UNITED COMMUNITY BANKS INC
Form SC 13G
September 11, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

SCHEDULE 13G

UNDER THE SECURITIES EXCHANGE ACT OF 1934

(Amendment No. )*

UNITED COMMUNITY BANKS, INC.

(Name of Issuer)

Common Shares
(Title of Class of Securities)

90984P303
(CUSIP Number)

September 1, 2015
(Date of Event Which Requires Filing of This Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

¨ Rule 13d-1(b)

x Rule 13d-1(c)

¨ Rule 13d-1(d)

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

1. Name of Reporting Persons

   CapGen Capital Group V LP
2. Check the Appropriate Box if a Member of a Group (See Instructions)

   (A) ¨
   (B) ¨
3. SEC Use Only

4. Citizenship or Place of Organization

   DELAWARE

| Number of Shares Beneficially Owned by Each Reporting Person With | | |
|---|---|---|
| | 5. | Sole Voting Power:<br><br>4,128,768 |
| | 6. | Shared Voting Power:<br><br>0 |
| | 7. | Sole Dispositive Power:<br><br>4,128,768 |
| | 8. | Shared Dispositive Power:<br><br>0 |

9. Aggregate Amount Beneficially Owned by Each Reporting Person

   4,128,768
10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions) ¨

11. Percent of Class Represented By Amount in Row (9)

    6.5%(1)
12. Type of Reporting Person

    PN

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(1) This calculation is based on 63,152,257 shares of voting common stock, par value $1.00 per share ("Common Stock"), of United Community Banks, Inc. (the "Issuer") outstanding as of September 1, 2015, as reported to the Reporting Persons by the Issuer on September 4, 2015.

1. Name of Reporting Persons

   CapGen Capital Group V LLC
2. Check the Appropriate Box if a Member of a Group (See Instructions)

   (A) ¨
   (B) ¨
3. SEC Use Only

4. Citizenship or Place of Organization

   DELAWARE

| Number of Shares Beneficially Owned by Each Reporting Person With | | |
|---|---|---|
| | 5. | Sole Voting Power:<br><br>4,128,768 |
| | 6. | Shared Voting Power:<br><br>0 |
| | 7. | Sole Dispositive Power:<br><br>4,128,768 |
| | 8. | Shared Dispositive Power:<br><br>0 |

9. Aggregate Amount Beneficially Owned by Each Reporting Person

   4,128,768
10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions) ¨

11. Percent of Class Represented By Amount in Row (9)

   6.5%(2)
12. Type of Reporting Person

   OO

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(2) This calculation is based on 63,152,257 shares of Common Stock outstanding as of September 1, 2015, as reported to the Reporting Persons by the Issuer on September 4, 2015.

1. Name of Reporting Persons

   Eugene A. Ludwig
2. Check the Appropriate Box if a Member of a Group (See Instructions)

   (A) ¨
   (B) ¨
3. SEC Use Only

4. Citizenship or Place of Organization

   UNITED STATES

| | | |
|---|---|---|
| | 5. | Sole Voting Power:<br><br>0 |
| Number of Shares Beneficially Owned by Each Reporting Person With | 6. | Shared Voting Power:<br><br>4,128,768 |
| | 7. | Sole Dispositive Power:<br><br>0 |
| | 8. | Shared Dispositive Power:<br><br>4,128,768 |

9. Aggregate Amount Beneficially Owned by Each Reporting Person

   4,128,768
10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions) ¨

11. Percent of Class Represented By Amount in Row (9)

    6.5%(3)
12. Type of Reporting Person

    IN

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(3) This calculation is based on 63,152,257 shares of Common Stock outstanding as of September 1, 2015, as reported to the Reporting Persons by the Issuer on September 4, 2015.

1. Name of Reporting Persons

   Robert B. Goldstein
2. Check the Appropriate Box if a Member of a Group (See Instructions)

   (A) ¨
   (B) ¨
3. SEC Use Only

4. Citizenship or Place of Organization

   UNITED STATES

| Number of Shares Beneficially Owned by Each Reporting Person With | | |
|---|---|---|
| | 5. | Sole Voting Power:<br><br>970 |
| | 6. | Shared Voting Power:<br><br>4,128,768 |
| | 7. | Sole Dispositive Power:<br><br>970 |
| | 8. | Shared Dispositive Power:<br><br>4,128,768 |

9. Aggregate Amount Beneficially Owned by Each Reporting Person

   4,129,738
10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions) ¨

11. Percent of Class Represented By Amount in Row (9)

   6.5%(4)
12. Type of Reporting Person

   IN

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(4) This calculation is based on 63,152,257 shares of Common Stock outstanding as of September 1, 2015, as reported to the Reporting Persons by the Issuer on September 4, 2015.

1. Name of Reporting Persons

   John P. Sullivan

2. Check the Appropriate Box if a Member of a Group (See Instructions)

   (A) ¨
   (B) ¨

3. SEC Use Only

4. Citizenship or Place of Organization

   UNITED STATES

| Number of Shares Beneficially Owned by Each Reporting Person With | 5. | Sole Voting Power:<br>970 |
|---|---|---|
| | 6. | Shared Voting Power:<br>4,128,768 |
| | 7. | Sole Dispositive Power:<br>970 |
| | 8. | Shared Dispositive Power:<br>4,128,768 |

9. Aggregate Amount Beneficially Owned by Each Reporting Person

   4,129,738

10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions) ¨

11. Percent of Class Represented By Amount in Row (9)

    6.5%(5)

12. Type of Reporting Person

    IN

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(5) This calculation is based on 63,152,257 shares of Common Stock outstanding as of September 1, 2015, as reported to the Reporting Persons by the Issuer on September 4, 2015.

Item 1 (a). Name of Issuer:

The name of the issuer is United Community Banks, Inc., a corporation incorporated under the laws of the State of Georgia (the "Issuer").

(b). Address of Issuer's Principal Executive Offices:

125 Highway 515 East
Blairsville, Georgia 30512

Item 2 (a). Name of Person Filing:

This statement is being filed jointly on behalf of the following persons (collectively, the "Reporting Persons"): (i) CapGen Capital Group V LP, a Delaware limited partnership ("CapGen LP"), (ii) CapGen Capital Group V LLC, a Delaware limited liability company ("CapGen LLC"), (iii) Mr. Eugene A. Ludwig, (iv) Mr. Robert B. Goldstein and (v) Mr. John P. Sullivan. The business address of each of the Reporting Persons is 120 West 45th Street, Suite 1010, New York, New York 10036. The Reporting Persons' agreement in writing to file this statement on behalf of each of them is attached as Exhibit A hereto.

(b). Address of Principal Business Office or, if None, Residence:

The address of the principal business office of each of the Reporting Persons is 120 West 45th Street, Suite 1010, New York, New York 10036.

(c). Citizenship:

CapGen LP and CapGen LLC are organized under the laws of the State of Delaware. Messrs. Ludwig, Goldstein and Sullivan are United States citizens.

(d). Title of Class of Securities:

Common Stock.

(e). CUSIP Number:

90984P303

Item 3. If this statement is filed pursuant to §§ 240.13d-1(b), or 240.13d-2(b) or (c), check whether the person filing is a:

Not applicable

Item 4. Ownership.

| | (b) | (a) | (c)(i) | (c)(ii) | (c)(iii) | (c)(iv) |
|---|---|---|---|---|---|---|
| | | | | Common Shares | | |
| | | | Voting Power | | Disposition Power | |
| Reporting Persons | Percent of Class(*) | Beneficially Owned | Sole | Shared | Sole | Shared |
| CapGen LP. | 6.5% | 4,128,768 | 4,128,768 | 0 | 4,128,768 | 0 |
| CapGen LLC | 6.5% | 4,128,768 | 4,128,768 | 0 | 4,128,768 | 0 |
| Eugene A. Ludwig | 6.5% | 4,128,768 | 0 | 4,128,768 | 0 | 4,128,768 |
| Robert B. Goldstein | 6.5% | 4,129,738 | 970 | 4,128,768 | 970 | 4,128,768 |
| John P. Sullivan | 6.5% | 4,129,738 | 970 | 4,128,768 | 970 | 4,128,768 |

(*) This calculation is based on 63,152,257 shares of Common Stock outstanding as of September 1, 2015, as reported to the Reporting Persons by the Issuer on September 4, 2015.

Item 5. Ownership of Five Percent or Less of a Class.

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than 5 percent of the class of securities, check the following ¨.

Item 6. Ownership of More Than Five Percent on Behalf of Another Person.

Not applicable.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company.

Not applicable.

Item 8. Identification and Classification of Members of the Group.

Not applicable.

Item 9. Notice of Dissolution of Group.

Not applicable.

Item 10. Certification.

Each of the Reporting Persons hereby makes the following certification:

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect, other than activities solely in connection with a nomination under §240.14a-11.

SIGNATURES

After reasonable inquiry and to the best of each of the undersigned's knowledge and belief, each of the undersigned certify that the information set forth in this statement is true, complete and correct.

Dated: September 11, 2015

CAPGEN CAPITAL GROUP V LP

By: CAPGEN CAPITAL GROUP V LLC, its general partner

By: /s/ Eugene A. Ludwig
Eugene A. Ludwig
Managing Member

CAPGEN CAPITAL GROUP V LLC

By: /s/ Eugene A. Ludwig
Eugene A. Ludwig
Managing Member

EUGENE A. LUDWIG

By: /s/ Eugene A. Ludwig
Eugene A. Ludwig

ROBERT B. GOLDSTEIN

By: /s/ Robert B. Goldstein
Robert B. Goldstein

JOHN P. SULLIVAN

By: R COMMERCIAL COMMITMENTS: Letters of Credit.................. $ 7.0 $ -- $ -- $ -- $ -- $ -- $ 7.0 Purchase Commitments................ 20.4 15.0 15.0 -- -- -- 50.4 Residual Guarantees................ 5.3 5.0 9.7 5.0 -- -- 25.0 ----- ----- ------ ---- ------ ---- ------ $32.7 $20.0 $ 24.7 $5.0 $ -- $ -- $ 82.4 ===== ===== ====== ==== ====== ==== ====== TOTAL OBLIGATIONS............. $50.1 $32.8 $113.7 $6.9 $126.5 $0.1 $330.1 ===== ===== ====== ==== ====== ==== ====== 35 Residual Guarantees represent purchase commitments related to certain new and used trailer transactions as well as certain production equipment. We also have purchase options of $78.0

million on the aforementioned trailers and equipment. To the extent that the value of the underlying property is less than the residual guarantee and the value is not expected to be recovered, we have recorded a loss contingency. Purchase Commitments primarily represent minimum purchase commitments under a parts purchase agreement we entered into in connection with the sale of certain assets of our aftermarket parts distribution business. We are required to purchase $45 million in parts over the next three years with a minimum of $15 million per year. The purchase price for the parts will be at current market prices, will not exceed business requirements and is subject to certain performance requirements. Operating leases represent the total future minimum lease payments for off balance sheet debt. OFF-BALANCE SHEET TRANSACTIONS We had no off-balance sheet financing transactions in 2002, 2003 or 2004. As of December 31, 2003, we have operating leases with future minimum lease payments of $16.5 million. SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES Our significant accounting policies are more fully described in Footnote 2 to our consolidated financial statements. Certain of our accounting policies require the application of significant judgment by management in selecting the appropriate assumptions for calculating financial estimates. By their nature, these judgments are subject to an inherent degree of uncertainty. These judgments are based on our historical experience, terms of existing contracts, our evaluation of trends in the industry, information provided by our customers and information available from other outside sources, as appropriate. We consider an accounting estimate to be critical if: - it requires us to make assumptions about matters that were uncertain at the time we were making the estimate; and - changes in the estimate or different estimates that we could have selected would have had a material impact on our financial or results of operations. 36 The table below presents information about the nature and rationale for Wabash's critical accounting estimates: NATURE OF ASSUMPTIONS/APPROACHES BALANCE SHEET CAPTION CRITICAL ESTIMATE ITEM ESTIMATES REQUIRED USED KEY FACTORS
-------------------- --------------------- -----------------
--------------------- ----------- Accrued liabilities Warranty Estimating warranty We base our estimate Failure rates and and other long- requires us to on historical trends estimated repair term liabilities forecast the of units sold and costs resolution of payment amounts, existing claims and combined with our expected future current understanding claims on products of the status of sold. existing claims, recall campaigns and discussions with our customers. Accounts Receivable Allowance for doubtful Estimating the We base our estimates Customer financial -- allowance for accounts allowance for on historical condition doubtful accounts doubtful accounts experience, the time requires us to an account is estimate the outstanding, financial customer's financial capability of condition and customers to pay information

