WABASH NATIONAL CORP /DE
Form 10-K/A
August 14, 2009

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

Form 10-K/A
Amendment No. 1

(Mark One)

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the Fiscal Year Ended December 31, 2008
OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____
Commission File Number: 1-10883
WABASH NATIONAL CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	**52-1375208**
(State or other jurisdiction of incorporation or organization)	*(IRS Employer Identification Number)*
1000 Sagamore Parkway South Lafayette, Indiana	**47905**
(Address of Principal Executive Offices)	*(Zip Code)*

Registrant s telephone number, including area code: (765) 771-5300

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
Series D Preferred Share Purchase Rights	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. Yes o No þ

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No þ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K 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. o

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 definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o Accelerated filer þ Non-accelerated filer o Smaller reporting company o
(Do not check if a smaller reporting company)

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

The aggregate market value of voting stock held by non-affiliates of the registrant as of June 30, 2008 was $226,731,786 based upon the closing price of the Company s common stock as quoted on the New York Stock Exchange composite tape on such date.

The number of shares outstanding of the registrant s common stock as of April 8, 2009 was 31,153,669.

Part III of this Form 10-K incorporates by reference certain portions of the registrant s Proxy Statement for its Annual Meeting of Stockholders to be filed within 120 days after December 31, 2008.

Table of Contents

Explanatory Note

This Amendment No. 1 on Form 10-K/A (Form 10-K/A) is an amendment to the Registrant s Annual Report on Form 10-K for the year ended December 31, 2008, which was filed with the Securities and Exchange Commission on April 14, 2009 (Original Filing).

This Form 10-K/A contains amendments to Item 1, Item 7 and Item 8 of the Original Filing. This amendment does not reflect events occurring after the Original Filing and speaks only as of the date of the Original Filing. Because a number of material events have occurred since the date of the Original filings, investors are urged to read the reports filed by the Company with the Securities and Exchange Commission since the date of the Original Filing.

TABLE OF CONTENTS
WABASH NATIONAL CORPORATION
FORM 10-K FOR THE FISCAL
YEAR ENDED DECEMBER 31, 2008

Table of Contents

FORWARD LOOKING STATEMENTS

This Annual Report contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934 (the Exchange Act). Forward-looking statements may include the words may, will, estimate, intend, continue, believe, expect, plan or anticipate and other similar wor forwarding-looking statements include, but are not limited to, statements regarding:

- our business plan;
- our expected revenues, income or loss and capital expenditures;
- plans for future operations;
- financing needs, plans and liquidity;
- our ability to achieve sustained profitability;
- reliance on certain customers and corporate relationships;
- availability and pricing of raw materials;
- availability of capital;
- dependence on industry trends;
- the outcome of any pending litigation;
- export sales and new markets;
- engineering and manufacturing capabilities and capacity;
- acceptance of new technology and products;
- government regulation; and
- assumptions relating to the foregoing.

Although we believe that the expectations expressed in our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and are subject to inherent risks and uncertainties, such as those disclosed in this Annual Report. Each forward-looking statement contained in this Annual Report reflects our management s view only as of the date on which that forward-looking statement was made. We are not obligated to update forward-looking statements or publicly release the result of any revisions to them to reflect events or circumstances after the date of this Annual Report or to reflect the occurrence of unanticipated events.

Currently known risks and uncertainties that could cause actual results to differ materially from our expectations are described throughout this Annual Report, including in Item 1A. *Risk Factors* . We urge you to carefully review that section for a more complete discussion of the risks of an investment in our securities.

PART I

ITEM 1 BUSINESS

Founded in 1985 as a start-up company, Wabash National Corporation (Wabash, Company, us, we or our) is one North America s leaders in designing, manufacturing and marketing standard and customized truck trailers and related transportation equipment. We believe our success has been the result of our longstanding relationships with our core customers, our demonstrated ability to attract new customers, our broad and innovative product lines, our technological leadership and our large distribution and service network. Our management team is focused on rightsizing our manufacturing and retail operations to match the current demand environment, implementing our cost savings initiatives, strengthening our capital structure, developing innovative products, improving earnings and selective production introductions that meet the needs of our customers.

Table of Contents

We seek to identify and produce proprietary products that offer exceptional value to customers with the potential to generate higher profit margins than those of standardized products. We believe that we have the engineering and manufacturing capability to produce these products efficiently. We introduced our proprietary composite product, DuraPlateâ, in 1996. Composite trailers have achieved widespread industry acceptance accounting for approximately one out of every three dry van trailers sold in 2008. Since 2002, sales of our DuraPlateâ trailers represented approximately 90% of our total new dry van trailer sales. We are also a competitive producer of standardized sheet and post and refrigerated trailer products and we strive to become the low-cost producer of these products within our industry. Through our Transcraft subsidiary we also manufacture steel flatbed and dropdeck trailers. As part of our commitment to expand our customer base, diversify our revenues and extend our market leadership, Transcraft acquired in July 2008 certain operating assets of Benson International LLC, and its affiliates (Benson), a manufacturer of aluminum flatbeds, dump trailers and other truck bodies. In addition, in December 2008, the Company announced a multi-year agreement to build and service all of PODS®[1] portable storage container requirements as part of our strategy to leverage our DuraPlate® panel technology into other industry segments. We expect to continue a program of product development and selective acquisitions of quality proprietary products that further differentiate us from our competitors and increase shareholder value.

We market our transportation equipment under the Wabashâ, DuraPlateâ, DuraPlateHDâ, FreightProâ, ArcticLite®, RoadRailer®, Transcraft®, Eagle®, Eagle II®, D-Eagle® and Benson™ trademarks directly to customers, through independent dealers and through our Company-owned retail branch network. Historically, we have focused on our longstanding core customers representing many of the largest companies in the trucking industry. Our relationships with our core customers have been central to our growth since inception. Beginning in 2003, we have actively pursued the diversification of our customer base by focusing on what we refer to as the mid-market. These carriers, which represent approximately 1,250 carriers, operate fleets of between 250 to 7,500 trailers, which we estimate in total account for approximately one million trailers.

Longstanding core customers include Averitt Express, Inc.; Crete Carrier Corporation; FedEx Corporation; Heartland Express, Inc.; J.B. Hunt Transport Services, Inc.; Knight Transportation, Inc.; Old Dominion Freight Lines, Inc.; SAIA Motor Freightlines, Inc.; Schneider National, Inc.; Swift Transportation Corporation; U.S. Xpress Enterprises, Inc.; Werner Enterprises, Inc.; and YRC Worldwide, Inc.

Mid-market customers include Alliance Shippers, Inc.; Aurora LLC; C&S Wholesale Grocers, Inc.; CR England, Inc.; Celadon Group, Inc.; Con-way Truckload (formerly CFI); Cowan Systems, LLC; Frozen Food Express Industries, Inc.; Gordon Trucking, Inc.; Landair Transport, Inc.; New Penn Motor Express, Inc.; Prime, Inc.; Roehl Transport, Inc.; Star Transport, Inc.; USA Logistics; USF Corporation; and Xtra Lease, Inc.

Our 11 Company-owned full service retail branches provide additional opportunities to distribute our products and also offer nationwide services and support capabilities for our customers. In addition, we maintain four used fleet sales centers to focus on selling both large and small fleet trade packages to the wholesale market. Our retail branch network s sale of new and used trailers, aftermarket parts and service through our retail branch network generally provides enhanced margin opportunities. We also utilize a network of approximately 24 independent dealers with approximately 48 locations throughout North America to distribute our van trailers. In addition, we distribute our flatbed and dropdeck trailers through a network of over 80 independent dealers with approximately 110 locations throughout North America.

Wabash was incorporated in Delaware in 1991 and is the successor by merger to a Maryland corporation organized in 1985. We operate in two reportable business segments: (1) manufacturing and (2) retail and distribution. Financial results by segment, including information about revenues from customers, measures of profit and loss, total assets, and financial information regarding geographic areas and export sales are discussed in Note 15, Segments and Related Information, of the accompanying Consolidated Financial Statements. Our internet website is www.wabashnational.com. We make our electronic filings with the SEC, including our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to these reports available on our website free of charge as soon as practicable after we file or furnish them with the SEC. Information on the website is not part of this Form 10-K.

[1] PODS® is a registered trademark of PODS, Inc. and Pods Enterprises, Inc.

Table of Contents

Strategy

We are committed to a corporate strategy that seeks to maximize shareholder value by executing on the core elements of our strategic plan:

Value Creation. We intend to continue our focus on improved earnings and cash flow.

Operational Excellence. We are focused on reducing our cost structure by adhering to continuous improvement and lean manufacturing initiatives.

People. We recognize that in order to achieve our strategic goals we must continue to develop the organization s skills to advance our associates capabilities and to attract talented people.

Customer Focus. We have been successful in developing longstanding relationships with core customers and we intend to maintain these relationships while expanding new customer relationships through the offering of tailored transportation solutions to create new revenue opportunities.

Innovation. We intend to continue to be the technology leader by providing new differentiated products and services that generate enhanced profit margins.

Corporate Growth. We intend to expand our product offering and competitive advantage by entering new markets and acquiring strong brands to grow and diversify the Company.

In addition, the Board of Directors has authorized management to pursue and evaluate a wide range of strategic alternatives, including, but not limited to, select business divestitures, changes to our capital structure, or a possible sale, merger or other business combination. There can be no assurance that this review will result in any specific transaction.

Industry and Competition

Trucking in the U.S., according to the American Trucking Association (ATA), was estimated to be a $650 billion industry in 2008, representing about 5% of U.S. Gross Domestic Product. The ATA estimates that approximately 70% of all freight tonnage is carried by trucks at some point during its shipment. Trailer demand is a direct function of the amount of freight to be transported. As the economy improves, it is forecasted that truck carriers will need to both expand and replace their fleets, which typically results in increased trailer orders. According to A.C.T. Research Co., LLC (ACT), there are approximately 3.0 million trailers in use today and total trailer replacement demand is estimated at approximately 185,000 trailers per year.

