.S. subsidiaries will be reinvested indefinitely to finance foreign activities. Accordingly, no U.S. deferred income taxes have been provided for the repatriation of those earnings.

Fair Value of Financial Instruments — Based on Company estimates, the carrying amounts of cash equivalents, receivables, accounts payable and accrued liabilities approximated fair value as of September 30, 2015 and 2014. See Note 16 of the Notes to Consolidated Financial Statements for additional fair value information.

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 at September 30, 2015 consisted principally of bank deposits and money market instruments.

Receivables — Receivables consist of amounts billed and currently due from customers and unbilled costs and accrued profits related to revenues on long-term contracts with the U.S. government that have been recognized for accounting purposes but not yet billed to customers. The Company extends credit to customers in the normal course of business and maintains an allowance for estimated losses resulting from the inability or unwillingness of customers to make required payments. The accrual for estimated losses is based on the Company's historical experience, existing economic conditions and any specific customer collection issues the Company has identified. Account balances are charged against the allowance when the Company determines it is probable the receivable will not be recovered.

Concentration of Credit Risk — Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash equivalents, trade accounts 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 lease receivables are with the U.S. government, with rental companies globally, with companies in the ready-mix concrete industry, with municipalities and with several large waste haulers in the United States. The Company continues to monitor credit risk associated with its trade receivables.

Inventories — Inventories are stated at the lower of cost or market. Cost has been determined using the last-in, first-out ("LIFO") method for 79.7% of the Company's inventories at September 30, 2015 and 81.2% of the Company's inventories at September 30, 2014. For the remaining inventories, cost has been determined using the first-in, first-out ("FIFO") method.

Performance-Based Payments — The Company's contracts with the DoD to deliver heavy-payload tactical vehicles (Family of Heavy Tactical Vehicles and Logistic Vehicle System Replacement) and medium-payload tactical vehicles (Family of Medium Tactical Vehicles and Medium Tactical Vehicle Replacement), as well as certain other defense-related contracts, 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 under these contracts. Performance-based payments received are first applied to reduce outstanding receivables for units accepted in accordance with contractual terms, with any remaining amount recorded as an offset to inventory to the extent of related inventory on hand. Amounts received in excess of receivables and inventories are included in liabilities as customer advances.

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 40 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. The Company capitalizes interest on borrowings during the active construction period of major capital projects. Capitalized interest is immaterial for all periods presented. All capitalized interest has been added to the cost of the underlying assets and is amortized over the useful lives of the assets.

Goodwill — Goodwill reflects the cost of an acquisition in excess of the aggregate fair value assigned to identifiable net assets acquired. Goodwill is not amortized; however, it is assessed for impairment at least annually and as triggering events or "indicators of potential impairment" occur. The Company performs its annual impairment test as of July 1 of each fiscal year. The Company evaluates the recoverability of goodwill by estimating the fair value of the businesses to which the goodwill relates. Estimated cash flows and related goodwill are grouped at the reporting unit level. A reporting unit is an operating segment or, under certain circumstances, a component of an operating segment that constitutes a business. When the fair value of the reporting unit is less than the carrying value of the reporting unit, a further analysis is performed to measure and recognize the amount of the impairment loss, if any. Impairment losses, limited to the carrying value of goodwill, represent the excess of the carrying amount of a reporting unit's goodwill over the implied fair value of that goodwill.

In evaluating the recoverability of goodwill, it is necessary to estimate the fair value of the reporting units. The Company evaluates the recoverability of goodwill utilizing the income approach and the market approach. The Company weighted the income approach more heavily (75%) as the Company believes the income approach more accurately considers long-term fluctuations in the U.S. and European construction markets than the market approach. Under the income approach, the Company determines fair value based on estimated future cash flows discounted by an estimated weighted-average cost of capital, which reflects the overall level of inherent risk of a reporting unit and the rate of return an outside investor would expect to earn. Estimated future cash flows are based on the Company's internal projection models, industry projections and other assumptions deemed reasonable by management. Rates used to discount estimated cash flows correspond to the Company's cost of capital, adjusted for risk where appropriate, and are dependent upon interest rates at a point in time. There are inherent uncertainties related to these factors and management's judgment in applying them to the analysis of goodwill impairment. Under the market approach, the Company derives the fair value of its reporting units based on revenue and earnings multiples of comparable publicly-traded companies. It is possible that assumptions underlying the impairment analysis will change in such a manner that impairment in value may occur in the future.

Impairment of Long-Lived Assets — Property, plant and equipment and 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.

Non-amortizable trade names are assessed for impairment at least annually and as triggering events or "indicators of potential impairment" occur. The Company performs its annual impairment test in the fourth quarter of its fiscal year. The Company evaluates the potential impairment by estimating the fair value of the non-amortizing intangible assets using the “relief from royalty” method. When the fair value of the non-amortizable trade name is less than the carrying value of the trade name, a further analysis is performed to measure and recognize the amount of the impairment loss, if any. Impairment losses, limited to the carrying value of the non-amortizable trade name, represent the excess of the carrying amount over the implied fair value of that non-amortizable trade name. In fiscal 2013, the Company recorded a non-cash impairment charge related to purchased intangible assets of $9.0 million.

Floor Plan Notes Payable — Floor plan notes payable represent liabilities related to the purchase of commercial vehicle chassis upon which the Company mounts its manufactured vehicle bodies. Floor plan notes payable are non-interest bearing for terms ranging up to 120 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 include amounts received in advance of the completion of fire & 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 DoD in excess of the value of related inventory. Advances from the DoD are non-interest bearing. See the discussion above regarding performance-based payments.

Other Long-Term Liabilities — Other long-term liabilities are comprised principally of the portions of the Company's pension liability, other post-employment benefit liability and accrued product liability that are not expected to be settled in the subsequent twelve month period.