from for products. credit rating services. Inventory Lower of cost or We evaluate future Estimates are based on Market conditions market write-downs demand for recent sales data, products, market historical experience, Product type conditions and external market incentive programs. analysis and third party appraisal services. Property, plant and Valuation of long- We are required We estimate cash flows Future production equipment, goodwill lived assets and from time-to-time using internal budgets estimates and other long-term investments to review the based on recent sales assets recoverability of data, and independent Discount rate certain of our trailer production assets based on volume estimates. Asset carrying projections of value anticipated future cash flows, including future profitability assessments of various product lines. Deferred income taxes Recoverability of We are required to We use historical and Tax law changes deferred tax assets -- estimate whether projected future Variances in future in particular, net recoverability of operating results, projected operating loss carry- our deferred tax based upon our profitability, forwards assets is more business plans, including by taxing likely than not including a review of entity based on forecasts the eligible carry- of taxable forward period, tax earnings. planning opportunities and other relevant considerations. 37 In addition, there are other items within our financial statements that require estimation, but are not as critical as those discussed above. Changes in estimates used in these and other items could have a significant effect on our consolidated financial statements. The determination of the market value of new and used trailers is subject to variation particularly in times of rapidly changing market conditions. A 5% change in the valuation of our inventories would be approximately $4 million. OTHER Inflation We have historically been able to offset the impact of rising costs through productivity improvements as well as selective price increases. As a result, inflation has not had, and is not expected to have, a significant impact on our business. NEW ACCOUNTING PRONOUNCEMENTS Variable Interest Entities In 2003, the Financial Accounting Standards Board (FASB) issued Interpretation No. 46 (FIN 46), Consolidation of Variable Interest Entities. FIN 46 defines a variable interest entity (VIE) as a corporation, partnership, trust or any other legal structure that does not have equity investors with a controlling financial interest or has equity investors that do not provide sufficient financial resources for the entity to support its activities. The Company has evaluated its financial arrangements that had potential FIN 46 impact and determined that none of these arrangements are with a VIE and that the adoption will have no impact on its consolidated results of operations, financial position or liquidity. Derivatives In April 2003, the FASB issued Statement of Financial Accounting (SFAS) No. 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities. This statement amends and clarifies financial accounting and reporting for derivative instruments and hedging activities under FASB Statement No. 133, Accounting for Derivative Instruments and Hedging Activities, by

requiring contracts with similar characteristics to be accounted for comparably. The adoption of SFAS No. 149, effective for contracts entered into or modified after June 30, 2003, did not have any effect on financial position, results of operations, or cash flow. Financial Instruments In May 2003, the FASB issued SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity. This statement changes the accounting for certain financial instruments that, under previous guidance, issuers could account for as equity. SFAS No. 150 may require that those instruments be classified as liabilities. SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the interim period beginning after June 15, 2003. We currently have no such instruments. 38 BUSINESS OVERVIEW We are one of North America's leaders in designing, manufacturing and marketing standard and customized truck trailers and related transportation equipment. Founded in 1985 as a start-up, we grew to over $1.4 billion in sales in 1999, and had approximately $900 million in sales in 2003. We believe our success has been the result of our longstanding relationships with our core customers, innovative product development, broad product line, large distribution and service network and corporate culture. Our management team is focused on becoming the low-cost producer in the truck trailer industry through continuous improvement and lean manufacturing initiatives. We seek to identify and produce proprietary products that offer added 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. Our proprietary DuraPlate(R) composite truck trailer, which we introduced in 1996, has achieved widespread acceptance by our customers. Since 2002, sales of our DuraPlate(R) trailers represented approximately 80% of our total trailers shipped. We are also a competitive producer of standardized products, and are seeking to become a low-cost producer within our industry. 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 profit opportunities. We market our transportation equipment under the Wabash(R), DuraPlate(R), DuraPlateHD(R), FreightPro(R), ArcticLite(R), and RoadRailer(R) trademarks directly to customers, through independent dealers and through our factory-owned retail branch network. Our factory-direct marketing effort focuses on our longstanding core customers that represent many of the largest companies in the trucking industry, including Schneider National, Inc., J.B. Hunt Transport Services, Inc., Swift Transportation Corporation, Werner Enterprises, Inc., U.S. Xpress Enterprises, Inc., Heartland Express, Inc., Safeway, Inc., Crete Carrier Corporation and Yellow Roadway, Inc. Our relationship with our core customers has been central to our growth since inception. Our factory-owned retail branch network provides

additional opportunities to distribute our products and also offers national service and support capabilities for our customers. The retail sale of new and used trailers, aftermarket parts and maintenance service through our retail branch network generally provides enhanced margin opportunities. We were incorporated in Delaware in 1991 and are the successor by merger to a Maryland corporation organized in 1985. We operate in two segments: (1) manufacturing and (2) retail and distribution. Financial results by segment and financial information regarding geographic areas and export sales are discussed in detail within Footnote 18, Segment Reporting, of the accompanying Consolidated Financial Statements. Additional information concerning us can be found on our website at 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 our website is not part of this prospectus. CORE STRENGTHS We believe that the following strengths differentiate us from our competitors and position us for success within our markets: - Long-Term Core Customer Relationships. We are the exclusive provider of trailers to a significant number of top-tier trucking companies, generating a consistent revenue base that has helped to sustain us as one of the market leaders. - Innovative Product Offerings. Our DuraPlate(R) proprietary technology provides what we believe to be a superior trailer to our customers and commands premium pricing. A DuraPlate(R) trailer is a composite plate trailer constructed with material containing a high 39 density polyethylene core bonded between a high-strength steel skin. We believe that the competitive advantages of our DuraPlate(R) trailers over standard trailers include the following: - operate three to five years longer; - less costly to maintain; and - higher trade-in values. We have also successfully introduced innovations in our refrigerated trailers and other product lines. For example, we introduced the DuraPlate(R) HD trailer and the FreightPro(R) 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 in each of the last ten years, with one of the most widely recognized brands in the industry. - Extensive Distribution Network. Our twenty-six factory-owned retail branch locations and our over forty independent dealers extend our sales network throughout North America, diversifying our factory direct sales and supporting our national service contracts. - 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 received the 2003 U.S. Senate Productivity Award for the State of Indiana for the significant cost savings and productivity we achieved in the prior two years. - Technology. We are recognized by the trucking industry as being a leader in developing technology to reduce trailer maintenance. - Corporate

Culture. We benefit from a value driven management team and dedicated union-free workforce. STRATEGY We are committed to an operating strategy that seeks to deliver profitability throughout industry cycles by executing on the core elements of our strategic plan: - Corporate Focus. We intend to continue our transition from an organization focused on unit volume and revenue to one focused on earnings and cash flow. - Product Differentiation. We intend to continue to provide differentiated products that generate enhanced profit margins. - Continuous Improvements. We are focused on continuing to reduce our cost structure by adhering to continuous improvement and lean manufacturing initiatives. - Core Customers. We intend to maintain and enhance our long-standing customer partnerships and create new revenue opportunities by offering tailored transportation solutions. - Customer Diversification. We intend to continue to expand and diversify our customer base by focusing on middle market carriers with trailer fleets ranging from 250 to 5,000 units. - Trailer Performance Improvements. We are working on the development of a DuraPlate(R) trailer that minimizes maintenance for ten years. - Strengthen Balance Sheet. We intend to continue reducing our debt to enhance financial flexibility and enable us to capitalize on future market opportunities. 40 INDUSTRY Freight transportation in the United States, according to ATA, was estimated to be a $702 billion industry in 2003 (the latest date such information is available). ATA estimates that approximately 69% of all freight tonnage is carried by truck at some point during its shipment, accounting for approximately 87% of freight industry revenues. 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 expand their fleets, which typically results in increased trailer orders. According to ACT, there are approximately 2.8 million trailers in use today and the trailer replacement demand is estimated at between 180,000 and 200,000 trailers per year. In general, the trailer industry grew throughout the 1990's and peaked in 1999. A number of factors, including an economic downturn, fluctuations in fuel prices, declining asset values, limited capital, record trucking company failures and industry consolidation led to a historic reduction of 54% in trailer purchases from 1999 to 2002. In early 2003, the trailer industry started seeing signs of gradual improvement. From a net order standpoint, each month in 2003 saw an improvement over the same month in 2002. For the first nine months of 2004, total trailer orders for the year were 29% higher than the same period in 2003. New truck emission regulations became effective on October 1, 2002, resulting in cleaner, yet less fuel-efficient and costlier engines. As a consequence, many trucking firms accelerated purchases of tractors prior to the effective date of the regulation, significantly reducing the historical trailer-to-tractor ratio of 1.5 to 1, to less than 1 to 1 during parts of 2002, according to ACT. In 2003, the trailer-to-tractor ratio regained its historic 1.5 to 1 ratio, although it has declined slightly (1.4 to 1) in 2004. Additional

emission regulations are to become effective in 2007 and may result in improved demand for trailers in 2005, and part of 2006. In January 2004, regulations reducing driver hours (hours-of-service) for commercial motor vehicles that carry property became effective, but uncertainty surrounding the long term legal status of these regulations makes their effect on our industry unclear. 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. During the severe industry downturn in 2001 and 2002, a number of trailer manufacturers went out of business, resulting in greater industry consolidation. Despite market concentration, price competition is fierce and differentiation is primarily through superior products, customer relationships, service availability and cost. The following table sets forth new trailer shipments for us, our largest competitors and for the trailer industry as a whole within North America: 2003 2002 2001 2000 1999 1998 ------- ------- ------- ------- ------- ------- Wabash(1)........................... 36,000 27,000 32,000 66,000 70,000 61,000 Great Dane.......................... 41,000 33,000 22,000 47,000 58,000 51,000 Utility............................ 24,000 18,000 16,000 29,000 31,000 27,000 Stoughton.......................... 9,900 10,000 6,000 15,000 15,000 12,000 Other principal producers........... 34,000 28,000 32,000 63,000 68,000 51,000 ------- ------- ------- ------- ------- ------- Total industry..................... 183,000 140,000 140,000 271,000 306,000 279,000 --------------- (1) Does not include approximately 1,300 and 6,000 intermodal containers in 2003 and 2002, respectively. Sources: Individual manufacturer information, some of which is estimated, provided by Southern Motor Cargo Magazine(C) 1999 (for 1998 data) and Trailer Body Builders Magazine(C) 2003 (for 1999-2003 data). Industry totals provided by Southern Motor Cargo Magazine(C) 1999 (for 1998 data) and A.C.T. Research Company, L.L.C. (for 1999-2003 data). 41 PRODUCTS Since our inception, we have expanded our product offerings from a single truck trailer product to a broad line 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 70%, 60%, and 60% of consolidated net sales in 2003, 2002 and 2001, respectively. Our current transportation equipment products include the following: - DuraPlate(R) Trailers. DuraPlate(R) trailers utilize a proprietary technology that consists of a composite plate wall for increased durability and greater strength. Our DuraPlate(R) trailers include our newly introduced DuraPlate(R) HD, a heavy duty version of our regular DuraPlate(R) trailers. - DuraPlate(R) Domestic Containers. DuraPlate(R) domestic containers utilize a proprietary technology and consist of stackable containers, carried either on flat cars or stacked two-high on special "Double-Stack" railcars. - Smooth Aluminum Trailers. Smooth aluminum trailers, commonly known as "sheet and post" trailers, are the standard trailer product purchased by the trucking