Transportation in the U.S., including trucking, is a cyclical industry. Transportation has experienced three cycles over the last 20 years. Truck freight tonnage, according to ATA statistics, has been negative year-over-year since mid-2006 through most of 2007. Even though tonnage volumes increased 0.7% year-over-year in 2008, recent data shows further weakening of freight tonnage. Three U.S. economic downturns have occurred during the last 20 years and in each instance the decline in freight tonnage preceded the general economic decline by approximately two and one-half years and its recovery has generally preceded that of the economy as a whole. The trailer industry generally follows the transportation industry, experiencing cycles in the early and late 90 s lasting approximately 58 and 67 months, respectively. The current cycle began in early 2001 and, based on current ACT estimates, appears to be approaching the bottom. In our view, an upturn in the trailer industry will require improvements in general freight demand, improved credit markets, and a recovery of the housing and construction markets.

Wabash, Great Dane and Utility are generally viewed as the top three trailer manufacturers and have accounted for greater than 50% of new trailer market share in recent years, including approximately 55% in 2008. In 2008, our market share of total trailer shipments was approximately 23%. Trailer manufacturers compete primarily through the quality of their products, customer relationships, service availability and cost.

The table below, as provided by Trailer Body Builders Magazine, sets forth new trailer production for Wabash, its largest competitors and for the trailer industry as a whole within North America. The data represents all segments of the market, except containers and chassis. For the years included below, we have primarily participated in the van segment of the market. In addition, through our recent acquisitions of Transcraft Corporation in March

Table of Contents

2006 and select assets of Benson in July 2008, we also participate in the platform and dump trailer segments. Van production has grown from a low of approximately 96,000 units in 2002 to a high of approximately 198,000 units in 2006. In 2008, van trailer production amounted to 98,000 units. For the current year, our market share for van trailers was approximately 30%, an increase from 2007 of over 3%.

	2008	2007	2006	2005	2004	2003
Wabash(1)	**32,000**	**46,000**	**60,000**(2)	**52,000**	**48,000**	**36,000**
Great Dane	29,000	48,000	60,000	55,000	55,000	41,000
Utility	23,000	31,000	37,000	34,000	31,000	24,000
Hyundai Translead	7,000	13,000	14,000	12,000	9,000	9,000
Stoughton	5,000	11,000	19,000	17,000	15,000	9,900
Other principal producers	20,000	25,000	40,000	34,000	33,000	25,000
Total Industry	152,000	218,000(3)	283,000(3)	245,000	228,000	174,000(3)

(1) Does not include approximately 700, 2,300, 1,500 and 1,300 intermodal containers in 2006, 2005, 2004 and 2003, respectively.

(2) The 2006 production includes Transcraft volumes on a full-year pro forma basis.

(3) Data revised by publisher in a subsequent year.

Competitive Strengths

We believe our core competitive strengths include:

Long-Term Core Customer Relationships We are the leading provider of trailers to a significant number of top tier trucking companies, generating a revenue base that has helped to sustain us as one of the market leaders.

Innovative Product Offerings Our DuraPlateâ proprietary technology offers what we believe to be a superior trailer, which commands premium pricing. A DuraPlateâ trailer is a composite plate trailer using material that contains a high-density polyethylene core bonded between a high-strength steel skin. We believe that the competitive advantages of our DuraPlateâ trailers compared to standard trailers include the following:

Extended Service Life operate three to five years longer;

Lower Total Cost of Ownership less costly to maintain;

Less Downtime higher utilization for fleets;

Extended Warranty warranty period for DuraPlateâ panels is ten years; and

Improved Resale higher trade-in values.

We have been manufacturing DuraPlateâ trailers for over 13 years and through December 2008 have sold approximately 360,000 units. This proven experience, combined with ownership and knowledge of the DuraPlateâ panel technology, helps ensure continued industry leadership in the future. We have also successfully introduced innovations in our ArcticLite® refrigerated trailers and other product lines. For example, we introduced the DuraPlateHD® trailer and the FreightPro® sheet and post trailer in 2003.

Significant Market Share and Brand Recognition We have been one of the two largest manufacturers of trailers in North America since 1994, with one of the most widely recognized brands in the industry. We are one of the largest producers of van trailers in North America. Our Transcraft subsidiary, acquired in March 2006, has been the second leading producer of platform trailers over this time period.

Committed Focus on Operational Excellence Safety, quality, on-time delivery, productivity and cost reduction are the core elements of our program of continuous improvement. We currently maintain an ISO 14001 registration of our Environmental Management System.

Technology We are recognized by the trucking industry as a leader in developing technology to reduce trailer maintenance. In 2008, we completed the standardization of all dry and refrigerated van products. This effort is expected to result in manufacturing and efficiency improvements and part and repair commonality for all of these products. Also in 2008, we introduced our first products made with structural adhesives instead of mechanical fasteners. The use of adhesives results in improved appearance, leak reduction, and trailers that are easier and faster to repair. During 2007, we introduced to our customers fuel saving technologies on DuraPlateâ trailers with the Smartway® certification, as approved by the U.S. Environmental Protection Agency. In 2006, we introduced a high performance liner for our refrigerated trailers, which helps reduce interior damage and associated maintenance costs. Also in 2006, we introduced a DuraPlateâ trailer built on our new semi-automated Alpha production line. This technology has changed the way that trailers are traditionally manufactured and increases both efficiency of manufacturing and the quality of finished products.

Corporate Culture We benefit from a value driven management team and dedicated workforce.

Extensive Distribution Network Our 11 Company-owned retail branches and four used trailer locations extend our sales network throughout North America, diversify our factory direct sales, provide an outlet for used trailer sales and support our national service contracts. Additionally, we utilize a network of approximately 24 independent dealers with approximately 48 locations throughout North America to distribute our van trailers, and our Transcraft distribution network consists of over 80 independent dealers with approximately 110 locations throughout North America.

Regulation

Truck trailer length, height, width, maximum weight capacity and other specifications are regulated by individual states. The federal government also regulates certain safety features incorporated in the design of truck trailers, including regulations that require anti-lock braking systems (ABS) and that define rear-impact guard standards. Manufacturing operations are subject to environmental laws enforced by federal, state and local agencies (see Environmental Matters).

Products

Since our inception, we have expanded our product offerings from a single truck trailer product to a broad range of trailer-related transportation equipment. Our manufacturing segment specializes in the development of innovative proprietary products for our key markets. Manufacturing segment sales represented approximately 83%, 86% and 85% of consolidated Wabash net sales in 2008, 2007 and 2006, respectively. Our current transportation equipment products primarily include the following:

DuraPlateâ Trailers. DuraPlateâ trailers utilize a proprietary technology that consists of a composite plate wall for increased durability and greater strength. Our DuraPlateâ trailers include our DuraPlateHDâ, a heavy duty version of our regular DuraPlateâ trailers.

Smooth Aluminum Trailers. Smooth aluminum trailers, commonly known as sheet and post trailers, are the commodity trailer product purchased by the trucking industry. Starting in 2003, we began to market our FreightPro® trailer to provide a competitive offering for this market segment.

Platform Trailers. Platform trailers are sold under Transcraft®, Eagle® and Benson™ trademarks. The acquisition of certain assets from Benson in July 2008 provides the ability to offer a premium all-aluminum platform trailer. Platform trailers consist of a trailer chassis with a flat or drop loading deck without permanent sides or a roof. These trailers are primarily utilized to haul steel coils, construction materials and large equipment.

Refrigerated Trailers. Refrigerated trailers have insulating foam in the walls, roof and floor, which improves both the insulation capabilities and durability of the trailers. Our refrigerated trailers use our proprietary SolarGuard® technology, coupled with our novel foaming process, which we believe enables customers to achieve lower costs through reduced operating hours of refrigeration equipment and therefore reduced fuel consumption.

RoadRailer® Equipment. The RoadRailer® intermodal system is a patented bimodal technology consisting of a truck trailer and a detachable rail bogie that permits a trailer to run both over the highway and directly on railroad lines.

7

Dump Equipment. The acquisition of certain assets from Benson in July 2008 provides the ability to offer premium aluminum and steel dump equipment sold under the name of Benson™. This dump equipment is primarily used in the coal industry.

DuraPlate® Products. The DuraPlate® Products Group was initiated in 2008 to expand the use of DuraPlate® composite panels, already a proven product in the semi-trailer market for over 13 years, into new product and market applications. In December we signed a multi-year agreement to build and service all of PODS® portable storage container requirements with our new DuraPlate® container. We are actively exploring new opportunities to leverage proprietary technology into new industries and applications.

Our retail and distribution segment focuses on the sale of new and used trailers and on providing parts and service as described below:

We sell new trailers produced by the manufacturing segment. Additionally, we sell specialty trailers produced by third parties that are purchased in smaller quantities for local or regional transportation needs. The sale of new transportation equipment through the retail branch network represented approximately 8.2%, 6.5% and 7.0% of net sales during 2008, 2007 and 2006, respectively.

We provide replacement parts and accessories and maintenance service for our own and competitors trailers and related equipment. Sales of these products and service represented less than 5% of net sales during 2008, 2007 and 2006.

We sell used transportation equipment including units taken in trade from our customers upon the sale of new trailers. The ability to remarket used equipment promotes new sales by permitting trade-in allowances and offering customers an outlet for the disposal of used equipment. The sale of used trailers represented less than 5% of net sales during 2008, 2007 and 2006, respectively.

Customers

Our customer base has historically included many of the nation s largest truckload common carriers, leasing companies, private fleet carriers, less-than-truckload (LTL) common carriers and package carriers. We successfully diversified our customer base from approximately 60% of total units sold to large core customers in 2002 to approximately 30% in 2008 by continuing to expand our customer base and by diversifying into the broader trailer market through the recent acquisitions of Transcraft and Benson assets. This has been accomplished while maintaining our relationships with our core customers. Our five largest customers together accounted for approximately 35%, 20% and 20% of our aggregate net sales in 2008, 2007 and 2006, respectively. No single customer represented 10% or greater of net sales. International sales, primarily to Canadian customers, accounted for less than 10% of net sales for each of the last three years.