Foreign Currency Translation — All balance sheet accounts have been translated into U.S. dollars 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).” Foreign currency transaction gains or losses are included in “Miscellaneous, net” in the Consolidated Statements of Income. The Company recorded net foreign currency transaction losses related to continuing operations of $4.5 million, $3.8 million and $5.9 million in fiscal 2015, 2014 and 2013, respectively.

Derivative Financial Instruments — 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 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 income taxes. Changes in fair value of derivatives not qualifying as hedges are reported in income. Cash flows from derivatives that are accounted for as cash flow or fair value hedges are included in the Consolidated Statements of Cash Flows in the same category as the item being hedged.

Reclassifications — Certain reclassifications have been made to the fiscal 2014 and 2013 financial statements to conform to the fiscal 2015 presentation. Foreign currency transaction (gains) losses, which were previously included in other non-cash adjustments within the Consolidated Statements of Cash Flows, are now reported as a separate line in the Consolidated Statements of Cash Flows.

Recent Accounting Pronouncements — In April 2014, the FASB issued Accounting Standards Update (“ASU”) No. 2014-08, Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360), Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. This update revises the required criteria for reporting disposals as discontinued operations, whereby discontinued operations are limited to disposals that represent strategic shifts that had (or will have) a major effect on an entity's operations and financial results. The Company will be required to adopt ASU No. 2014-08 as of October 1, 2015. The Company does not expect the adoption of No. ASU 2014-08 to have a material impact on its financial statements.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which clarifies the principles for recognizing revenue. This guidance requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU No. 2014-09, as amended by ASU No. 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date, becomes effective for fiscal years and interim periods beginning after December 15, 2017, with early adoption permitted one year earlier under the FASB's proposed update. The Company is currently evaluating the impact of ASU No. 2014-09 and ASU No. 2015-14 on the Company’s financial statements and has not yet determined its method of adoption.

In August 2014, the FASB issued ASU No. 2014-15, Presentation of Financial Statements (Topic 205) Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern. The guidance requires management to perform an evaluation each annual and interim reporting period of whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity’s ability to continue as a going concern within the one year period after the date that the financial statements are issued. If such conditions are identified, the guidance requires an entity to provide certain disclosures about the principal conditions or events that gave rise to the substantial doubt about the entity’s ability to continue as a going concern, management’s evaluation of the significance of those conditions or events in relation to the entity’s ability to meet its obligations and management’s plans to alleviate or mitigate substantial doubt about the entity’s ability to continue as a going concern. The Company will be required to adopt ASU No. 2014-15 for the annual period ending September 30, 2017. The Company does not expect the adoption of No. ASU 2014-15 to have a material impact on its financial statements.

Table of Contents
OSHKOSH CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In February 2015, the FASB issued ASU No. 2015-02, Consolidation (Topic 810), Amendments to the Consolidation Analysis, which amends the guidance that reporting entities apply when evaluating whether certain legal entities should be consolidated. The Company will be required to adopt ASU No. 2015-02 as of October 1, 2016. The Company does not expect the adoption of No. ASU 2015-02 to have a material impact on the Company's financial statements.

In April 2015, the FASB issued ASU No. 2015-03, Interest - Imputation of Interest (Topic 835-30), Simplifying the Presentation of Debt Issuance Costs. ASU No. 2015-03 is part of the FASB's initiative to reduce complexity in accounting standards. The guidance requires an entity to recognize debt issuance costs related to a debt liability as a direct deduction from the carrying amount of the debt liability in the balance sheet, thereby increasing the effective rate of interest, as opposed to a deferred cost. The Company will be required to adopt ASU No. 2015-03 as of October 1, 2016. The Company does not expect the adoption of No. ASU 2015-03 to have a material impact on the Company's financial statements.

In July 2015, the FASB issued ASU No. 2015-11, Inventory (Topic 330), Simplifying the Measurement of Inventory. ASU No. 2015-11 is part of the FASB's initiative to simplify accounting standards. The guidance requires an entity to recognize inventory within scope of the standard at the lower of cost or net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. The Company will be required to adopt ASU No. 2015-11 as of October 1, 2017. The Company is currently evaluating the impact of ASU No. 2015-11 on the Company's financial statements.

In August 2015, the FASB issued ASU No. 2015-15, Interest - Imputation of Interest (Topic 835-30), Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements. ASU No. 2015-15 is part of the FASB's initiative to reduce complexity in accounting standards. The guidance amends the accounting standard to conform with a Securities and Exchange Commission ("SEC") Staff Announcement related to the presentation of debt issuance costs associated with lines-of -credit, which indicated that the SEC would not object to an entity presenting debt issuances costs associated with a line-of-credit as an asset and subsequently amortizing the deferred issuance costs ratably over the term of the line-of-credit. The Company will be required to adopt ASU No. 2015-15 as of October 1, 2016. The Company does not expect the adoption of No. ASU 2015-15 to have a material impact on the Company's financial statements.

3. Discontinued Operations

In March 2013, the Company discontinued production of ambulances, which were sold under the Medtec brand name. The business was previously included in the Company's fire & emergency segment. Due to the closure of the business, it has been segregated from continuing operations and reported as discontinued operations in the Consolidated Statements of Income in the applicable period.

Results of discontinued operations were as follows (in millions):

	Fiscal Year Ended September 30, 2013	
Net sales	$20.6	
Cost of sales	18.5	
Gross income	2.1	
Selling, general and administrative	(0.9	)

Operating income	3.0
Other expense	(0.4)
Income before income taxes	2.6
Provision for income taxes	0.9
Income from operations, net of tax	$1.7

OSHKOSH CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Receivables

Receivables consisted of the following (in millions):

	September 30,	
	2015	2014
U.S. government:		