industry. In 2003, we commercialized our new FreightPro(R) trailer to increase our focus on sheet and post trailers, which is the largest segment of the trailer market. - Refrigerated Trailers. Refrigerated trailers have insulating foam in the sidewalls and roof, which improves both the insulation capabilities and durability of the trailers. Our refrigerated trailers use our proprietary SolarGuard(R) technology, which we believe enables customers to achieve lower costs through reduced fuel consumption and reduced operating hours. - Aluminum Plate Trailers. Aluminum plate trailers utilize thicker and more durable sidewalls than standard trailers, which reduces maintenance costs and extends the trailer's life. - RoadRailer(R) Equipment. The RoadRailer(R) intermodal system is a patented bimodal technology consisting of a truck trailer and detachable rail "bogie" which permits a trailer to run both over the highway and directly on railroad lines. - Other. Our other transportation equipment includes container chassis, soft-sided trailers and converter dollies. Our retail and distribution segment focuses on the sale of new and used trailers and providing parts and maintenance services as described below. In September 2003, we sold certain assets of our rental and leasing business and wholesale aftermarket parts business and in December 2003 we sold a large portion of our finance portfolio. - New transportation equipment produced by the manufacturing segment. Additionally, we sell specialty trailers including tank trailers, dump trailers and platform trailers produced by third parties. Customers for this equipment typically purchase in smaller quantities for local or regional transportation needs. The sale of new transportation equipment through the retail branch network represented approximately 9.4%, 9.6% and 11.9% of net sales during 2003, 2002 and 2001, respectively. - Replacement parts and accessories and maintenance service both for our own and competitors' trailers and related equipment. This business is less cyclical than trailer sales and generally has higher gross profit margins. Management expects that the sale of aftermarket parts and maintenance service will be a growing part of our product mix as the number and age of trailers in service increases. Sales of these products and service represented approximately 11%, 14% and 15% of net sales during 2003, 2002 and 2001, respectively. 42 - Used transportation equipment primarily 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 approximately 7.3%, 11.3% and 8.5% of net sales during 2003, 2002 and 2001, respectively. MANUFACTURING FACILITIES We own two trailer manufacturing facilities in Lafayette, Indiana and a trailer floor manufacturing facility, 0.5 million sq. ft., in Harrison, Arkansas. Our main facility, 1.2 million sq. ft., houses truck trailer and composite material production, tool and die operations, research laboratories, management offices and headquarters. The second Lafayette facility is 0.6 million sq. ft. We have the capacity to

produce approximately 75,000 trailers annually on a three-shift, five-day work week schedule. RETAIL AND DISTRIBUTION FACILITIES Retail and distribution facilities include 19 sales and service branches (three of which are leased), and seven locations that sell new and used trailers (six of which are leased). Each branch facility consists of an office, parts warehouse and service space, and each facility generally ranges in size from 20,000 to 50,000 square feet per facility. Nineteen branches are located in 13 states and seven branches are located in six Canadian provinces. We own a 0.3 million sq. ft. distribution facility in Lafayette, Indiana that is currently leased. All of our owned properties are subject to security interests held by our bank lenders. CUSTOMERS Our customer base includes many of the nation's largest truckload common carriers, leasing companies, private fleet carriers, less-than-truckload (LTL) common carriers, and package carriers. Our five largest customers accounted for approximately 27%, 30% and 34% of our aggregate net sales in 2003, 2002 and 2001, respectively. One customer, Schneider National, Inc., accounted for approximately 14% of net sales in 2003. In 2002 and 2001, J.B. Hunt Transport Services, Inc. accounted for approximately 11% and 19% of net sales, respectively. International sales, primarily to Canadian customers, accounted for approximately 9% 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: Schneider National, Inc.; J.B. Hunt Transport Services, Inc.; Swift Transportation Corporation; Werner Enterprises, Inc.; Heartland Express, Inc.; Crete Carrier Corporation; U.S. Xpress Enterprises, Inc.; Knight Transportation, Inc.; and Interstate Distributor Co. - Leasing Companies: Transport International Pool, Inc.; Wells Fargo Equipment Finance, Inc.; Xtra Lease, Inc.; and Transport Services, Inc. - Private Fleets: Safeway, Inc.; The Home Depot, Inc.; The Kroger Co.; and Sysco Corporation. - Less-Than-Truckload Carriers: Yellow Roadway, Inc.; Old Dominion Freight Lines, Inc.; SAIA Motor Freightlines, Inc.; Fedex Corporation; and Vitran Express, Inc. Additionally, in 2003, we began to focus on growing and diversifying our customer base by targeting middle market carriers with trailer fleets between 250 and 5,000 units. During the first nine months of 2004, we have added over 170 middle-market customers that have ordered approximately 4,000 trailers. 43 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 was approximately $200 million and $208 million at December 31, 2003 and 2002, respectively, and was $283 million at September 30, 2004. We expect to complete the majority of our current backlog orders during the next twelve months. 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". RAW MATERIALS We utilize a variety of raw materials and components including steel, polyethylene, aluminum, lumber, tires and suspensions, which we purchase from a limited number of suppliers. Significant price fluctuations or shortages in raw materials or finished components may adversely affect our results of operations. See "Risk Factors." For the foreseeable future, we expect that the raw materials used in the greatest quantity will be the steel, aluminum and polyethylene used in our dry freight and refrigerated trailers. Price increases in our principal raw materials, aluminum, steel, plastic and timber, occurred during 2004 and are expected to continue into 2005. Our Harrison, Arkansas laminated hardwood floor facility provides the majority of our requirements for trailer floors. PATENTS AND INTELLECTUAL PROPERTY We hold or have applied for 66 patents in the United States on various components and techniques utilized in our manufacture of truck trailers. In addition, we hold or have applied for 91 patents in 12 foreign countries including the European patent community. Our patents include our proprietary DuraPlate(R) product, which we believe offers us a significant competitive advantage. We also hold or have applied for 32 trademarks in the United States as well as 28 trademarks in foreign countries. These trademarks include the Wabash(R) brand name as well as trademarks associated with our proprietary products such as the DuraPlate(R) trailer and the RoadRailer(R) trailer. RESEARCH AND DEVELOPMENT Research and development expenses are charged to earnings as incurred and were approximately $2 million in each of 2003, 2002 and 2001. 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. On September 28, 2004, we entered into a plea to misdemeanor violations of the federal Clean Water Act and agreed to pay a $400,000 fine pursuant to a plea agreement resulting from a federal environmental investigation involving our former Huntsville, Tennessee manufacturing facility. In addition, we and the EPA have concluded negotiations regarding the terms and conditions of a compliance agreement that involves environmental training, auditing and similar activities by us. The compliance 44 agreement

is currently awaiting signature by the EPA. We do not believe that entering into the compliance agreement will have a material adverse impact on our results or operations. 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 in both the United States and abroad. 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 September 30, 2004, we had approximately 3,400 full time associates, as compared to approximately 3,300 full-time associates as of December 31, 2003. No full-time associates were under a labor union contract as of September 30, 2004. We place a strong emphasis on employee relations through educational programs and quality improvement teams. We believe our employee relations are good. 45 MANAGEMENT NAME AGE POSITION ---- --- -------- David C. Burdakin......................... 49 Director William P. Greubel........................ 52 President, Chief Executive Officer and Director John T. Hackett........................... 71 Chairman Dr. Martin C. Jischke..................... 63 Director Ludvik F. Koci............................ 67 Director Stephanie K. Kushner...................... 49 Director Rodney P. Ehrlich......................... 58 Senior Vice President -- Chief Technology Officer Richard J. Giromini....................... 50 Senior Vice President -- Chief Operating Officer Timothy J. Monahan........................ 52 Senior Vice President -- Human Resources Robert J. Smith........................... 58 Senior Vice President -- Chief Financial Officer Brent Larson.............................. 39 Senior Vice President -- Sales and Marketing David C. Burdakin. Member -- Audit, Compensation, Nominating and Corporate Governance Committees. Mr. Burdakin has been a director of ours since February 2002. Mr. Burdakin has been President of HON Company, a manufacturer of office furniture, since February 2000 and Executive Vice President of HNI Corp. (formerly HON Industries), a diversified manufacturer, since February 2001. Previously, Mr. Burdakin was President of the HON Group and has held a variety of positions of increasing responsibility with HON since 1993. William P. Greubel. Member -- Executive Committee. Mr. Greubel has been our President and Chief Executive Officer and one of our directors since May 2002. Mr. Greubel was a Director and Chief Executive Officer of Accuride Corporation, a manufacturer of wheels for trucks and trailers, from 1998 until April 2002 and served as President of Accuride Corporation from 1994 to 1998. Previously, Mr. Greubel was employed by AlliedSignal Corporation from 1974 to 1994 in a variety of positions of increasing responsibility, most recently as Vice President and General Manager of the Environmental Catalysts and Engineering Plastics business units. Mr. Greubel has been a Board member of the Truck Trailer Manufacturers

Association (TTMA) since 2002 and a board member of the United Way of Lafayette since 2004. John T. Hackett. Member -- Audit, Compensation, Executive, Nominating and Corporate Governance Committees. Mr. Hackett has been a director of ours since November 1991 and Chairman of our Board of Directors since October 2001. Mr. Hackett was Managing General Partner of CID Equity Partners, L.P., a private investment partnership, from 1991 until his retirement in 2001. He previously served as Vice President -- Finance and Administration of Indiana University from 1988 to 1991 and Executive Vice President, Chief Financial Officer and director of Cummins Engine Corporation from 1964 to 1988. Dr. Martin C. Jischke. Member -- Audit, Compensation, Nominating and Corporate Governance Committees. Dr. Jischke has been a director of ours since January 2002. Dr. Jischke has been President of Purdue University, West Lafayette, Indiana, since August 2000. Previously, Dr. Jischke was president of Iowa State University from 1991-2000, chancellor of the University of Missouri -- Rolla from 1986-1991, and served in various capacities at the University of Oklahoma between 1968 and 1986, including dean and interim president. Dr. Jischke also serves as a director of Kerr-McGee Corporation and an advisory director of Duke Realty Corporation. Ludvik F. Koci. Member. Mr. Koci has been a director of ours since December 1993. Mr. Koci was Chairman and Chief Executive Officer of Detroit Diesel Corporation in Detroit, Michigan from 1997 until his retirement in 2002. He had previously served as President and Chief Operating Officer from December 1989 until 1997. Mr. Koci also serves on the Board of Directors of Penske Corporation, Penske Transportation Components LLC., VM Motori S.p.A., American Trucking Research Institute, Mary's 46 Children Family Center of Michigan and the Board of Regents of Orchard Lake Schools, and of Saints Cyril & Methodius Seminary. Stephanie K. Kushner. Member -- Audit, Compensation, Nominating and Corporate Governance Committees. Mr. Kushner has been a director of ours since February 2004. Ms. Kushner is Vice President and Chief Financial Officer of Federal Signal Corporation, a manufacturer and supplier of diverse industrial products. Prior to joining Federal Signal, she was employed by FMC Corporation for 14 years, most recently as Vice President and Treasurer. Before joining FMC, she held various financial positions with AMOCO Corporation, Cyprus Minerals and Homestake Mining Company. Rodney P. Ehrlich. Mr. Rodney Ehrlich has been our Senior Vice President -- Chief Technology Officer since January 2004. From 2001-2003, Mr. Ehrlich was Senior Vice President -- Product Development. Mr. Ehrlich has been in charge of our engineering operations since our founding. Richard J. Giromini. Mr. Giromini has been our Senior Vice President and Chief Operating Officer since joining us in July 2002. He also has served as President and a Director of Wabash National Trailer Centers, Inc. since January 2004. Prior to joining us, Mr. Giromini was with Accuride Corporation, a manufacturer of wheels for trucks and trailers, 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. Brent Larson. Mr. Larson has been Senior Vice President -- Sales since March 2003. From December 2001 until February 2003, Mr. Larson was our Vice President -- Sales. Prior to that, Mr. Larson was Senior Vice President and owner of a Canadian trailer distributorship, Breadner Trailers Ltd., for over 7 years. Prior to that, Mr. Larson was Account Executive, Large Accounts for IBM Corporation for over 8 years. Timothy J. Monahan. Mr. Monahan has been Senior Vice President -- Human Resources since October 2003. Prior to that, Mr. Monahan was with Textron Fastening Systems from 1999 to October 2003 where he served as 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. 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. DESCRIPTION OF CAPITAL STOCK Our certificate of incorporation authorizes 100,000,000 shares of capital stock, 75,000,000 of which are designated as common stock and 25,000,000 of which are designated as preferred stock. The following descriptions summarize the material terms and provisions of our authorized and outstanding capital stock. For the complete terms of our capital stock, please refer to our certificate of incorporation and bylaws that are filed as exhibits to our reports incorporated by reference into this prospectus. The General Corporation Law of Delaware, as amended, may also affect the terms of our capital stock. COMMON STOCK Our certificate of incorporation provides that we have authority to issue 75,000,000 shares of our common stock, par value $.01 per share. At September 30, 2004, there were 27,350,725 shares of common stock issued and outstanding. In addition, as of that date, 1,493,929 shares of common stock were issuable 47 upon exercise of stock options outstanding and 6,510,416 shares were issuable upon the conversion of our $125,000,000 principal amount of 3 1/4% Convertible Senior Notes due 2008 at a conversion price of $19.20 per share. The outstanding shares of common stock are fully paid and nonassessable. VOTING RIGHTS Each holder of common stock is entitled to attend all special and annual meetings of the stockholders and to vote upon any matter, including, without