We have established relationships as a supplier to many large customers in the transportation industry, including the following:

Truckload Carriers: Averitt Express, Inc.; Crete Carrier Corporation; Heartland Express, Inc.; J.B. Hunt Transport Services, Inc.; Knight Transportation, Inc.; Schneider National, Inc.; Swift Transportation Corporation; U.S. Xpress Enterprises, Inc.; and Werner Enterprises, Inc.

Leasing Companies: Aurora LLC; GE Trailer Fleet Services; and Xtra Lease, Inc.

Private Fleets: C&S Wholesale Grocers, Inc.; Dillard s, Inc.; The Kroger Co.; and Safeway, Inc.

Less-Than-Truckload Carriers: FedEx Corporation; Old Dominion Freight Lines, Inc.; SAIA Motor Freightlines, Inc.; Vitran Express, Inc.; and YRC Worldwide, Inc.

Marketing and Distribution

We market and distribute our products through the following channels:

- factory direct accounts;
- Company-owned distribution network; and
- independent dealerships.

Factory direct accounts are generally large fleets, with over 7,500 trailers, that are high volume purchasers. Historically, we have focused on the factory direct market in which customers are highly knowledgeable of the life-cycle costs of trailer equipment and, therefore, are best equipped to appreciate the design and value-added features of our products. Since late 2003, we have actively pursued the diversification of our customer base focusing on what we refer to as the mid-market. These approximately 1,250 carriers operate fleets of between 250 to 7,500 trailers, which we estimate in total account for approximately one million trailers. Since implementing our mid-market sales strategy, we have added approximately 280 new mid-market customers accounting for over 19,600 new trailer orders.

Our Company-owned distribution network generates retail sales of trailers to smaller fleets and independent operators located in geographic regions where our branches are located. This branch network enables us to provide maintenance and other services to customers. The branch network and our used trailer centers provide an outlet for used trailers taken in trade upon the sale of new trailers, which is a common practice with fleet customers.

We also sell our van trailers through a network of approximately 24 independent dealers with over 48 locations throughout North America. Our platform trailers are sold through over 80 independent dealers with approximately 110 locations throughout North America. The dealers primarily serve mid-market and smaller sized carriers and private fleets in the geographic region where the dealer is located and occasionally may sell to large fleets. The dealers may also perform service work for their customers.

Raw Materials

We utilize a variety of raw materials and components including steel, plastic, aluminum, lumber, tires and suspensions, which we purchase from a limited number of suppliers. Costs of raw materials and component parts represented approximately 74% and 72% of our 2008 and 2007 consolidated net sales, respectively. Significant price fluctuations or shortages in raw materials or finished components has had, and could have further, adverse affects on our results of operations. In 2009 and for the foreseeable future, we expect that the raw materials used in the greatest quantity will be steel, aluminum, plastic and wood. Our component suppliers have advised us that they have adequate capacity to meet our current and expected demands during 2009. In 2009, we expect there to be continued price volatility for our primary commodity raw materials of aluminum, steel and plastic. Our Harrison, Arkansas laminated hardwood floor facility provides the majority of our requirements for trailer floors.

Backlog

Orders that have been confirmed by the customer in writing and can be produced during the next 18 months are included in our backlog. Orders that comprise backlog may be subject to changes in quantities, delivery, specifications and terms. Our backlog of orders at December 31, 2008 and 2007 were approximately $110 million and $336 million, respectively. We expect to complete the majority of our backlog orders within the next 12 months.

Patents and Intellectual Property

We hold or have applied for 57 patents in the U.S. on various components and techniques utilized in our manufacture of transportation equipment. In addition, we hold or have applied for 62 patents in two foreign countries. Our patents include intellectual property related to the manufacture of trailers using our proprietary DuraPlateâ product, which we believe offers us a significant competitive advantage. The patents in our DuraPlate® portfolio have expiration dates ranging from 2009 to 2024. In our view there are no meaningful patents having an expiration date prior to 2016.

Table of Contents

We also hold or have applied for 42 trademarks in the U.S., as well as 25 trademarks in foreign countries. These trademarks include the Wabash®, Wabash National®, Transcraft® and Benson™ brand names as well as trademarks associated with our proprietary products such as DuraPlateâ, RoadRailerâ, Eagle® and Benson™ trailers. We believe these trademarks are important for the identification of our products and the associated customer goodwill; however, our business is not materially dependent on such trademarks.

Research and Development

Research and development expenses are charged to earnings as incurred and were $3.2 million, $3.4 million and $4.3 million in 2008, 2007 and 2006, respectively.

Environmental Matters

Our facilities are subject to various environmental laws and regulations, including those relating to air emissions, wastewater discharges, the handling and disposal of solid and hazardous wastes, and occupational safety and health. Our operations and facilities have been and in the future may become the subject of enforcement actions or proceedings for non-compliance with such laws or for remediation of company-related releases of substances into the environment. Resolution of such matters with regulators can result in commitments to compliance abatement or remediation programs and in some cases the payment of penalties (see Item 3 Legal Proceedings).

We believe that our facilities are in substantial compliance with applicable environmental laws and regulations. Our facilities have incurred, and will continue to incur, capital and operating expenditures and other costs in complying with these laws and regulations. However, we currently do not anticipate that the future costs of environmental compliance will have a material adverse effect on our business, financial condition or results of operations.

Employees

As of December 31, 2008 and 2007, we had approximately 2,800 and 3,100 full-time associates, respectively. At December 31, 2008, all of our active associates were non-union. During 2008, less than 10% of our total production workforce included temporary associates. We place a strong emphasis on employee relations through educational programs and quality improvement teams. We believe our employee relations are good.

Executive Officers of Wabash National Corporation

The following are the executive officers of the Company:

Name	Age	Position
Richard J. Giromini	55	President and Chief Executive Officer, Director
Lawrence M. Cuculic	52	Senior Vice President General Counsel and Secretary
Rodney P. Ehrlich	62	Senior Vice President Chief Technology Officer
Bruce N. Ewald	57	Senior Vice President Sales and Marketing
Timothy J. Monahan	56	Senior Vice President Human Resources
Robert J. Smith	62	Senior Vice President Chief Financial Officer
Joseph M. Zachman	48	Senior Vice President Chief Operating Officer

Richard J. Giromini. Mr. Giromini was promoted to President and Chief Executive Officer on January 1, 2007. He had been Executive Vice President and Chief Operating Officer from February 28, 2005 until December 2005 when he was appointed President and a Director of the Company. Prior to that, he had been Senior Vice President Chief Operating Officer since joining the Company on July 15, 2002. Mr. Giromini was with Accuride Corporation from April 1998 to July 2002, where he served in capacities as Senior Vice President Technology and Continuous Improvement; Senior Vice President and General Manager Light Vehicle Operations; and President and CEO of AKW LP. Previously, Mr. Giromini was employed by ITT Automotive, Inc. from 1996 to 1998 serving as the Director of Manufacturing. Mr. Giromini also serves on the board of directors of Robbins & Myers, Inc., a global supplier of highly engineered equipment and systems for critical applications in energy, industrial, chemical and pharmaceutical markets, which he joined in October 2008. Mr. Giromini holds a Bachelor of Science degree in mechanical and industrial engineering and a Master of Science degree in industrial management, both from Clarkson

Table of Contents

University. He is a graduate of the Advanced Management Program at the Duke University Fuqua School of Management.

Lawrence M. Cuculic. Mr. Cuculic was named Senior Vice President General Counsel and Secretary in January 2008. Prior to that, from August 2006 through December 2007, Mr. Cuculic was Vice President Legal and Secretary of American Commercial Lines Inc., a diversified marine transportation and service company. Mr. Cuculic served as Corporate Counsel for Wabash from September 2002 to August 2006. Prior to that date he was engaged in private practice serving as outside counsel for the Company. Mr. Cuculic retired as a Lieutenant Colonel from the United States Army after 20 years, holding various legal positions of increasing responsibility, including appointment as a Circuit Judge. Mr. Cuculic holds a Bachelor of Science degree from the United States Military Academy, West Point, and a Juris Doctor degree from the University of Notre Dame Law School.

Rodney P. Ehrlich. Mr. Ehrlich has been Senior Vice President Chief Technology Officer of the Company since January 2004. From 2001 to 2003, Mr. Ehrlich was Senior Vice President of Product Development. Mr. Ehrlich has been in charge of the Company s engineering operations since the Company s founding. Prior to Wabash National, Mr. Ehrlich started with Monon Trailer Corporation in 1963 working various positions until becoming Chief Engineer in 1973, Director of Engineering in 1978, and serving until joining the founders of Wabash National in 1985. Mr. Ehrlich has obtained over 50 patents in trailer related design during his 45 year trailer career. Mr. Ehrlich holds a Bachelor of Science degree in Mechanical Engineering from Purdue University.

Bruce N. Ewald. Mr. Ewald s original appointment was Vice President and General Manager of Wabash National Trailer Centers, Inc. when he joined the Company in March 2005. In October 2005, he was promoted to Senior Vice President Sales and Marketing. Mr. Ewald has nearly 25 years experience in the transportation industry. Most recently, Mr. Ewald was with PACCAR from 1991 to February 2005 where he served in a number of executive-level positions. Prior to PACCAR, Mr. Ewald spent 10 years with Genuine Parts Co. where he served in several positions, including President and General Manager, Napa Auto Parts/Genuine Parts Co. Mr. Ewald holds a Bachelor of Science degree in Business from the University of Minnesota.