limitation, the election of directors. Holders of common stock are entitled to one vote per share. LIQUIDATION RIGHTS In the event of any dissolution, liquidation or winding up of Wabash, whether voluntary or involuntary, the holders of common stock and holders of any class or series of stock entitled to participate with them, will be entitled to participate in the distribution of any assets remaining after we have paid all of our debts and liabilities and have paid, or set aside for payment, to the holders of any class of stock having preference over the common stock in the event of dissolution, liquidation or winding up, the full preferential amounts, if any, to which they are entitled. DIVIDENDS Dividends may be paid on the common stock and on any class or series of stock entitled to participate therewith when and as declared by the board. Due to restrictions under existing covenants in our debt agreements, we are not permitted to pay dividends on our common stock without waiver of these restrictions by our lenders. OTHER RIGHTS AND RESTRICTIONS The holders of common stock have no preemptive or subscription rights to purchase additional securities issued by us, nor any rights to convert their common stock into other securities of ours or to have their shares redeemed by us. Our common stock is not subject to redemption by us. The rights, preferences and privileges of common stockholders are subject to the rights of any series of preferred stock that we may designate in the future. Our charter and bylaws do not restrict the ability of a holder of common stock to transfer his or her shares of common stock. LISTING Our common stock is listed on the New York Stock Exchange under the symbol "WNC." TRANSFER AGENT AND REGISTRAR The transfer agent and registrar for our common stock is National City Bank. STOCKHOLDER RIGHTS PLAN In November 1995, our board adopted a Stockholders Rights Plan (the "Rights Plan"). The Rights Plan is designed to deter any potential coercive or unfair takeover tactics in the event of an unsolicited takeover attempt. It is not intended to prevent a takeover of Wabash on terms that are favorable and fair to all stockholders and will not interfere with a merger approved by the board of directors. Each right entitles stockholders to buy one one-thousandth of a share of Series A Junior Participating Preferred Stock at an exercise price of $120.00. The rights will be exercisable only if a person or a group acquires or announces a tender or exchange offer to acquire 20% or more of our common stock or if we enter into other business combination transactions not approved by the board of directors. In the event the rights become exercisable, the Rights Plan allows for our stockholders to acquire stock of Wabash or the surviving corporation, whether or not Wabash is the surviving corporation, having a value 48 twice that of the exercise price of the rights. The rights will expire December 28, 2005 and are redeemable for $.01 per right by our board under certain circumstances. While we have adopted the Rights Plan, we have elected not to be subject to the provisions of the Delaware General Corporation Law Section 203 that restricts business combinations

with interested stockholders. LIMITATIONS OF DIRECTOR LIABILITY Delaware law authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breach of directors' fiduciary duty of care. Although Delaware law does not change directors' duty of care, it enables corporations to limit available relief to equitable remedies such as injunction or rescission. Our certificate of incorporation limits the liability of directors to us and our stockholders to the full extent permitted by Delaware law. Specifically, directors are not personally liable for monetary damages to us or our stockholders for breach of the director's fiduciary duty as a director, except for liability for: - any breach of the director's duty of loyalty to Wabash or its stockholders; - acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law; - unlawful payments of dividends or unlawful stock repurchases or redemptions; and - any transaction from which the director derived an improper personal benefit. INDEMNIFICATION To the maximum extent permitted by law, our bylaws provide for mandatory indemnification of directors and officers against any expense, liability or loss to which they may become subject, or which they may incur as a result of being or having been a director or officer. In addition, we must advance or reimburse directors and officers for expenses they incur in connection with indemnifiable claims. We also maintain directors' and officers' liability insurance. PREFERRED STOCK Our certificate of incorporation authorizes our board from time to time and without further stockholder action, to provide for the issuance of up to 25,000,000 shares of preferred stock in one or more series, and to fix the relative rights and preferences of the shares, including voting powers, dividend rights, liquidation preferences, redemption rights and conversion privileges. As of the date of this prospectus, we have classified 300,000 shares of our preferred stock as Series A Junior Participating Preferred Stock in connection with the establishment of our stockholder rights plan, as described above, and we have issued rights that are in some cases exercisable for shares of Series A Junior Participating Preferred Stock. There are no shares of our Preferred Stock outstanding on the date of this prospectus. BLANK CHECK PREFERRED STOCK Our board is authorized to issue preferred stock in one or more series and to fix and designate the rights, preferences, privileges and restrictions of the preferred stock, including: - dividend rights; - conversion rights; - voting rights; - redemption rights and terms of redemption; and - liquidation preferences. 49 Our board may fix the number of shares constituting any series and the designations of these series. We have issued rights that are in some cases exercisable for shares of our Series A Junior Participating Preferred Stock. The rights, preferences, privileges and restrictions of the preferred stock of each series will be fixed by a certificate of designations relating to each series. The certificate of designations relating to each series will specify the terms of the preferred stock, including: - the

maximum number of shares in the series and the distinctive designation; - the terms on which dividends will be paid, if any; - the terms on which the shares may be redeemed, if at all; - the liquidation preference, if any; - the terms of any retirement or sinking fund for the purchase or redemption of the shares of the series; - the terms and conditions, if any, on which the shares of the series will be convertible into, or exchangeable for, shares of any other class or classes of capital stock; - the voting rights, if any, on the shares of the series; and - any or all other preferences and relative, participating, operational or other special rights or qualifications, limitations or restrictions of the shares. Voting Rights. The General Corporation Law of Delaware provides that the holders of preferred stock will have the right to vote separately as a class on any proposal involving fundamental changes in the rights of holders of that preferred stock. This right is in addition to any voting rights that may be provided for in the applicable certificate of designations. Other. Our issuance of preferred stock may have the effect of delaying or preventing a change in control. Our issuance of preferred stock could decrease the amount of earnings and assets available for distribution to the holders of common stock or other preferred stock or could adversely affect the rights and powers, including voting rights, of the holders of common stock or other preferred stock. The issuance of preferred stock could have the effect of decreasing the market price of our common stock. 50 UNDERWRITING Merrill Lynch, Pierce, Fenner & Smith Incorporated, Bear, Stearns & Co. Inc. and BB&T Capital Markets, a division of Scott & Stringfellow, Inc., are acting as representatives of each of the underwriters named below. Subject to the terms and conditions set forth in a purchase agreement among us and the underwriters, we have agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from us, the number of shares of common stock set forth opposite its name below. NUMBER UNDERWRITER OF SHARES ----------- --------- Merrill Lynch, Pierce, Fenner & Smith Incorporated.................................. 1,980,000 Bear, Stearns & Co. Inc. .................................. 600,000 BB&T Capital Markets, a division of Scott & Stringfellow, Inc. .................................................... 420,000 --------- Total......................................... 3,000,000 ========= Subject to the terms and conditions set forth in the purchase agreement, the underwriters have agreed, severally and not jointly, to purchase all of the shares sold under the purchase agreement if any of these shares are purchased. If an underwriter defaults, the purchase agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the purchase agreement may be terminated. We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities. The underwriters are offering the shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal

matters by their counsel, including the validity of the shares, and other conditions contained in the purchase agreement, such as the receipt by the underwriters of officer's certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part. COMMISSIONS AND DISCOUNTS The representatives have advised us that they propose initially to offer the shares to the public at the public offering price set forth on the cover page of this prospectus and to dealers at that price less a concession not in excess of $.69 per share. The underwriters may allow, and the dealers may reallow, a discount not in excess of $.10 per share to other dealers. After the offering, the public offering price, concession and discount may be changed. The following table shows the public offering price, underwriting discount and proceeds before expenses to us. The information assumes either no exercise or full exercise by the underwriters of their overallotment option. PER SHARE WITHOUT OPTION WITH OPTION --------- -------------- ----------- Public offering price.................... $23.25 $69,750,000 $80,212,500 Underwriting discount.................... $1.1625 $3,487,500 $4,010,625 Proceeds, before expenses, to Wabash..... $22.0875 $66,262,500 $76,201,875 The total expenses of the offering, not including the underwriting discount, are estimated at $500,000 and are payable by us. OVERALLOTMENT OPTION We have granted an option to the underwriters to purchase up to 450,000 additional shares at the public offering price, less the underwriting discount. The underwriters may exercise this option for 30 days 51 from the date of this prospectus solely to cover any overallotments. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the purchase agreement, to purchase a number of additional shares proportionate to that underwriter's initial amount reflected in the above table. NO SALES OF SIMILAR SECURITIES We and our executive officers and directors have agreed not to sell or transfer any shares of our common stock or securities convertible into, exchangeable for exercisable for, or repayable with shares of our common stock, for 90 days after the date of this prospectus without first obtaining the written consent of Merrill Lynch, subject to customary exceptions. Specifically, we and these other persons have agreed not to directly or indirectly: - offer, pledge, sell or contract to sell any common stock; - sell any option or contract to purchase any common stock; - purchase any option or contract to sell any common stock; - grant any option, right or warrant for the sale of any common stock, except, with respect to us, shares of common stock issued or options to purchase common stock granted pursuant to existing employee benefit plans of ours referred to in this prospectus; - lend or otherwise dispose of or transfer any common stock; or - enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any whether any such swap or transaction is to be settled by delivery of shares or other securities, in cash or otherwise. The lockup agreements described

above may be released at any time as to all or any portion of the shares subject to such agreements at the sole discretion of Merrill Lynch. There are, however, currently no agreements between Merrill Lynch and us or any of our executive officers or directors releasing any party from these lockup agreements prior to the expiration of the 90-day restricted period. NEW YORK STOCK EXCHANGE LISTING Our common stock is listed on the New York Stock Exchange under the symbol "WNC." PRICE STABILIZATION AND SHORT POSITIONS Until the distribution of the shares is completed, SEC rules may limit the underwriters from bidding for and purchasing our common stock. However, the representatives may engage in transactions that stabilize the price of the common stock, such as bids or purchases to peg, fix or maintain that price. The underwriters may purchase and sell our common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering. "Covered" short sales are sales made in an amount not greater than the over-allotment option described above. The underwriters may close out any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the overallotment option. "Naked" short sales are any sales in excess of the overallotment option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common shares in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of shares of common stock made by the underwriters in the open market prior to the completion of the offering. 52 Similar to other purchase transactions, the underwriters' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of the common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our common stock. In addition, neither we nor any of the representatives make any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice. ELECTRONIC OFFER, SALE AND DISTRIBUTION OF SHARES Merrill Lynch will be facilitating

Internet distribution for this offering to certain of its Internet subscription customers. Merrill Lynch intends to allocate a limited number of shares for sale to its online brokerage customers. An electronic prospectus is available on the Internet Web site maintained by Merrill Lynch. Other than the prospectus in electronic format, the information on the Merrill Lynch Web site is not part of this prospectus. OTHER RELATIONSHIPS Certain of the underwriters and their respective affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings with us in the ordinary course of business. They have received customary fees and commissions for these transactions. In addition, an affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated is one of the lenders under our secured term loan and our revolving credit facility. Because we will use the net proceeds from this offering to repay outstanding indebtedness under our term loan and revolving credit facility, that affiliate will receive an amount in proportion to its participation as a lender under those facilities, which is approximately 10.4%. LEGAL MATTERS Hogan & Hartson L.L.P., Baltimore, Maryland will pass upon the validity of the issuance of the common stock offered by this prospectus. Winston & Strawn LLP, Chicago, Illinois will pass upon certain legal matters in connection with this offering for the underwriters. EXPERTS Ernst & Young LLP, independent registered public accounting firm, has audited our consolidated financial statements at December 31, 2003 and 2002, and for each of the two years in the period ended December 31, 2003, as set forth in their report which is included in and incorporated by reference in the prospectus and elsewhere in the registration statement. We've included and incorporated by reference our financial statements in the prospectus and elsewhere in the registration statement in reliance on Ernst & Young LLP's report, given on the authority of such firm as experts in accounting and auditing. Our consolidated financial statements as of December 31, 2001, and for the year ended December 31, 2001, have been audited by Arthur Andersen LLP, independent public accountants, as stated in their report included herein. On May 30, 2002, we appointed Ernst & Young as our independent public accountants to audit our financial statements for fiscal year 2002. The decision to change auditors was not the result of any disagreement between Arthur Andersen and us on any matter of accounting principle or practice, financial statement disclosure or auditing scope or procedure. For a discussion of certain risks associated with Arthur Andersen's audit of our consolidated financial statements, see the section of this prospectus entitled "Risk Factors -- Risks Related to an Investment in Our Common Stock." 53 INCORPORATION BY REFERENCE We are incorporating information included in reports and other filings we have made with the SEC by reference, which means that we are disclosing important information to you by referring to those publicly filed documents containing the information. The information that we incorporate by reference is considered to be

part of this prospectus, and future information that we file with the SEC after the date of this prospectus and before the termination of the offering will automatically update and supersede the information in this prospectus. We incorporate by reference the documents that we have filed with the SEC that we list below: - Our Annual Report on Form 10-K for the fiscal year ended December 31, 2003, as amended; - Our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2004; - Our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2004; - Our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2004; - Our Current Reports on Form 8-K filed on June 21, September 29, as amended, and October 25, 2004; - The description of our common stock contained in our Form 8-A filed on October 4, 1991, including any amendments or reports filed to update such information; and - All documents filed by us pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus and before the termination of the offering. We will furnish without charge to each person to whom this prospectus is delivered, upon written or oral request of such person, a copy of any and all of the information that has been incorporated by reference in this prospectus (not including exhibits to the information that is incorporated by reference unless such exhibits are specifically incorporated by reference into the information that this prospectus incorporates). You should direct any requests for copies to Wabash National Corporation, 1000 Sagamore Parkway South, Lafayette, Indiana 47905, Attention: Secretary, or by telephone to our Secretary at (765) 771-5300. ADDITIONAL INFORMATION Because we are subject to the informational requirements of the Exchange Act, we file reports and other information with the SEC. Reports, registration statements, proxy and information statements and other information that we have filed can be inspected and copied at the public reference facilities maintained by the SEC at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549. You may obtain copies of this material from the Public Reference Room of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549 at rates prescribed by the SEC. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains a web site that contains reports, proxy and information statements and other information that is filed electronically with the SEC. This web site can be accessed at http://www.sec.gov. We have filed with the SEC a registration statement on Form S-3 under the Securities Act with respect to the securities offered under this prospectus. This prospectus does not contain all of the information in the registration statement, parts of which we have omitted, as allowed under the rules and regulations of the SEC. You should refer to the registration statement for further information with respect to us and our securities. Statements contained in this prospectus as to the contents of any contract or other document are not necessarily complete and, in each instance, we refer you to the copy of each

contract or document filed as an exhibit to the registration statement. Copies of the registration statement, including exhibits, may be inspected without charge at the SEC's principal office in Washington, D.C., and you may obtain copies from this office upon payment of the fees prescribed by the SEC. 54 WABASH NATIONAL CORPORATION INDEX TO FINANCIAL STATEMENTS PAGE ---- UNAUDITED FINANCIAL STATEMENTS Condensed Consolidated Balance Sheets at September 30, 2004 and December 31, 2003............................ F-2 Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2004 and 2003................................................. F-3 Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2004 and 2003.......... F-4 Notes to Condensed Consolidated Financial Statements...... F-5 AUDITED FINANCIAL STATEMENTS Report of Independent Registered Public Accounting Firm... F-12 Report of Independent Public Accountants................. F-13 Consolidated Balance Sheets as of December 31, 2003 and 2002.................................................. F-14 Consolidated Statements of Operations for the years ended December 31, 2003, 2002 and 2001....................... F-15 Consolidated Statements of Stockholders' Equity for the years ended December 31, 2003, 2002 and 2001........... F-16 Consolidated Statements of Cash Flows for the years ended December 31, 2003, 2002 and 2001....................... F-17 Notes to Consolidated Financial Statements................ F-18 F-1 WABASH NATIONAL CORPORATION CONDENSED CONSOLIDATED BALANCE SHEETS SEPTEMBER 30, DECEMBER 31, 2004 2003 ------------- ------------ (UNAUDITED) (IN THOUSANDS) ASSETS CURRENT ASSETS: Cash and cash equivalents................................ $ 14,832 $ 12,552 Accounts receivable, net................................ 134,041 66,641 Current portion of finance contracts..................... 2,680 4,727 Inventories.............................................. 113,120 84,996 Prepaid expenses and other............................... 7,400 10,249 --------- --------- Total current assets................................ 272,073 179,165 PROPERTY, PLANT AND EQUIPMENT, net......................... 125,893 130,594 EQUIPMENT LEASED TO OTHERS, net........................... 15,354 21,187 FINANCE CONTRACTS, net of current portion.................. 3,785 6,155 GOODWILL, net............................................ 36,063 36,045 OTHER ASSETS.............................................. 16,589 23,890 --------- --------- $ 469,757 $ 397,036 ========= ========= LIABILITIES AND STOCKHOLDERS' EQUITY CURRENT LIABILITIES: Current maturities of long-term debt..................... $ 8,729 $ 7,337 Accounts payable......................................... 89,348 68,437 Other accrued liabilities................................ 53,341 61,421 --------- --------- Total current liabilities........................... 151,418 137,195 LONG-TERM DEBT, net of current maturities.................. 234,234 219,979 OTHER NONCURRENT LIABILITIES AND CONTINGENCIES............. 9,476 17,700

STOCKHOLDERS' EQUITY: Preferred stock, 25,000,000 shares authorized, 0 shares issued and outstanding................................ -- -- Common stock 75,000,000 shares authorized, $0.01 par value, 27,350,725 and 26,849,257 shares issued and outstanding, respectively............................. 274 269 Additional paid-in capital............................... 249,408 242,682 Retained deficit......................................... (175,087) (220,502) Accumulated other comprehensive income.................... 1,313 992 Treasury stock at cost, 59,600 common shares.............. (1,279) (1,279) --------- --------- Total stockholders' equity........................... 74,629 22,162 --------- --------- $ 469,757 $ 397,036 ========= ========= See Notes to Condensed Consolidated Financial Statements. F-2 WABASH NATIONAL CORPORATION CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS THREE MONTHS ENDED NINE MONTHS ENDED SEPTEMBER 30, SEPTEMBER 30, ----------------- ----------------- 2004 2003 2004 2003 ---- ---- ---- ---- (UNAUDITED) (IN THOUSANDS, EXCEPT PER SHARE AMOUNTS) NET SALES......................................... $277,243 $215,450 $753,739 $668,189 COST OF SALES..................................... 240,321 198,438 657,060 603,366 LOSS ON ASSET IMPAIRMENT.......................... -- -- -- 28,500 -------- -------- -------- -------- Gross profit.................................... 36,922 17,012 96,679 36,323 GENERAL AND ADMINISTRATIVE EXPENSES................ 10,389 11,792 31,073 32,318 SELLING EXPENSES.................................. 3,775 4,627 11,401 15,555 -------- -------- -------- -------- Income (loss) from operations................... 22,758 593 54,205 (11,550) OTHER INCOME (EXPENSE): Interest expense................................ (2,944) (8,746) (8,610) (27,630) Foreign exchange gains and losses, net........... 486 (271) (59) 5,318 Loss on debt extinguishment..................... -- (18,940) -- (18,940) Other, net...................................... 414 (2,277) 798 (2,677) -------- -------- -------- -------- Income (loss) before income taxes................ 20,714 (29,641) 46,334 (55,479) INCOME TAX PROVISION.............................. 420 -- 919 -- -------- -------- -------- -------- Net income (loss)................................ 20,294 (29,641) 45,415 (55,479) PREFERRED STOCK DIVIDENDS......................... -- 264 -- 792 -------- -------- -------- -------- NET INCOME (LOSS) APPLICABLE TO COMMON STOCKHOLDERS.................................... $ 20,294 $(29,905) $ 45,415 $(56,271) ======== ======== ======== ======== BASIC NET INCOME (LOSS) PER SHARE.................. $ 0.74 $ (1.16) $ 1.67 $ (2.19) ======== ======== ======== ======== DILUTED NET INCOME (LOSS) PER SHARE................ $ 0.62 $ (1.16) $ 1.42 $ (2.19) ======== ======== ======== ======== COMPREHENSIVE INCOME (LOSS) Net income (loss)................................ $ 20,294 $(29,641) $ 45,415 $(55,479) Foreign currency translation adjustment.......... 1,143 (208) 321 236 -------- -------- -------- -------- NET COMPREHENSIVE INCOME (LOSS).................... $ 21,437

$(29,849) $ 45,736 $(55,243) ======== ======== ======== ======== See Notes to Condensed Consolidated Financial Statements. F-3 WABASH NATIONAL CORPORATION CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS NINE MONTHS ENDED SEPTEMBER 30, ---------------------- 2004 2003 ---- ---- (DOLLARS IN THOUSANDS) CASH FLOWS FROM OPERATING ACTIVITIES: Net income (loss)........................................ $ 45,415 $ (55,479) Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities: Depreciation and amortization......................... 14,745 19,115 Net (gain) loss on the sale of assets................. (405) 652 Provision for losses on accounts receivable and finance contracts............................................ (30) 1,011 Cash used for restructuring activities................ (2,993) (229) Trailer valuation charges............................. 415 2,261 Loss on debt extinguishment........................... -- 18,940 Loss on asset impairment.............................. -- 28,500 Changes in operating assets and liabilities: Accounts receivable................................. (67,370) (53,771) Inventories......................................... (26,989) 22,732 Refundable income taxes............................. 72 921 Prepaid expenses and other.......................... 1,202 4,328 Accounts payable and accrued liabilities............ 15,844 7,630 Other, net......................................... 1,145 1,526 --------- --------- Net cash used in operating activities............ (18,949) (1,863) --------- --------- CASH FLOWS FROM INVESTING ACTIVITIES: Capital expenditures..................................... (5,760) (3,747) Proceeds from asset sales................................ -- 53,479 Proceeds from sale of leased equipment and finance contracts............................................. -- 5,305 Principal payments received on finance contracts.......... 4,039 5,969 Proceeds from the sale of property, plant and equipment... 2,116 1,762 --------- --------- Net cash provided by investing activities......... 395 62,768 --------- --------- CASH FLOWS FROM FINANCING ACTIVITIES: Proceeds from issuance of bank term loan and revolving credit facility...................................... -- 135,309 Proceeds from issuance of convertible senior notes........ -- 125,000 Proceeds from exercise of stock options.................. 5,187 1,687 Borrowings under trade receivables and revolving credit facilities.......................................... 534,916 109,618 Payments under trade receivables and revolving credit facilities........................................... (511,999) (109,618) Payments under long-term debt and capital lease obligations........................................... (7,270) (344,322) Preferred stock dividends................................ -- (1,584) Debt issuance costs paid................................. -- (10,077) --------- --------- Net cash provided by (used in) financing activities..................................... 20,834 (93,987) --------- --------- NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS........ 2,280 (33,082) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD........... 12,552 35,659 --------- --------- CASH AND