Timothy J. Monahan. Mr. Monahan has been Senior Vice President Human Resources since joining the Company on October 15, 2003. Prior to that, Mr. Monahan was with Textron Fastening Systems from 1999 to October 2003 where he served as Vice President Human Resources for the Commercial Solutions Group and later Global Vice President Human Resources. Previously, Mr. Monahan served as Vice President Human Resources at Beloit Corporation. Mr. Monahan serves on the board of directors of North American Tool Corporation, a global producer of special cutting tools. He holds a Bachelor of Science degree from Milton College and has attended the Duke University Fuqua School of Management Executive Management Program.

Robert J. Smith. Mr. Smith was appointed Senior Vice President Chief Financial Officer in October 2004, after serving as our Acting Chief Financial Officer since June 2004, and our Vice President and Controller since joining us in March 2003. Before joining us, Mr. Smith served from 2000 to 2001 as Director of Finance for KPMG Consulting, Inc., now BearingPoint, Inc.; from 1993 to 2000 with Great Lakes Chemical Corp. (serving from 1998 to 2000 as vice president and controller); and from 1983 to 1993 with Olin Corporation, including as chief financial officer for several of its divisions. Early in his career he spent 11 years with Peat, Marwick, Mitchell & Co., a predecessor to KPMG LLP. Mr. Smith earned his Bachelor of Arts degree in Economics from Fairfield University and attended the Masters Program in Finance at Pace University.

Joseph M. Zachman. In March 2008, Mr. Zachman was appointed to Senior Vice President Chief Operating Officer. Mr. Zachman joined the Company in May 2005 as Vice President of Manufacturing and in June 2006 he was promoted to Senior Vice President Manufacturing. Prior to joining Wabash in May 2005, Mr. Zachman was with TTM Technologies where he served as Vice President and General Manager from December 2002 until December 2004. Previously, Mr. Zachman served as President of CDR Corporation from September 2001 until December 2002; Director of Operations of Sanmina Corporation from September 1997 until September 2001; and worked at Delco Electronics Corporation from January 1984 until September 1997 where he served in numerous positions of increasing responsibility in engineering and manufacturing management. Mr. Zachman holds a Bachelor of Science degree from Purdue University and Masters of Sciences degree from Kettering University (formerly GMI). He is a graduate of the Advanced Management Program at the Duke University Fuqua School of Management.

11

Table of Contents

ITEM 1A RISK FACTORS

You should carefully consider the risks described below in addition to other information contained or incorporated by reference in this Annual Report before investing in our securities. Realization of any of the following risks could have a material adverse effect on our business, financial condition, cash flows and results of operations.

Risks Related to Our Business, Strategy and Operations

There is substantial doubt about our ability to continue as a going concern.

In our consolidated financial statements for the year ended December 31, 2008, we have classified all amounts outstanding under our Second Amended and Restated Loan and Security Agreement (Revolving Facility) as a current liability. As a result of this, the adverse conditions in the economy in general and the trailer industry in particular, and the other factors discussed in Note 1 to our consolidated financial statements for the year ended December 31, 2008, our independent registered public accounting firm has included an explanatory paragraph with respect to our ability to continue as a going concern in its report on our consolidated financial statements. The presence of the going concern explanatory paragraph may have an adverse impact on our relationship with third parties with whom we do business, including our customers, vendors and employees and could make it challenging and difficult for us to raise additional debt or equity financing to the extent needed, all of which could have a material adverse impact on our business, results of operations and financial condition.

We are in default under our Revolving Facility, and the lenders could, among other actions, terminate the facility and demand immediate repayment of any outstanding debt.

While we were in compliance with our financial covenants under our Revolving Facility at December 31, 2008, subsequent to year end, events of default have occurred under the Revolving Facility which permits the lenders to increase the interest on the outstanding principal by 2%, to cause an acceleration of the maturity of borrowings, to restrict advances, and to terminate the Revolving Facility. On April 1, 2009, we received written notice from the administrative agent for the Revolving Facility asserting the existence of events of default under the Revolving Facility relating to the failure to deliver the required financial statements, failure to deliver notice of the change in name of a Company subsidiary, and requests for borrowings during the pendency of an event of default. In accordance with the terms of the Revolving Facility, as of April 1, 2009, the agent has increased the interest on the outstanding principal under the Revolving Facility by 2% and implemented availability reserves that result in a reduction of our borrowing base under the Revolving Facility by $25 million.

In addition to the events of default for which the agent has already provided notice, on April 1, 2009, we also incurred an event of default related to our borrowing capacity and fixed charge coverage ratio. Our Revolving Facility contains a financial covenant that provides that when our available borrowing capacity drops below $30 million, we are subject to a minimum fixed charge coverage ratio of 1.1:1.0. As a result of draws on April 1, 2009, our available borrowing capacity is now below $30 million and we do not meet the fixed charge coverage ratio requirements. Furthermore, because the report of our independent registered public accounting firm contained in this Form 10-K includes an explanatory paragraph with respect to our ability to continue as a going concern, we have incurred an additional event of default.

Our Revolving Facility provides that as a result of the events of default identified in the written notice of the administrative agent, as well as the other events of defaults referenced above, our lenders could elect to declare all amounts outstanding under the Revolving Facility, together with accrued interest, to be immediately due and payable. While the administrative agent s notice did not terminate the Revolving Facility or demand immediate repayment of any outstanding debt and the payment of accrued interest thereunder, it does reserve the rights of the lenders to do any of the foregoing or seek any other available remedies. There can be no assurance that these actions will not occur at any time as a result of the events of default referenced in the notice or the occurrence of other events of default.

We are in discussions with the lenders concerning the aforementioned events of default and negotiation of a forbearance agreement to address the consequences of the defaults and to provide additional liquidity while we continue discussions to amend the Revolving Facility and to waive any events of default. There can be no assurance that a forbearance agreement will be entered into or that an amendment or waiver will be obtained.

We have limited liquidity and may need to arrange for additional liquidity on terms that are unfavorable to our stockholders, if we are able to obtain additional liquidity at all.

Our liquidity remains constrained such that it may not be sufficient to meet our cash operating needs in this period of economic uncertainty. Our ability to fund our working capital needs and capital expenditures is limited by the net cash provided by operations, cash on hand and the liquidity available under the Revolving Facility. Additional declines in net cash provided by operations, further decreases in the availability under the Revolving Facility or changes in the credit our suppliers provide to us, could rapidly exhaust our liquidity. Our inability to increase our liquidity would adversely impact our future performance, operations and results of operations. Our liquidity problems have worsened as a result of the events of default under our Revolving Facility. There is no assurance that we will be able to enter into a forbearance agreement under our Revolving Facility. Additionally, even if we are able to enter into a forbearance agreement, we believe that an amendment and waiver will also be necessary under our Revolving Facility. There can be no assurance that a forbearance agreement will be entered into or that an amendment or waiver will be obtained.

In order to increase our liquidity, a forbearance agreement and amendment and waiver to our Revolving Facility will likely not be enough. We will likely need to issue new common equity, preferred equity, or obtain modification to, or additional sources of, debt. Any new issuance may take the form of public or private offerings for debt or equity. Our ability to obtain additional liquidity will depend upon a number of factors, including our future performance and financial results and general economic and capital market conditions. We cannot be sure that we will be able to raise additional capital on commercially reasonable terms, or at all.

Our continued failure to comply with the financial covenants contained in our Revolving Facility could have a material adverse impact on our business as a whole.

In addition to the current events of default under our Revolving Facility, we may be subject to further events of default in the future. The Revolving Facility includes certain covenants that restrict, among other things, our ability to:

- incur additional debt;
- pay any distributions, including dividends on our common stock in excess of $20 million per year, so long as no event of default is continuing;
- consolidate, merge or transfer all or substantially all of our assets;
- make certain investments, loans, mergers and acquisitions;
- enter into operating leases with aggregate rentals payable in excess of $10 million during any 12 consecutive months; and
- create certain liens.

Our current Revolving Facility has a stated capacity of $200 million, subject to a borrowing base, with a maturity date of March 6, 2012. Borrowing capacity is calculated weekly, monthly or quarterly based on availability levels using allowable percentages of eligible accounts receivable and inventory as well as appraised property values, net of required depreciation. Availability under the Revolving Facility has been impacted negatively in light of the current market demand for trailers. As a result of the current events of default, the agent for the Revolving Facility reduced our availability by a $25 million reserve. The Revolving Facility contains a financial covenant that provides that when our available borrowing capacity drops below $30 million, we are subject to a minimum fixed charge coverage ratio of 1.1:1.0. As a result of draws on April 1, 2009, our available borrowing capacity is now below $30 million and we do not meet the fixed charge coverage ratio requirements. Because we do not meet the fixed charge coverage ratio requirements, we have incurred an additional default under the Revolving Facility and our lenders could now elect to declare all amounts outstanding under our debt agreements, together with accrued interest, to be immediately due and payable.

The Revolving Facility also contains additional customary affirmative covenants and events of default, including among other events, certain cross defaults, business disruption, condemnation and change in ownership. In addition, a material adverse effect clause, which permits the lenders to subjectively determine when a material adverse change in our business or financial condition occurs, could result in an event of default and an early termination of our Revolving Facility.

Our Board of Directors has authorized management to pursue and evaluate a wide range of strategic alternatives, which may not result in a favorable transaction for our stockholders.

The Board of Directors has also authorized management to pursue and evaluate a wide range of strategic alternatives. Strategic alternatives to be considered may include, but are not limited to, select business divestitures, changes to our capital structure, or a possible sale, merger or other business combination. There can be no assurance that this evaluation will result in any specific transaction. Furthermore, our current financial condition could result in a weakened negotiating position if we do enter into a strategic transaction, and that could impact our ability to maximize value for our stockholders and could result in a transaction that is not as favorable to our stockholders as it otherwise might have been,

Recent turmoil in the credit markets and the financial services industry has had a negative impact on our business, results of operations, financial condition and liquidity.

Recently, the credit markets and the financial services industry have been experiencing a period of unprecedented turmoil and upheaval characterized by the bankruptcy, failure, collapse or sale of various financial institutions, an unprecedented level of intervention from the United States federal government and foreign governments and tighter availability of credit. While the ultimate outcome of these events cannot be predicted, our liquidity and financial condition would worsen if our ability to borrow money to finance operations or obtain credit from trade creditors were to deteriorate from its current state. In addition, the recent economic crisis may adversely impact our customers ability to purchase or pay for products from us or our suppliers ability to provide us with product. If these adverse conditions continue or worsen, our business and results of operations will be negatively impacted.

Our business is highly cyclical, which has had, and could have further, adverse affects on our sales and results of operations.

The truck trailer manufacturing industry historically has been and is expected to continue to be cyclical, as well as affected by overall economic conditions. Customers historically have replaced trailers in cycles that run from five to 12 years, depending on service and trailer type. Poor economic conditions can adversely affect demand for new trailers and have historically and has currently, led to an overall aging of trailer fleets beyond this typical replacement cycle. Customers buying patterns can also reflect regulatory changes, such as federal hours-of-service rules and federal emissions standards.

While we have taken steps to diversify the Company through the implementation of our strategic plan, we are not immune to the cyclicality. As a result, during downturns, we operate with a lower level of backlog and have had to temporarily slow down or halt production at some or all of our facilities, including idling our Mt. Sterling, Kentucky facility that we are now holding for sale, extending normal shut down periods, and reducing salaried headcount levels. We could be forced to further slow down or halt additional production. An economic downturn may reduce, and in the current situation has reduced, demand for trailers, resulting in lower sales volumes, lower prices and decreased profits and losses.

A change in our customer relationships or in the financial condition of our customers has had, and could have further, adverse affects on our business.

We have longstanding relationships with a number of large customers to whom we supply our products. We do not have long-term agreements with these customers. Our success is dependent, to a significant extent, upon the continued strength of these relationships and the growth of our core customers. We often are unable to predict the level of demand for our products from these customers, or the timing of their orders. In addition, the same economic conditions that adversely affect us also often adversely affect our customers and in the current environment has led to reduced demand. As some of our customers are highly leveraged and have limited access to capital, their continued existence may be uncertain. The loss of a significant customer or unexpected delays in product purchases could further adversely affect our business and results of operations.

Demand for new trailers has been and will continue to be sensitive to economic conditions over which we have no control and that may further adversely affect our revenues and profitability.

Demand for trailers is sensitive to changes in economic conditions such as the level of employment, consumer confidence, consumer income, new housing starts, government regulations and the availability of financing and interest rates. These risks and uncertainties periodically have an adverse effect on truck freight and the demand for and the pricing of our trailers, which has, and could further, result in the inability of customers to meet their contractual terms or payment obligations, which could further cause our operating revenues and profits to decline.

Our backlog is not necessarily indicative of the level of our future revenues.

Our backlog is future production for which we have written orders from our customers that can be produced or sold in the next 18 months. Our reported backlog may not be converted to revenue in any particular period and actual revenue from such orders may not equal our backlog revenues. Therefore, our backlog is not necessarily indicative of the level of our future revenues.

Our technology and products may not achieve market acceptance or competing products could gain market share, which could adversely affect our competitive position.

We continue to optimize and expand our product offerings to meet our customer needs through our established brands, such as DuraPlate®, DuraPlateHD®, FreightPro®, ArcticLite®, Transcraft Eagle® and Benson™. While we target product development to meet customer needs, there is no assurance that our product development efforts will be embraced and that we will meet our sales projections. Companies in the truck transportation industry, a very fluid industry in which our customers primarily operate, make frequent changes to maximize their operations and profits. Over the past several years, we have seen a number of our competitors follow our leadership in the development and use of composite sidewalls that compete directly with our DuraPlateâ products. Our product development is focused on maintaining our leadership on these products but competitive pressures may erode our market share or margins. We continue to take steps to protect our proprietary rights in our new products. However, the steps we have taken to protect them may not be sufficient or may not be enforced by a court of law. If we are unable to protect our proprietary rights, other parties may attempt to copy or otherwise obtain or use our products or technology. If competitors are able to use our technology, our ability to effectively compete could be harmed.

We have a limited number of suppliers of raw materials; increases in the price of raw materials or the inability to obtain raw materials could adversely affect our results of operations.

We currently rely on a limited number of suppliers for certain key components in the manufacturing of our products, such as tires, landing gear, axles and specialty steel coil used in DuraPlate® panels. From time to time, there have been and may in the future be shortages of supplies of raw materials, or our suppliers may place us on allocation, which would have an adverse impact on our ability to meet demand for our products. Raw material shortages and allocations may result in inefficient operations and a build-up of inventory, which can negatively affect our working capital position. In addition, the recent price volatility in commodity pricing has negatively impacted our operating margins and further volatility could cause further adverse affects. The loss of any of our suppliers or their inability to meet our price, quality, quantity and delivery requirements could have a significant impact on our results of operations.

Disruption of our manufacturing operations would have an adverse effect on our financial condition and results of operations.

We manufacture our products at two van trailer manufacturing facilities in Lafayette, Indiana, a flatbed trailer facility in Anna, Illinois, an aluminum flatbed and dump-body trailer facility in Cadiz, Kentucky, and a hardwood floor facility in Harrison, Arkansas. An unexpected disruption in our production at any of these facilities for any length of time would have an adverse effect on our business, financial condition and results of operations.

The inability to attract and retain key personnel could adversely affect our results of operations.

Our ability to operate our business and implement our strategies depends, in part, on the efforts of our executive officers and other key employees. Our future success depends, in large part, on our ability to attract and retain qualified personnel, including manufacturing personnel, sales professionals and engineers. The unexpected loss of services of any of our key personnel or the failure to attract or retain other qualified personnel could have a material adverse effect on the operation of our business.

The inability to reduce our cost structure to support the reduced market demand and realize additional cost savings could weaken our competitive position.

If we are unable to continue to successfully implement our program of cost reductions and continuous improvements, we may not realize additional anticipated cost savings, which could weaken our competitive position. Similarly, our cost structure is not entirely associated with the level of our sales, and we have not been able to fully reduce our cost structure commensurate with the level of reduced demand for our products. If we are unable to continue to reduce costs to reflect lower levels of demand, our competitive position could be further weakened and it could make it more difficult for us to return to profitability or could result in increased losses.

The issuance of common or preferred equity or additional debt could adversely affect our common stockholders.

The issuance of common or preferred equity or debt could adversely affect the voting power of holders of our common stock, and reduce the likelihood that our common stockholders receive dividend payments and payments upon liquidation. The issuance of common or preferred equity or debt could also decrease the market price of our common stock, or have terms and conditions that could discourage a takeover or other transactions that might involve a premium price for our shares or that our stockholders might believe to be in their best interests.

We rely significantly on our integrated Enterprise Resource Planning (ERP) solution to support our operations.

We rely on an ERP system and telecommunications infrastructure to integrate departments and functions, to enhance the ability to service customers, to improve our control environment and to manage our cost reduction initiatives. Any issues involving our critical business applications and infrastructure may adversely impact our ability to manage operations and the customers we serve.

Significant competition in the industry in which we operate may result in our competitors offering new or better products and services or lower prices, which could result in a loss of customers and a decrease in our revenues.

The truck trailer manufacturing industry is highly competitive. We compete with other manufacturers of varying sizes, some of which have substantial financial resources. Trailer manufacturers compete primarily on the quality of their products, customer relationships, service availability and cost. Barriers to entry in the standard truck trailer manufacturing industry are low. As a result, it is possible that additional competitors could enter the market at any time. In the recent past, manufacturing over-capacity and high leverage of some of our competitors, along with bankruptcies and financial stresses that affected the industry, contributed to significant pricing pressures.

If we are unable to compete successfully with other trailer manufacturers, we could lose customers and our revenues may decline. In addition, competitive pressures in the industry may affect the market prices of our new and used equipment, which, in turn, may adversely affect our sales margins and results of operations.

We are subject to extensive governmental laws and regulations, and our costs related to compliance with, or our failure to comply with, existing or future laws and regulations could adversely affect our business and results of operations.

The length, height, width, maximum weight capacity and other specifications of truck trailers are regulated by individual states. The federal government also regulates certain truck trailer safety features, such as lamps, reflective devices, tires, air-brake systems and rear-impact guards. Changes or anticipation of changes in these

Table of Contents

regulations can have a material impact on our financial results, as our customers may defer purchasing decisions and we may have to re-engineer products. We are subject to various environmental laws and regulations dealing with the transportation, storage, presence, use, disposal and handling of hazardous materials, discharge of storm water and underground fuel storage tanks and may be subject to liability associated with operations of prior owners of acquired property. In addition, we are subject to laws and regulations relating to the employment of our associates and labor-related practices.

If we are found to be in violation of applicable laws or regulations in the future, it could have an adverse effect on our business, financial condition and results of operations. Our costs of complying with these or any other current or future regulations may be material. In addition, if we fail to comply with existing or future laws and regulations, we may be subject to governmental or judicial fines or sanctions.

Product liability and other claims.

As a manufacturer of products widely used in commerce, we are subject to product liability claims and litigation as well as warranty claims. From time to time claims may involve material amounts and novel legal theories, and any insurance we carry may prove inadequate to insulate us from material liabilities for these claims.

Risks Related to an Investment in Our Common Stock

Our common stock has experienced, and may continue to experience, price volatility and a low trading volume.

The trading price and volume of our common stock has been and may continue to be subject to large fluctuations. The market price and volume of our common stock may increase or decrease in response to a number of events and factors, including:

- trends in our industry and the markets in which we operate;
- changes in the market price of the products we sell;
- the introduction of new technologies or products by us or by our competitors;
- changes in expectations as to our future financial performance, including financial estimates by securities analysts and investors;
- operating results that vary from the expectations of securities analysts and investors;
- announcements by us or our competitors of significant contracts, acquisitions, strategic partnerships, joint ventures, financings or capital commitments;
- changes in laws and regulations;
- general economic and competitive conditions; and
- changes in key management personnel.