CASH EQUIVALENTS AT END OF PERIOD................. $ 14,832 $ 2,577 ========= ========= See Notes to Condensed Consolidated Financial Statements. F-4 WABASH NATIONAL CORPORATION NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) 1. GENERAL The condensed consolidated financial statements of Wabash National Corporation (the Company) have been prepared without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, the accompanying condensed consolidated financial statements contain all material adjustments (consisting only of normal recurring adjustments) necessary to present fairly the consolidated financial position of the Company, its results of operations and cash flows. The condensed consolidated financial statements included herein should be read in conjunction with the consolidated financial statements and the notes thereto included elsewhere in this prospectus. Certain items previously reported in specific condensed consolidated financial statement captions have been reclassified to conform to the 2004 presentation. During the period ended September 30, 2004, there were no accounting pronouncements issued that would have an affect on the Company's financial position, results of operations, or cash flow. 2. INVENTORIES Inventories consisted of the following (in thousands): SEPTEMBER 30, DECEMBER 31, 2004 2003 ------------ ------------ Raw material and components......................... $ 35,977 $24,189 Work in process..................................... 4,912 4,364 Finished goods...................................... 53,294 38,198 After-market parts.................................. 6,210 5,953 Used trailers...................................... 12,727 12,292 -------- ------- $113,120 $84,996 ======== ======= 3. RESTRUCTURING AND OTHER RELATED CHARGES In connection with the Company's exit from manufacturing product for export outside the North American market, international leasing and financing activities and the consolidation of certain domestic operations in 2000, charges totaling $48.2 million were recorded, of which $47.9 million has been utilized. During the third quarter of 2004, the Company reached a final settlement of $1.8 million related to certain of its financial and equipment guarantee obligations. At September 30, 2004, the remaining reserve balance amounted to $0.3 million. 4. DEBT The Company has $125 million of 3.25% senior unsecured convertible notes (Convertible Notes) due August 1, 2008, which are convertible into approximately 6.5 million shares of the Company's stock. The notes have a conversion price of $19.20 or a rate of 52.0833 shares per $1,000 principal amount of notes. Interest is payable semi-annually on February 1 and August 1. The Company has an asset-based loan facility (ABL Facility) due September 23, 2006 that includes a $31.7 million

term loan and a $175 million revolver. The revolver is secured by inventory and accounts receivable and the amount available to borrow varies in relation to the balances of those accounts. As of September 30, 2004, borrowing capacity under the revolver was $148.4 million, of which F-5 WABASH NATIONAL CORPORATION NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) $83.3 million was outstanding. Interest on the revolver is at the London Interbank Offer Rate (LIBOR) plus 225 basis points, or the bank's prime rate plus 25 basis points. At September 30, 2004, the 30-day LIBOR rate was 1.8401%. The Company pays a commitment fee on the unused portion of the facility at a rate of 37.5 basis points per annum. For the quarter ended September 30, 2004, the weighted average interest rate was 4.43%. The term loan is secured by the Company's property, plant and equipment. Interest is variable, based on LIBOR plus 225 basis points, or the bank's prime rate plus 25 basis points. For the quarter ended September 30, 2004, the weighted average interest rate was 4.32%. Quarterly principal payments of $1.7 million commenced on January 1, 2004. On September 29, 2004, the Company amended its ABL Facility. Most notably, the amendment lowered the Company's interest rate by 25 basis points and up to 100 basis points depending upon the Company's fixed charge coverage ratio, eliminated the requirement to make excess cash flow payments beginning in April 2005 and increased capital expenditure limits from $15 million to $20 million in 2005. There were no changes in the maturity date or scheduled payments under the ABL Facility. The ABL Facility agreement contains covenants that require, among other things, minimum fixed charge coverage and maximum senior debt to EBITDA coverage. Also, the agreement places limits on capital expenditures and additional borrowings. As of September 30, 2004, the Company was in compliance with all loan covenants. Scheduled maturities for the remainder of 2004 and future years are as follows (in thousands):
2004...................................................... $ 2,182
2005...................................................... 8,729
2006...................................................... 107,052
2007...................................................... --
2008...................................................... 125,000 -------- 242,963
Less: Current maturities.................................. (8,729) --------
$234,234 ======== 5. STOCK-BASED COMPENSATION The Company follows APB No. 25, Accounting for Stock Issued to Employees, in accounting for its stock options and, accordingly, no compensation cost has been recognized for stock options in the consolidated financial statements. In accordance with SFAS No. 148, Accounting for Stock Based Compensation Transition and Disclosure, the following table illustrates the effect on net income and net F-6 WABASH NATIONAL CORPORATION NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) income per share as if the Company had applied the fair value recognition provisions of SFAS No. 123, Accounting

for Stock Based Compensation to stock-based employee compensation. THREE MONTHS NINE MONTHS ENDED ENDED SEPTEMBER 30, SEPTEMBER 30, ---------------------- ---------------------- 2004 2003 2004 2003 ---- ---- ---- ---- (IN THOUSANDS, EXCEPT FOR PER SHARE AMOUNTS) Reported net income (loss)............ $20,294 $(29,641) $45,415 $(55,479) Pro forma stock-based compensation expense (net of tax)................ (588) (748) (1,710) (1,985) ------- -------- ------- -------- Proforma net income (loss)............ $19,706 $(30,389) $43,705 $(57,464) ======= ======== ======= ======== Basic earnings per share: Reported net income (loss) per share........................... $ 0.74 $ (1.16) $ 1.67 $ (2.19) Proforma stock-based compensation expense (net of tax) per share... (0.02) (0.03) (0.06) (0.07) ------- -------- ------- -------- Pro forma net income (loss) per share........................... $ 0.72 $ (1.19) $ 1.61 $ (2.26) ======= ======== ======= ======== Diluted earnings per share: Reported net income (loss) per share........................... $ 0.62 $ (1.16) $ 1.42 $ (2.19) Pro forma stock-based compensation expense (net of tax) per share... (0.02) (0.03) (0.05) (0.07) ------- -------- ------- -------- Pro forma net income (loss) per share........................... $ 0.60 $ (1.19) $ 1.37 $ (2.26) ======= ======== ======= ======== 6. CONTINGENCIES A. LITIGATION Various lawsuits, claims and proceedings have been or may be instituted or asserted against the Company arising in the ordinary course of business, including those pertaining to product liability, labor and health related matters, successor liability, environmental 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 the Company's financial position, liquidity or results of operations. Brazil Joint Venture In March 2001, Bernard Krone Industria e Comercio de Maquinas Agricolas Ltda. ("BK") filed suit against the Company in the Fourth Civil Court of Curitiba in the State of Parana, Brazil. This action seeks recovery of damages plus pain and suffering. 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 Parana (No. 232/99). This case grows out of a joint venture agreement between BK and the Company, which was generally intended to permit BK and the Company to market the RoadRailer(R) trailer 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 the Company alleging among other things that it was forced to terminate business with other companies because of the exclusivity and F-7 WABASH NATIONAL

CORPORATION NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) non-compete clauses purportedly found in the joint venture agreement. In its complaint, BK asserts that it has been damaged by these alleged wrongs by the Company in the approximate amount of $8.4 million. The Company answered the complaint in May 2001, denying any wrongdoing. The Company believes that the claims asserted against it by BK are without merit and intends to defend itself vigorously against those claims. The Company believes that the resolution of this lawsuit will not have a material adverse effect on its financial position, liquidity or future results of operations; however, at this early stage of the proceeding, no assurance can be given as to the ultimate outcome of the case. Environmental In September 2003, the Company was noticed as a potentially responsible party (PRP) by the United States 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 disposed of. EPA's allegation that the Company was a PRP arises out of the operation of a former branch facility located approximately five miles from the original site. The Company does not expect that these proceedings will have a material adverse effect on the Company's financial condition or results of operations. On September 28, 2004, the Company entered a plea to two misdemeanor violations of the Clean Water Act and agreed to pay a $0.4 million fine pursuant to a plea agreement. In addition, the Company and the United States Environmental Protection Agency (the EPA) have concluded negotiations regarding the terms and conditions of a compliance agreement that involves environmental training, auditing and similar activities by the Company. The compliance agreement is currently awaiting signature by the EPA. The Company does not believe that the entering into of the compliance agreement will have a material adverse impact on the results or operations of the Company. F-8 WABASH NATIONAL CORPORATION NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) 7. NET INCOME PER SHARE Per share results have been computed based on the average number of common shares outstanding. The following table presents the number of incremental weighted average shares used in computing diluted per share amounts (in thousands, except per share amounts): THREE MONTHS ENDED NINE MONTHS ENDED SEPTEMBER 30, SEPTEMBER 30, ------------------ ------------------ 2004 2003 2004 2003 ------- -------- ------- -------- Basic earnings (loss) per share: Net income (loss) applicable to common stockholders.............. $20,294 $(29,905) $45,415 $(56,271) ======= ======== ======= ======== Weighted average common shares outstanding...................... 27,314 25,802 27,150 25,721 ======= ======== ======= ======== Basic income (loss) per share....... $ 0.74 $ (1.16) $ 1.67 $ (2.19)

======= ======== ======= ======== Diluted earnings (loss) per share: Net income (loss) applicable to common stockholders.............. $20,294 $(29,905) $45,415 $(56,271) After-tax equivalent of interest on convertible notes................ 1,210 -- 3,618 -- ------- -------- ------- -------- Diluted net income (loss) applicable to common stockholders........... $21,504 $(29,905) $49,033 $(56,271) ======= ======== ======= ======== Weighted average common shares outstanding...................... 27,314 25,802 27,150 25,721 Dilutive stock options/shares....... 721 -- 870 -- Convertible notes equivalent shares........................... 6,510 -- 6,510 -- ------- -------- ------- -------- Diluted weighted average common shares outstanding............... 34,545 25,802 34,530 25,721 ======= ======== ======= ======== Diluted income (loss) per share..... $ 0.62 $ (1.16) $ 1.42 $ (2.19) ======= ======== ======= ======== The 2003 diluted weighted average shares outstanding excluded the antidilutive effects of preferred stock convertible into 823,200 shares, and 356,787 shares and 179,671 shares of stock options for the three and nine months, respectively. 8. SEGMENTS The Company has two reportable segments: manufacturing and retail and distribution. The manufacturing segment produces and sells new trailers to the retail and distribution segment or to customers who purchase trailers direct or through independent dealers. The retail and distribution segment includes the sale, leasing and financing of new and used trailers, as well as the sale of aftermarket parts and service through its retail branch network. In addition, the retail and distribution segment in 2003 included the sale of after-market parts. F-9 WABASH NATIONAL CORPORATION NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) Reportable segment information is as follows (in thousands): THREE MONTHS ENDED RETAIL AND CONSOLIDATED SEPTEMBER 30, 2004 MANUFACTURING DISTRIBUTION ELIMINATIONS TOTALS ------------------ ------------ ------------ ------------ ------------ Net Sales External customers.......... $215,522 $ 61,721 $ -- $277,243 Intersegment sales.......... 24,849 -- (24,849) -- -------- -------- --------- -------- Total Net Sales............... $240,371 $ 61,721 $ (24,849) $277,243 ======== ======== ========= ======== Income (Loss) from Operations.................. $ 20,599 $ 509 $ 1,650 $ 22,758 Assets........................ $444,988 $187,165 $(162,396) $469,757 THREE MONTHS ENDED SEPTEMBER 30, 2003 ------------------ Net Sales External customers.......... $147,093 $ 68,357 $ -- $215,450 Intersegment sales.......... 5,707 265 (5,972) -- -------- -------- --------- -------- Total Net Sales............... $152,800 $ 68,622 $ (5,972) $215,450 ======== ======== ========= ======== Income (Loss) from Operations.................. $ 2,387 $ (1,815) $ 21 $ 593 Assets........................ $393,449 $216,407 $(161,879) $447,977 NINE MONTHS ENDED SEPTEMBER 30, 2004 ------------------ Net Sales External customers.......... $575,266 $178,473 $ -- $753,739 Intersegment sales.......... 81,140 1,975