This volatility may adversely affect the prices of our common stock regardless of our operating performance. To the extent that the price of our common stock remains low or declines further, our ability to raise funds through the issuance of equity or otherwise use our common stock as consideration will be reduced. These factors may limit our ability to implement our operating and growth plans.

Declines in the price of our common stock could have an adverse effect on our liquidity.

Our common stock is currently listed on the New York Stock Exchange (NYSE). The NYSE maintains continued listing requirements relating to, among other things, market capitalization and minimum stock price (including that the average closing price of common stock be not less than $1.00 for 30 consecutive trading days). On February 26, 2009, the NYSE notified issuers that it had submitted to the SEC an immediately effective rule that would suspend the $1.00 minimum price requirement and other capitalization standards on a temporary basis initially through June 30, 2009. Although we are currently in compliance with NYSE listing requirements, our stock price declined severely during

2008. If in the future we are unable to satisfy the NYSE criteria for continued listing, we would be notified by the NYSE and given an opportunity to take corrective action. If we are not brought into compliance after the cure period (generally six months), our stock could be subject to delisting. A delisting of

Table of Contents

common stock could negatively impact us by reducing the liquidity and market price of our common stock and reducing the number of investors willing to hold or acquire our common stock. This could negatively impact our ability to raise additional funds through equity financing, which in turn could materially and adversely affect our business, financial condition and results of operations.

ITEM 1B UNRESOLVED STAFF COMMENTS

None.

ITEM 2 PROPERTIES

Manufacturing Facilities

We own or lease, and operate trailer manufacturing facilities in Lafayette, Indiana; Anna, Illinois; and Cadiz, Kentucky, as well as a trailer floor manufacturing facility in Harrison, Arkansas. We also have a trailer manufacturing facility in Mt. Sterling, Kentucky that we idled in 2007 and which is currently held for sale. Our main Lafayette facility is a 1.2 million square foot facility that houses truck trailer and composite material production, tool and die operations, research laboratories and offices. The second Lafayette facility is 0.6 million square feet, primarily used for the production of refrigerated trailers. The plants located in Anna and Cadiz are approximately 0.1 million and 0.2 million square feet, respectively, and conduct the manufacturing operations of our flatbed trailer business. In addition to flatbeds, the Cadiz facility also produces dump trailers and dump bodies. In total, our facilities have the capacity to produce in excess of 100,000 trailers annually on a three-shift, five-day workweek schedule.

Retail and Distribution Facilities

Retail and distribution facilities include 11 full service branches and four used trailer centers (four of which are leased). Each sales and service branch consists of an office, parts warehouse and service space, and ranges in size from 20,000 to 50,000 square feet per facility. The 15 facilities are located in 11 states.

Wabash-owned properties are subject to security interests held by our lenders.

ITEM 3 LEGAL PROCEEDINGS

Various lawsuits, claims and proceedings have been or may be instituted or asserted against Wabash arising in the ordinary course of business, including those pertaining to product liability, labor and health related matters, successor liability, environmental matters and possible tax assessments. While the amounts claimed could be substantial, the ultimate liability cannot now be determined because of the considerable uncertainties that exist. Therefore, it is possible that results of operations or liquidity in a particular period could be materially affected by certain contingencies. However, based on facts currently available, management believes that the disposition of matters that are currently pending or asserted will not have a material adverse effect on our financial position, liquidity or results of operations. Costs associated with the litigation and settlement of legal matters are reported within *General and Administrative Expenses* in the Consolidated Statements of Operations.

Brazil Joint Venture

In March 2001, Bernard Krone Indústria e Comércio de Máquinas Agrícolas Ltda. (BK) filed suit against Wabash in the Fourth Civil Court of Curitiba in the State of Paraná, Brazil. Because of the bankruptcy of BK, this proceeding is now pending before the Second Civil Court of Bankruptcies and Creditors Reorganization of Curitiba, State of Paraná (No. 232/99).

The case grows out of a joint venture agreement between BK and Wabash related to marketing of RoadRailerâ trailers in Brazil and other areas of South America. When BK was placed into the Brazilian equivalent of bankruptcy late in 2000, the joint venture was dissolved. BK subsequently filed its lawsuit against Wabash alleging that it was forced to terminate business with other companies because of exclusivity and non-compete clauses purportedly found in the joint venture agreement. BK asserts damages of approximately $8.4 million.

We answered the complaint in May 2001, denying any wrongdoing. We believe that the claims asserted by BK are without merit and we intend to defend our position. A trial date originally scheduled for December 2008 was continued indefinitely by the trial court. We believe that the resolution of this lawsuit will not have a material adverse effect on our financial position, liquidity or future results of operations; however, at this stage of the proceeding, no assurances can be given as to the ultimate outcome of the case.

Intellectual Property

In October 2006, we filed a patent infringement suit against Vanguard National Corporation (Vanguard) regarding Wabash s U.S. Patent Nos. 6,986,546 and 6,220,651 in the U.S. District Court for the Northern District of Indiana (Civil Action No. 4:06-cv-135). We amended the Complaint in April 2007. In May 2007, Vanguard filed its Answer to the Amended Complaint, along with Counterclaims seeking findings of non-infringement, invalidity, and unenforceability of the subject patents. We filed a reply to Vanguard s counterclaims in May 2007, denying any wrongdoing or merit to the allegations as set forth in the counterclaims.

We believe that the claims asserted by Vanguard are without merit and we intend to defend our position. We believe that the resolution of this lawsuit will not have a material adverse effect on our financial position, liquidity or future results of operations; however, at this stage of the proceeding, no assurance can be given as to the ultimate outcome of the case.

Environmental

In September 2003, we were noticed as a potentially responsible party (PRP) by the U.S. Environmental Protection Agency pertaining to the Motorola 52nd Street (Phoenix, Arizona) Superfund Site pursuant to the Comprehensive Environmental Response, Compensation and Liability Act. PRPs include current and former owners and operators of facilities at which hazardous substances were allegedly disposed. EPA s allegation that we were a PRP arises out of the operation of a former branch facility located approximately five miles from the original site, which we acquired and subsequently sold. According to the notice, the site currently encompasses an area of groundwater contaminated by volatile organic compounds seven miles long and one mile wide. The site was placed on the National Priorities List in 1989. Motorola has been operating an interim groundwater containment remedy since 2001. We do not expect that these proceedings will have a material adverse effect on our financial condition or results of operations.

In January 2006, we received a letter from the North Carolina Department of Environment and Natural Resources indicating that a site that we formerly owned near Charlotte, North Carolina has been included on the state s October 2005 Inactive Hazardous Waste Sites Priority List. The letter states that we were being notified in fulfillment of the state s statutory duty to notify those who own and those who at present are known to be responsible for each Site on the Priority List. No action is being requested from us at this time. We do not expect that this designation will have a material adverse effect on our financial condition or results of operations.

ITEM 4 SUBMISSION OF MATTERS TO VOTE OF SECURITY HOLDERS

None.

PART II

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

Information Regarding our Common Stock

Our common stock is traded on the New York Stock Exchange (ticker symbol: *WNC*). The number of record holders of our common stock at April 8, 2009 was 990.

We declared quarterly dividends of $0.045 per share on our common stock from the first quarter of 2005 through the third quarter of 2008. In December 2008, we suspended the payment of our quarterly dividend due to the continued weak economic environment and the uncertainty as to the timing of a recovery as well as our effort to enhance liquidity. Our amended asset-based loan agreement limits the payment of cash dividends to $20 million per year, so long as no event of default is continuing. Additionally, further restrictions on our loan agreement would limit our ability to pay dividends because our available borrowing capacity has dropped below $30 million. The reinstatement of quarterly cash dividends will depend on our future earnings, capital availability and financial condition.

High and low stock prices as reported on the New York Stock Exchange for the last two years were:

	High	Low
2007		
First Quarter	$ 17.22	$ 14.50
Second Quarter	$ 15.81	$ 13.97
Third Quarter	$ 14.80	$ 11.29
Fourth Quarter	$ 11.60	$ 6.78
2008		
First Quarter	$ 9.50	$ 6.96
Second Quarter	$ 10.59	$ 7.55
Third Quarter	$ 11.69	$ 6.85
Fourth Quarter	$ 9.37	$ 3.26

Performance Graph

The following graph shows a comparison of cumulative total returns for an investment in our Common Stock, the S&P 500 Composite Index and the Dow Jones Transportation Index. It covers the period commencing December 31, 2003 and ending December 31, 2008. The graph assumes that the value for the investment in our common stock and in each index was $100 on December 31, 2003 and that all dividends were reinvested.

Comparative of Cumulative Total Return
December 31, 2003 through December 31, 2008
among Wabash National Corporation, the S&P 500 Index
and the Dow Jones Transportation Index

Purchases of Our Equity Securities

Our stock repurchase program (Repurchase Program), which allowed for the repurchase of common stock up to $50 million, expired September 15, 2008 with $25.8 million remaining available under the program. During 2008, there were no stock repurchases under the Repurchase Program. During the fourth quarter of 2008, shares surrendered or withheld to cover withholding tax obligations upon vesting of restricted stock awards totaled 2,755 shares.

During 2008, we purchased and retired the remaining $104.5 million of our Senior Convertible Notes, eliminating the possibility that 5.6 million shares could have been converted upon maturity.

Table of Contents

ITEM 6 SELECTED FINANCIAL DATA

The following selected consolidated financial data with respect to Wabash for each of the five years in the period ended December 31, 2008, have been derived from our consolidated financial statements. The following information should be read in conjunction with *Management s Discussion and Analysis of Financial Condition and Results of Operations* and the consolidated financial statements and notes thereto included elsewhere in this Annual Report.

	Years Ended December 31,				
	2008	2007	2006	2005	2004
	(Dollars in thousands, except per share data)				
Statement of Operations Data:					
Net sales	$ 836,213	$ 1,102,544	$ 1,312,180	$ 1,213,711	$ 1,041,096
Cost of sales	815,289	1,010,823	1,207,687	1,079,196	915,310
Gross profit	20,924	91,721	104,493	134,515	125,786
Selling, general and administrative expenses	58,384	65,255	66,227	54,521	57,003
Impairment of goodwill	66,317	-	15,373	-	-
(Loss) Income from operations	(103,777)	26,466	22,893	79,994	68,783
Interest expense	(4,657)	(5,755)	(6,921)	(6,431)	(10,809)
Foreign exchange, net	(156)	3,818	(77)	231	463
Gain (loss) on debt extinguishment	151	546	-	-	(607)
Other, net	(323)	(387)	407	262	1,175
(Loss) Income before income taxes	(108,762)	24,688	16,302	74,056	59,005
Income tax (benefit) expense	17,064	8,403	6,882	(37,031)	600
Net (loss) income	$ (125,826)	$ 16,285	$ 9,420	$ 111,087	$ 58,405
Basic net (loss) income per common share	$ (4.20)	$ 0.54	$ 0.30	$ 3.57	$ 2.10
Diluted net (loss) income per common share	$ (4.20)	$ 0.52	$ 0.30	$ 3.06	$ 1.80
Cash dividends declared per common share	$ 0.135	$ 0.18	$ 0.18	$ 0.18	$ -
Balance Sheet Data:					
Working capital	$ (2,698)	$ 146,616	$ 154,880	$ 213,201	$ 108,101
Total assets	$ 331,974	$ 483,582	$ 556,483	$ 548,653	$ 432,046
Total debt and capital leases	$ 85,148	$ 104,500	$ 125,000	$ 125,500	$ 127,500
Stockholders equity	$ 153,437	$ 279,929	$ 277,955	$ 278,702	$ 164,574

Table of Contents

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

Management s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) describes the matters that we consider to be important to understanding the results of our operations for each of the three years in the period ended December 31, 2008, and our capital resources and liquidity as of December 31, 2008. Our discussion begins with our assessment of the condition of the North American trailer industry along with a summary of the actions we have taken to strengthen Wabash. We then analyze the results of our operations for the last three years, including the trends in the overall business and our operations segments, followed by a discussion of our cash flows and liquidity, capital markets events and transactions, our credit facility and contractual commitments. We also provide a review of the critical accounting judgments and estimates that we have made that we believe are most important to an understanding of our MD&A and our consolidated financial statements. These are the critical accounting policies that affect the recognition and measurement of our transactions and the balances in our consolidated financial statements. We conclude our MD&A with information on recent accounting pronouncements that we adopted during the year, as well as those not yet adopted that are expected to have an impact on our financial accounting practices.

We have two reportable segments: manufacturing and retail and distribution. The manufacturing segment produces trailers that are sold to customers who purchase trailers directly or through independent dealers and to the retail and distribution segment. The retail and distribution segment includes the sale of new and used trailers, as well as the sale of aftermarket parts and service through our retail branch network.

Executive Summary

Our 2008 results reflect the challenges that the trailer industry faced during the year. Throughout the year, the factors negatively impacting demand for new trailers became more intense and pervasive across the United States. As a result, the already difficult conditions within the industry became progressively more challenging. High commodity prices and elevated fuel costs prevailed for most of the year, combined with a weak housing market and overall weak consumer confidence. The effects of these factors were further magnified by credit tightening and severe shortages of liquidity in the financial markets. The liquidity shortage has caused concern about the viability of many financial institutions and has negatively impacted the economy. These factors combined together caused our revenue and gross profits to be significantly reduced. Despite these adverse conditions, we were able to achieve strong safety performance, improved process yield and productivity, increased market share and diversification through the acquisition of certain Benson manufacturing assets and the successful product launch of portable storage containers.

Due to the declining market conditions discussed above, we evaluated the recoverability of our goodwill and net deferred tax assets. Our goodwill and net deferred tax asset evaluations reflected our expectation of continued and increasing challenges in the trailer industry, and our belief that these challenging conditions will persist for some time. Based on our evaluations, and as a result of our fourth quarter results and market values, we recorded a significant non-cash impairment charge for goodwill and a full valuation allowance against our net deferred tax assets, which materially affected our operating results during 2008.

We expect the overall trailer market for 2009 to decline further from 2008. As a result, we will focus on rightsizing our manufacturing and retail operations to match the current demand environment, implementing cost savings initiatives, strengthening our capital structure and improving liquidity, improving earnings and selective production introductions that meet the needs of our customers.

Going Concern

Due to the events of default under our Second Amended and Restated Loan and Security Agreement (Revolving Facility), which are discussed in Liquidity and Capital Resources below, we have classified all amounts outstanding under our Revolving Facility as a current liability in our consolidated financial statements for the year ended December 31, 2008. As a result of this, the adverse conditions in the economy in general and the trailer industry in particular, and the other factors discussed in Note 1 to our consolidated financial statements, our independent registered public accounting firm has included an explanatory paragraph with respect to substantial doubt about our ability to continue as a going concern in its report on our consolidated financial statements. The presence of the going concern explanatory paragraph may have an adverse impact on our relationship with third parties with whom we do business,

Table of Contents

including our customers, vendors and employees and could make it challenging and difficult for us to raise additional debt or equity financing to the extent needed, all of which could have a material adverse impact on our business, results of operations and financial condition.

Strategic Alternatives

The Board of Directors has authorized management to pursue and evaluate a wide range of strategic alternatives, including, but not limited to, select business divestitures, changes to our capital structure, or a possible sale, merger or other business combination. There can be no assurance that this evaluation will result in any specific transaction.

Operating Performance

We measure our operating performance in four key areas Safety/Environmental, Quality, Productivity and Cost Reduction. Our objective of being better today than yesterday and better tomorrow than we are today is simple, straightforward and easily understood by all our associates.

Safety/Environmental. We have made improvements to our total recordable incident rate resulting in a 5% reduction in our workers compensation costs in 2008 compared to 2007. We maintain ISO 14001 registration of our Environmental Management System. We believe that our improved environmental, health and safety management translates into higher labor productivity and lower costs as a result of less time away from work and improved system management.

Quality. We monitor product quality on a continual basis through a number of means for both internal and external performance as follows:

Internal performance. Our primary internal quality measurement is Process Yield (PY). PY is a performance metric that measures the impact of all aspects of the business on our ability to ship trailers at the end of the production process. In 2008, quality expectations were increased while maintaining PY performance and reducing rework.

External performance. We actively measure and track our warranty claims and costs. Early life cycle warranty claims are trended for performance monitoring and have shown a steady improvement from an average of approximately 6 claims per 100 trailers in 2005 to 3 claims per 100 trailers in 2008. This information is utilized, along with other data, to drive continuous improvement initiatives relative to product quality and reliability. Through these efforts, we continue to realize improved quality, which has resulted in a sustained decrease for warranty payments over the past four years.

Productivity. We measure productivity on many fronts. Some key indicators include production line speed, man-hours per trailer and inventory levels. Improvements over the last several years in these areas have translated into significant improvements in our ability to better manage inventory flow and control costs.

Cost Reduction. We believe Continuous Improvement (CI) is a fundamental component of our operational excellence focus. In 2008, we focused on productivity enhancements within manufacturing assembly and sub-assembly areas through developing the capability for mixed model production. We also established a central warehousing and distribution center to improve material flow, inventory levels and inventory accuracy within our supply chain. The final components of the warehousing consolidation project were completed in the end of the first quarter 2009, thus realizing significant savings in the supply chain operation. We deployed value engineering and analysis teams to improve product and process costs thus keeping us competitive in the marketplace. In 2008, we also took actions to reduce costs by temporarily slowing down production at some of our facilities, extending normal shutdown periods and reducing salaried headcount levels. We deployed an operational excellence strategy to enhance a culture of daily continuous improvement. We believe the improvements generated to date provide the flexibility needed to support our customers as well as provide the foundation for enhanced performance going forward.

Table of Contents

Industry Trends

Truck transportation in the U.S., according to the ATA, was estimated to be a $650 billion industry in 2008, representing about 5% of U.S. Gross Domestic Product. ATA estimates that approximately 70% of all freight tonnage is carried by trucks at some point during its shipment. Trailer demand is a direct function of the amount of freight to be transported. To monitor the state of the industry, we evaluate a number of indicators related to trailer manufacturing and the transportation industry. Recent trends we have observed include the following:

Transportation / Trailer Cycle. Transportation, including trucking, is a cyclical industry that has experienced three cycles over the last 20 years. Truck freight tonnage, according to ATA statistics, has been negative year-over-year from mid 2006 through most of 2007. Even though tonnage volumes increased 0.7% year-over-year in 2008, recent data shows further weakening of freight tonnage. The trailer industry generally precedes transportation industry cycles. The current cycle began in early 2001 when industry shipments totaled approximately 140,000, reached a peak in 2006 with shipments of approximately 280,000 and, based on current ACT estimates, is expected to reach the bottom in 2009. According to ACT, shipments in 2008 amounted to approximately 144,000 units and will be approximately 76,000 and 136,000 in 2009 and 2010, respectively. Our view is generally consistent with that of ACT.

Age of Trailer Fleets. During the three-year period ending December 31, 2007 (the latest such information available), the average age of the top 11 publicly traded truckload motor carrier trailer fleets increased from 4.5 years to 5 years. However, the average age of the total population during this same period remained relatively unchanged at approximately 7 years, increasing to 7.5 years for 2008. The stability of overall fleet age suggests a replacement demand estimated at 185,000 per year.