(83,115) -- -------- -------- --------- -------- Total Net Sales............... $656,406 $180,448 $ (83,115) $753,739 ======== ======== ========= ======== Income (Loss) from Operations.................. $ 56,402 $ (1,547) $ (650) $ 54,205 Assets........................ $444,988 $187,165 $(162,396) $469,757 NINE MONTHS ENDED SEPTEMBER 30, 2003 ------------------ Net Sales External customers.......... $446,714 $221,475 $ -- $668,189 Intersegment sales.......... 40,226 878 (41,104) -- -------- -------- --------- -------- Total Net Sales............... $486,940 $222,353 $ (41,104) $668,189 ======== ======== ========= ======== Income (Loss) from Operations.................. $ 21,202 $(33,072) $ 320 $(11,550) Assets........................ $393,449 $216,407 $(161,879) $447,977 Product Information The Company offers products primarily in three categories: new trailers, used trailers and parts and service. Other sales include leasing revenues, interest income from finance contracts and freight. The F-10 WABASH NATIONAL CORPORATION NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) following table sets forth the major product categories and their percentage of total net sales (dollars in thousands): THREE MONTHS ENDED SEPTEMBER 30, NINE MONTHS ENDED SEPTEMBER 30, ------------------------------- -------------------------------- 2004 2003 2004 2003 --------------- --------------- --------------- --------------- $ % $ % $ % $ % - - - - - - - - New Trailers......... 243,047 87.7 162,374 75.4 657,571 87.2 499,813 74.8 Used Trailers........ 14,485 5.2 16,514 7.7 40,963 5.5 53,273 8.0 Parts & Service...... 15,654 5.6 27,071 12.6 43,988 5.8 85,805 12.8 Other................ 4,057 1.5 9,491 4.3 11,217 1.5 29,298 4.4 ------- ----- ------- ----- ------- ----- ------- ----- Total Net Sales...... 277,243 100.0 215,450 100.0 753,739 100.0 668,189 100.0 ======= ===== ======= ===== ======= ===== ======= ===== 9. RECENT DEVELOPMENT On October 12, 2004, the Company filed a registration statement with the Securities and Exchange Commission in connection with its plan to sell up to 3,000,000 shares of common stock through an underwritten public offering to be managed by Merrill Lynch & Co., Bear, Stearns & Co. Inc. and BB&T Capital Markets. In addition, the Company may sell up to 450,000 shares to cover an underwriters over-allotment option. The Company intends to use all of the net proceeds from this public offering to repay a portion of its outstanding secured bank indebtedness. F-11 REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM To the Shareholders of Wabash National Corporation: We have audited the accompanying consolidated balance sheets of Wabash National Corporation as of December 31, 2003 and 2002, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the two years in the period ended December 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The consolidated

financial statements of Wabash National Corporation for the year ended December 31, 2001, were audited by other auditors who have ceased operations. Those auditors expressed an unqualified opinion on those financial statements in their report dated April 12, 2002. We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion. In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Wabash National Corporation as of December 31, 2003 and 2002, and the consolidated results of its operations and its cash flows for each of the two years in the period ended December 31, 2003, in conformity with U.S. generally accepted accounting principles. ERNST & YOUNG LLP Indianapolis, Indiana February 5, 2004 F-12 This report is a copy of a report previously issued by Arthur Andersen LLP. The report has not been reissued by Arthur Andersen nor has Arthur Andersen LLP provided a consent to the inclusion of its report in this prospectus. REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS To the Shareholders of Wabash National Corporation: We have audited the accompanying consolidated balance sheets of WABASH NATIONAL CORPORATION (a Delaware corporation) and subsidiaries as of December 31, 2001 and 2000, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion. In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Wabash National Corporation and subsidiaries as of December 31, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in

the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States. ARTHUR ANDERSEN LLP Indianapolis, Indiana, April 12, 2002. F-13 WABASH NATIONAL CORPORATION CONSOLIDATED BALANCE SHEETS DECEMBER 31, ------------ 2003 2002 ---- ---- (DOLLARS IN THOUSANDS) ASSETS CURRENT ASSETS: Cash and cash equivalents................................ $ 12,552 $ 35,659 Accounts receivable, net................................ 66,641 34,396 Current portion of finance contracts..................... 4,727 9,528 Inventories............................................. 84,996 134,872 Prepaid expenses and other............................... 10,249 18,299 --------- --------- Total current assets................................ 179,165 232,754 PROPERTY, PLANT AND EQUIPMENT, net......................... 130,594 145,703 EQUIPMENT LEASED TO OTHERS, net........................... 21,187 100,837 FINANCE CONTRACTS, net of current portion.................. 6,155 22,488 GOODWILL, net............................................. 36,045 34,652 OTHER ASSETS............................................... 23,890 29,135 --------- --------- $ 397,036 $ 565,569 ========= ========= LIABILITIES AND STOCKHOLDERS' EQUITY CURRENT LIABILITIES: Current maturities of long-term debt..................... $ 7,337 $ 42,961 Current maturities of capital lease obligations.......... -- 12,860 Accounts payable........................................ 68,437 60,457 Other accrued liabilities................................ 61,421 61,424 --------- --------- Total current liabilities........................... 137,195 177,702 LONG-TERM DEBT, net of current maturities.................. 219,979 239,043 LONG-TERM CAPITAL LEASE OBLIGATIONS, net of current maturities............................................... -- 51,993 OTHER NONCURRENT LIABILITIES AND CONTINGENCIES............. 17,700 22,847 STOCKHOLDERS' EQUITY: Preferred stock, 25 million shares authorized, 0 and 352,000 shares issued and outstanding with an aggregate liquidation value of $0 and $17,600 respectively....... -- 3 Common stock, 75 million shares authorized, $0.01 par value, 26,849,257 and 25,647,060 shares issued and outstanding, respectively............................. 269 257 Additional paid-in capital............................... 242,682 237,489 Retained deficit........................................ (220,502) (162,222) Accumulated other comprehensive income (loss)............ 992 (264) Treasury stock at cost, 59,600 common shares.............. (1,279) (1,279) --------- --------- Total stockholders' equity.......................... 22,162 73,984 --------- --------- $ 397,036 $ 565,569 ========= ========= The accompanying notes are an integral part of these Consolidated Statements. F-14 WABASH NATIONAL CORPORATION CONSOLIDATED STATEMENTS OF OPERATIONS YEARS ENDED DECEMBER 31, ----------------------- 2003 2002 2001 ---- ---- ---- (DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS) NET SALES.................................................. $887,940 $819,568 $ 863,392 COST OF SALES............................................. 810,746

777,117 972,105 LOSS ON ASSET IMPAIRMENT................................... 28,500 2,000 10,500 -------- -------- --------- Gross profit (loss)................................... 48,694 40,451 (119,213) GENERAL AND ADMINISTRATIVE EXPENSES......................... 37,383 53,897 56,955 SELLING EXPENSES........................................... 20,333 23,501 25,370 RESTRUCTURING CHARGE....................................... -- 1,813 37,864 -------- -------- --------- Loss from operations.................................. (9,022) (38,760) (239,402) OTHER INCOME (EXPENSE): Interest expense......................................... (30,162) (30,873) (21,292) Trade receivables facility costs......................... (1,022) (4,072) (2,228) Foreign exchange gains and losses, net.................... 5,291 5 (1,706) Equity in losses of unconsolidated affiliate.............. -- -- (7,668) Restructuring charges.................................... -- -- (1,590) Loss on debt extinguishment............................... (19,840) (1,314) -- Other, net............................................... (2,472) 3,546 (1,139) -------- -------- --------- Loss before income taxes.................................. (57,227) (71,468) (275,025) INCOME TAX BENEFIT......................................... -- (15,278) (42,857) -------- -------- --------- Net loss.................................................... $(57,227) $(56,190) $(232,168) PREFERRED STOCK DIVIDENDS.................................. 1,053 1,563 1,845 -------- -------- --------- NET LOSS APPLICABLE TO COMMON STOCKHOLDERS.................. $(58,280) $(57,753) $(234,013) ======== ======== ========= BASIC AND DILUTED NET LOSS PER SHARE........................ $ (2.26) $ (2.43) $ (10.17) ======== ======== ========= COMPREHENSIVE LOSS Net loss................................................ $(57,227) $(56,190) $(232,168) Foreign currency translation adjustment.................. 1,256 42 (306) -------- -------- --------- NET COMPREHENSIVE LOSS..................................... $(55,971) $(56,148) $(232,474) ======== ======== ========= The accompanying notes are an integral part of these Consolidated Statements. F-15 WABASH NATIONAL CORPORATION CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY OTHER PREFERRED STOCK COMMON STOCK ADDITIONAL RETAINED COMPREHENSIVE --------------- ------------ PAID-IN EARNINGS INCOME TREASURY SHARES AMOUNT CAPITAL AMOUNT CAPITAL (DEFICIT) (LOSS) STOCK TOTAL ------ ------ ------- ------ ---------- --------- ------------ -------- ----- (DOLLARS IN THOUSANDS) BALANCES, December 31, 2000................ 482,041 $ 5 23,002,490 $230 $236,660 $ 131,617 $ -- $(1,279) $ 367,233 Net loss for the year............. -- -- -- -- -- (232,168) -- -- (232,168) Foreign currency translation....... -- -- -- -- -- -- (306) -- (306) Cash dividends declared: Common stock ($0.09 per share).......... -- -- -- -- -- (2,073) -- -- (2,073) Preferred stock... -- -- -- -- -- (1,845) -- -- (1,845) Common stock issued under: Employee stock purchase plan... -- -- 7,138 -- 70 -- -- -- 70 Employee stock bonus plan...... -- -- 1,960 -- 27 -- -- -- 27 Outside directors' plan........... -- -- 2,259 --

47 -- -- -- 47 -------- --- ---------- ---- -------- --------- ----- ------- --------- BALANCES, December 31, 2001................ 482,041 $ 5 23,013,847 $230 $236,804 $(104,469) $(306) $(1,279) $ 130,985 Net loss for the year............. -- -- -- -- -- (56,190) -- -- (56,190) Foreign currency translation....... -- -- -- -- -- -- 42 -- 42 Preferred stock dividends......... -- -- -- -- -- (1,563) -- -- (1,563) Preferred stock conversion........ (130,041) (2) 2,589,687 26 334 -- -- -- 358 Common stock issued under: Employee stock purchase plan... -- -- 5,312 1 47 -- -- -- 48 Employee stock bonus plan...... -- -- 10,300 -- 89 -- -- -- 89 Stock option plan............ -- -- 11,168 -- 82 -- -- -- 82 Outside directors' plan............ -- -- 16,746 -- 133 -- -- -- 133 -------- --- ---------- ---- -------- --------- ----- ------- --------- BALANCES, December 31, 2002................ 352,000 $ 3 25,647,060 $257 $237,489 $(162,222) $(264) $(1,279) $ 73,984 Net loss for the year............. -- -- -- -- -- (57,227) -- -- (57,227) Foreign currency translation....... -- -- -- -- -- -- 1,256 -- 1,256 Preferred stock dividends......... -- -- -- -- -- (1,053) -- -- (1,053) Preferred stock conversion........ (352,000) (3) 823,256 8 (7) -- -- -- (2) Restricted stock amortization...... -- -- -- -- 225 -- -- -- 225 Common stock issued under: Employee stock bonus plan...... -- -- 6,370 -- 74 -- -- -- 74 Stock option plan............ -- -- 360,114 4 4,800 -- -- -- 4,804 Outside directors' plan............ -- -- 12,457 -- 101 -- -- -- 101 -------- --- ---------- ---- -------- --------- ----- ------- --------- BALANCES, December 31, 2003................ -- $-- 26,849,257 $269 $242,682 $(220,502) $ 992 $(1,279) $ 22,162 ======== === ========== ==== ======== ========= ===== ======= ========= The accompanying notes are an integral part of these Consolidated Statements. F-16 WABASH NATIONAL CORPORATION CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, ----------------------- 2003 2002 2001 ---- ---- ---- (DOLLARS IN THOUSANDS) CASH FLOWS FROM OPERATING ACTIVITIES: Net loss................................................. $ (57,227) $ (56,190) $(232,168) Adjustments to reconcile net cash provided by (used in) operating activities: Depreciation and amortization............................ 23,788 28,626 32,143 Net (gain) loss on the sale of assets.................... 723 (1,322) (504) Provision for losses on accounts receivable and finance contracts............................................ 474 9,773 20,959 Deferred income taxes.................................. -- -- (14,441) Equity in losses of unconsolidated affiliate............. -- -- 7,183 Cash used for restructuring activities................... (3,372) (373) (6,988) Restructuring and other related charges.................. -- 1,813 41,067 Used trailer valuation charges........................... 2,562 5,443 62,134 Loss contingencies...................................... -- 2,831 27,400 Loss on debt extinguishment.............................. 19,840 1,314 -- Loss on asset impairments................................ 28,500 2,000 10,500 Change in operating assets and liabilities: Accounts receivable.................................... (40,749) 19,695 1,790 Inventories............................................ 51,416 58,335 107,755 Refundable income taxes................................ 824 24,762 (20,121)