New Trailer Orders. According to ACT, quarterly industry order placement rates have experienced year-over-year declines in each of the last nine quarters through the quarter ended December 31, 2008. Total trailer orders in 2008 were 112,000 units, a 34% decrease from the 170,000 units ordered in 2007.

Other Developments. Other developments and our view of their potential impact on the industry include:

U.S. federal truck emission regulations took effect on January 1, 2007, resulting in cleaner, yet less fuel-efficient and more costly tractor engines. Trucking companies accelerated purchases of tractors prior to the effective date of the regulation, significantly reducing the historical trailer-to-tractor ratio. In 2010, additional emission regulations are scheduled to take effect which may result in reoccurrence of accelerated truck purchases, again reducing the trailer-to-tractor ratio. We believe that on average the trailer-to-tractor ratio is unlikely to return to prior historic norms.

Continuing improvements in trailer quality and durability resulting from technological advances like DuraPlateâ composite, as well as increased trailer utilization due to growing adoption of trailer tracking could result in reduced trailer demand.

Trucking company profitability, which can be influenced by factors such as fuel prices, freight tonnage volumes, and government regulations, is highly correlated with the overall economy of the U.S. Decreases in trucker profitability reduce the demand for, and financial ability to purchase, new trailers.

Truck driver shortages experienced over the past several years have constrained and are expected to continue to constrain freight market capacity growth. As a result, trucking companies are under increased pressure to look for alternative ways to move freight, leading to more intermodal freight movement. We believe that railroads are at or near capacity, which will limit their ability to grow. We therefore expect that the majority of freight will still be moved by truck.

Table of Contents

Results of Operations

The following table sets forth certain operating data as a percentage of net sales for the periods indicated:

	Years Ended December 31, 2008	2007	2006
	(Percentage of Net Sales)		
Net sales	100.0%	100.0%	100.0%
Cost of sales	97.5	91.7	92.0
Gross profit	2.5	8.3	8.0
General and administrative expenses	5.3	4.5	4.0
Selling expenses	1.7	1.4	1.1
Impairment of goodwill	7.9	-	1.2
(Loss) Income from operations	(12.4)	2.4	1.7
Interest expense	(0.6)	(0.5)	(0.5)
Foreign exchange, net	-	0.3	-
(Loss) Income before income taxes	(13.0)	2.2	1.2
Income tax expense	2.0	0.7	0.5
Net (loss) income	(15.0)%	1.5%	0.7%

2008 Compared to 2007

Net Sales

Net sales in 2008 were $836.2 million, a decrease of $266.3 million, or 24.2%, compared to 2007. By business segment, net external sales and related units sold were as follows (dollars in millions):

	Year Ended December 31, 2008	2007	% Change
Sales by Segment			
Manufacturing	$ 694.2	$ 952.8	(27.1)
Retail and Distribution	142.0	149.7	(5.1)
Total	$ 836.2	$ 1,102.5	(24.2)
New Trailers	(units)		
Manufacturing	30,800	43,400	(29.0)
Retail and Distribution	2,500	3,000	(16.7)
Total	33,300	46,400	(28.2)
Used Trailers	6,600	4,400	50.0

Manufacturing segment sales for 2008 were $694.2 million, a decrease of $258.6 million, or 27.1%, compared to 2007. Due to a continued weak market demand and declines in the housing and construction markets, new trailer sales decreased 12,600 units, or approximately $269.7 million. Higher average selling prices impacted sales by

$16.1 million in efforts to offset material price increases.

Retail and distribution segment sales were $142.0 million in 2008, a decrease of $7.7 million, or 5.1%, compared to 2007. New trailer sales decreased $3.9 million, or 5.4%, compared to 2007 due to lower volumes primarily as a result of the overall decline in the U.S. market. Used trailer sales were flat compared to the prior year

Table of Contents

as higher volumes were offset by lower average selling prices as depressed market conditions have driven used trailer values down throughout 2008. Parts and service sales were $37.1 million in 2008, a decrease of $3.5 million, or 8.6%, compared to 2007 due to continued weak customer demand.

Cost of Sales

Cost of Sales in 2008 was $815.3 million, a decrease of $195.5 million, or 19.3%, compared to 2007. As a percentage of net sales, cost of sales was 97.5% in 2008 compared with 91.7% in 2007.

Manufacturing segment cost of sales was $680.4 million in 2008, a decrease of $189.6 million, or 21.8%, compared to 2007. As a percentage of net sales, cost of sales was 98.0% in 2008 compared to 91.3% in 2007. Cost of sales for our manufacturing business segment for the years ending December 31, 2008 and 2007 were as follows (dollars in millions):

	2008		2007	
Manufacturing Segment		% of Rev		% of Rev
Material Costs	$ 517.9	74.6%	$ 669.5	70.3%
Other Manufacturing Costs	162.5	23.4%	200.5	21.0%
Total Cost of Sales	$ 680.4	98.0%	$ 870.0	91.3%

As summarized above, cost of sales is composed of material costs, a variable expense, and other manufacturing costs, comprised of both fixed and variable expenses including direct and indirect labor, outbound freight and overhead expenses. Material costs were 74.6% of net sales compared to 70.3% in 2007. The 4.3% increase results from increases in raw material commodity and component costs, primarily steel and aluminum that could not be offset by increases in selling prices. In addition, our other manufacturing costs increased from 21.0% of net sales in 2007 to 23.4% in 2008. The 2.4% increase is primarily the result of the inability to reduce the fixed cost component in proportion to the 29.0% decrease in new trailer volumes.

Retail and distribution segment cost of sales was $135.9 million in 2008, a decrease of $4.4 million, or 3.1% compared to 2007. As a percentage of net sales, cost of sales was 95.7% in 2008 compared to 93.7% in 2007. The increase in the percentage was primarily the result of a 2.1% increase in raw material costs as a percentage of net sales due to pricing pressures on used trailers and reduced sales on higher margin parts and services activities.

Gross Profit

Gross profit in 2008 was $20.9 million, down $70.8 million, or 77.2%, compared to 2007. Gross profit as a percent of sales was 2.5% in 2008 compared to 8.3% in 2007. Gross profit by segment was as follows (in millions):

	Year Ended December 31,		
	2008	2007	% Change
Gross Profit by Segment:			
Manufacturing	$ 13.8	$ 82.8	(83.3)
Retail and Distribution	6.1	9.4	(35.1)
Intercompany Profit Eliminations	1.0	(0.5)	
Total	$ 20.9	$ 91.7	(77.2)

Manufacturing segment gross profit was $13.8 million in 2008, a decrease of $69.0 million, or 83.3%, compared to 2007. Gross profit as a percentage of sales was 2.0% in 2008 compared to 8.7% in 2007. The decrease in gross profit and gross profit margin percentage was primarily driven by the 29.0% decline in volumes and continued increases in raw material costs that outpaced increases in selling prices.

Retail and distribution segment gross profit was $6.1 million in 2008, a decrease of $3.3 million, or 35.1%, compared to 2007. Gross profit as a percentage of sales was 4.3% compared to 6.3% in 2007 due to pricing pressures on used trailers and reduced parts and service volumes.

General and Administrative Expenses

General and administrative expenses were $44.1 million in 2008, a decrease of $5.4 million, or 10.9%, compared to the prior year. The decrease was partially the result of our cost cutting initiatives and efforts to adjust our cost structure to match the current market demand, which resulted in professional services expenses being reduced by $4.3 million as a result of litigation settlements and information technology costs and lowered salaries and employee related costs resulting from reductions in headcount of $0.4 million, net of severance costs.

Selling Expenses

Selling expenses were $14.3 million in 2008, a decrease of $1.5 million, or 9.2%, compared to the prior year. The decrease was partially the result of our cost cutting initiatives and efforts to adjust our cost structure to match the current market demand resulting in lower salaries and other employee related costs resulting from reductions in headcount of $0.5 million, net of severance costs, and reductions in advertising and promotional activities of $0.7 million.

Impairment of Goodwill

We reviewed our goodwill during the fourth quarter of 2008 and, based on a combination of factors, including the significant decline in our market capitalization as well as the current decline in the U.S. economy, we concluded that indicators of potential impairment were present. Under Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets*, the measurement of impairment of goodwill consists of a two step process. The first step requires us to compare the fair value of the reporting unit to its carrying value. During the fourth quarter, we completed a valuation of the fair value of our reporting units that incorporated existing market based considerations as well as discounted cash flows based on current and projected results. Based on this evaluation, it was determined that the carrying value of both our platform trailer and wood product manufacturing operations exceeded fair value. The second step involves determining an implied fair value of each reporting unit s goodwill as compared to its carrying value. After calculating the implied fair value of the goodwill by deducting the fair value of all tangible and intangible net assets of the reporting unit from the fair value of the reporting unit, it was determined that the recorded goodwill of $66.3 million was fully impaired. Based on these facts and circumstances, we recorded a non-cash goodwill impairment of $66.3 million.

Table of Contents

Other Income (Expense)

Gain on debt extinguishment in 2008 of $0.2 million represents the gain recognized on the extinguishment of $104.5 million of our Senior Convertible Notes, which were purchased at a discount to par value, net of related deferred debt issuance costs.

Income Taxes

In 2008, we recognized income tax expense of $17.1 million compared to $8.4 million in 2007. The effective rate for 2008 was (15.7%). This rate differs from the U.S. federal statutory rate of 35% primarily due to the recognition of a full valuation allowance against our net deferred tax asset and the write-off of non-deductible goodwill. As of December 31, 2008, we had $93.1 million of remaining U.S. federal income tax net operating loss carryforwards, which will expire in 2022 if unused, and which may be subject to other limitations on use under I.R.S. rules.

2007 Compared to 2006

Net Sales

Net sales in 2007 were $1.1 billion, a decrease of $209.6 million, or 16.0%, compared to 2006. By business segment, net external sales and related units sold were as follows (in millions, except unit data):

	Year Ended December 31,		
	2007	2006	% Change
Sales by Segment:			