Prepaid expenses and other............................. 5,009 (4,016) 3,863 Accounts payable and accrued liabilities................ 11,286 9,776 (34,443) Other, net............................................ (1,280) 1,815 261 --------- --------- --------- Net cash provided by (used in) operating activities..... 41,794 104,282 6,390 --------- --------- --------- CASH FLOWS FROM INVESTING ACTIVITIES: Capital expenditures...................................... (6,518) (5,703) (5,899) Additions to equipment leased to others..................... -- (9,792) (70,444) Additions to finance contracts............................. -- (7,718) (18,662) Acquisitions, net of cash acquired......................... -- -- (6,336) Investment in unconsolidated affiliate..................... -- -- (7,183) Proceeds from Asset Sales.................................. 53,479 -- -- Proceeds from sale of leased equipment and finance contracts................................................ 15,189 5,337 60,556 Principal payments received on finance contracts............ 7,778 13,278 6,787 Proceeds from the sale of property, plant and equipment..... 6,861 16,617 426 --------- --------- --------- Net cash provided by (used in) investing activities..... 76,789 12,019 (40,755) --------- --------- --------- CASH FLOWS FROM FINANCING ACTIVITIES: Proceeds from issuance of bank term loan and revolving credit facility.......................................... 135,309 80,402 -- Proceeds from convertible senior notes..................... 125,000 -- -- Proceeds from exercise of stock options.................... 4,804 351 144 Borrowings under trade receivables and revolving credit facilities.............................................. 197,650 56,798 428,776 Payments under trade receivables and revolving credit facilities.............................................. (225,501) (146,491) (361,006) Payments under long-term debt and capital lease obligations.............................................. (367,089) (78,589) (21,738) Common stock dividends paid................................ -- -- (2,991) Preferred stock dividends paid............................. (1,584) (443) (1,879) Debt issuance costs paid................................... (10,279) (3,805) -- --------- --------- --------- Net cash provided by (used in) financing activities..... (141,690) (91,777) 41,306 --------- --------- --------- NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS........ (23,107) 24,524 6,941 CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD........... 35,659 11,135 4,194 --------- --------- --------- CASH AND CASH EQUIVALENTS AT END OF PERIOD................. $ 12,552 $ 35,659 $ 11,135 ========= ========= ========= Supplemental disclosures of cash flow information: Cash paid during the period for: Interest.............................................. $ 21,774 $ 27,913 $ 20,230 Income taxes refunded, net............................ $ (832) $ (38,153) $ (7,047) The accompanying notes are an integral part of these Consolidated Statements. F-17 WABASH NATIONAL CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS 1. DESCRIPTION OF THE BUSINESS, INDUSTRY AND FINANCIAL CONDITION Wabash National Corporation (the Company) designs, manufactures and markets standard and

customized truck trailers and intermodal equipment under the Wabash(R), FreightPro(R), ArcticLite(R) and RoadRailer(R) trademarks. The Company's wholly-owned subsidiary, Wabash National Trailer Centers, Inc. (WNTC), sells new and used trailers through its retail network and provides aftermarket parts and maintenance service for the Company's and competitors' trailers and related equipment. After achieving the recent peak production of over 305,000 units in 1999, the North American trucking industry suffered three years of declining production bottoming at just under 140,000 units in 2002. As a result of these conditions, the Company implemented a comprehensive plan to scale its operations to meet demand and to survive. Beginning in 2001 and continuing into 2002, the Company closed two of its three trailer assembly facilities, conducted an employee layoff for the first time in the Company's history, liquidated approximately $110 million of used trailers under an aggressive liquidation plan, completed the divestiture of its European operations, closed approximately 10 of its 49 factory-owned branch locations, closed one of its two wood flooring facilities and closed one of two parts distribution centers. As a result of these steps, the Company increased its liquidity position (cash on hand and available borrowings under existing credit facilities) from approximately $19 million as of September 30, 2001 to approximately $78 million at the end of 2002. These actions also began to improve the results from operations during 2002. The net losses incurred in both 2001 and 2002 resulted in the Company being in technical violation of financial covenants with certain of its lenders on December 31, 2001 and on February 28, 2003. The Company received a waiver of the violation from its lenders and subsequently amended its debt agreements to cure the violations. In 2003, the truck trailer industry rebounded with production reaching approximately 183,000 units. Buoyed by improving industry and general economic conditions the Company continued its operational and financial turnaround by: - selling certain assets of the rental and leasing and wholesale parts businesses, former branch properties and a large portion of its finance portfolios -- proceeds totaling approximately $75 million used to reduce on and off balance sheet debt; - refinancing the Company's debt through the sale of $125 million of 3.25% senior unsecured convertible notes and the completion of a $222 million bank facility -- extending required repayment terms and significantly reducing interest rates; and - continuing the streamlining of the retail and distribution organization -- closing 12 locations. 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES a. Basis of Consolidation The consolidated financial statements reflect the accounts of the Company and its wholly-owned and majority-owned subsidiaries with the exception of ETZ, which as discussed in Footnote 5 was divested in January 2002. Accordingly, ETZ's operating results are included in Equity in Losses of Unconsolidated Affiliate in the Consolidated Statements of Operations. All significant intercompany profits, transactions and balances have been eliminated in consolidation.

Certain reclassifications have been made to prior periods to conform to the current year presentation. These reclassifications had no effect on net losses for the periods previously reported. F-18 WABASH NATIONAL CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) b. Use of Estimates The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that directly affect the amounts reported in its consolidated financial statements and accompanying notes. Actual results could differ from these estimates. c. Foreign Currency Accounting The financial statements of the Company's Canadian subsidiary have been translated into U.S. dollars in accordance with Financial Accounting Standards Board (FASB) Statement No. 52, Foreign Currency Translation. Assets and liabilities have been translated using the exchange rate in effect at the balance sheet date. Revenues and expenses have been translated using a weighted-average exchange rate for the period. The resulting translation adjustments are recorded as Accumulated Other Comprehensive Income (Loss) in Stockholders' Equity. Gains or losses resulting from foreign currency transactions are included in Foreign Exchange Gains and Losses, net on the Company's Consolidated Statements of Operations. The Company recorded foreign currency (gains) losses of ($5.3) million in 2003, $0 million in 2002 and $1.7 million in 2001. As a result of a reevaluation of the retail and distribution business, the Company concluded to close 12 locations, including two in Canada. In addition, the review resulted in management designating $30 million CDN of intercompany loans to its Canadian subsidiary as a permanent investment. Accordingly, beginning July 1, 2003 gains and losses associated with the permanent investment were charged to Accumulated Other Comprehensive Income (Loss) on the Consolidated Balance Sheets. As of December 31, 2003, accumulated gains of $0.9 million have been recorded related to this permanent investment. d. Revenue Recognition The Company recognizes revenue from the sale of trailers and aftermarket parts when the customer has made a fixed commitment to purchase the trailers for a fixed or determinable price, collection is reasonably assured under the Company's billing and credit terms and ownership and all risk of loss has been transferred to the buyer, which is normally upon shipment or pick up by the customer. The Company recognizes revenue from direct finance leases based upon a constant rate of return while revenue from operating leases is recognized on a straight-line basis in an amount equal to the invoiced rentals. e. Used Trailer Trade Commitments The Company has commitments with certain customers to accept used trailers on trade for new trailer purchases. These commitments arise in the normal course of business related to future new trailer orders. The Company has accepted trade-ins from customers of approximately $32.8 million, $40.5 million, and $135.5 million in

2003, 2002 and 2001, respectively. As of December 31, 2003 and 2002, the Company had approximately $6.1 million and $7.0 million, respectively, of outstanding trade commitments with customers. The net realizable value of these commitments was approximately $6.1 million and $6.4 million as of December 31, 2003 and 2002, respectively. The Company's policy is to recognize losses related to these commitments, if any, at the time the new trailer revenue is recognized. f. Cash and Cash Equivalents Cash equivalents consist of highly liquid investments, which are readily convertible into cash and have maturities of three months or less. F-19 WABASH NATIONAL CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) g. Accounts Receivable and Finance Contracts Accounts receivable and finance contracts are shown net of allowance for doubtful accounts. Accounts receivable primarily includes trade receivables. The Company records and maintains a provision for doubtful accounts for customers based upon a variety of factors including the Company's historical experience, the length of time the account has been outstanding and the financial condition of the customer. If the circumstances related to specific customers were to change, the Company's estimates with respect to the collectibility of the related accounts could be further adjusted. Provisions to the allowance for doubtful accounts are charged to General and Administrative Expenses on the Consolidated Statements of Operations. The activity in the allowance for doubtful accounts was as follows (in thousands): YEARS ENDED DECEMBER 31, ----------------------- 2003 2002 2001 ---- ---- ---- Balance at beginning of year................... $ 16,217 $14,481 $ 3,745 Provision.................................... 474 9,773 20,959 Write-offs, net.............................. (12,531) (8,037) (10,223) -------- ------- -------- Balance at end of year......................... $ 4,160 $16,217 $ 14,481 ======== ======= ======== h. Inventories Inventories are primarily stated at the lower of cost, determined on the first-in, first-out (FIFO) method, or market. The cost of manufactured inventory includes raw material, labor and overhead. Inventories consist of the following (in thousands): DECEMBER 31, ----------- 2003 2002 ---- ---- Raw materials and components............................. $24,189 $ 27,646 Work in progress......................................... 4,364 14,447 Finished goods........................................... 38,198 55,523 Aftermarket parts........................................ 5,953 15,054 Used trailers............................................ 12,292 22,202 ------- -------- $84,996 $134,872 ======= ======== The Company continually reviews the valuation of the used trailer inventory and writes down the value of individual units when the carrying value exceeds the estimated market value. Write downs amounting to $2.6 million, $5.4 million and $62.1 million were charged to Cost of Sales on the Consolidated Statement of Operations for 2003, 2002 and 2001, respectively. i. Property, Plant and Equipment Property, plant and equipment are recorded at cost. Maintenance and repairs are charged to expense as incurred, and expenditures that extend

the useful life of the asset are capitalized. Depreciation is recorded using the straight-line method over the estimated useful lives of the depreciable assets. Estimated useful lives are 33 years for buildings and building improvements and range from three to 10 years for machinery and equipment. Depreciation expense on property plant and equipment was $13.4 million, $14.7 million and $16.7 million for 2003, 2002 and 2001, respectively. F-20 WABASH NATIONAL CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) Property, plant and equipment consist of the following (in thousands): DECEMBER 31, ------------ 2003 2002 ---- ---- Land.................................................... $ 23,376 $ 25,059 Buildings and building improvements...................... 86,193 91,774 Machinery and equipment.................................. 114,498 112,796 Construction in progress................................ 3,059 3,108 -------- -------- 227,126 232,737 Less -- accumulated depreciation......................... (96,532) (87,034) -------- -------- $130,594 $145,703 ======== ======== In the second quarter of 2003, as part of an evaluation of certain assets of its aftermarket parts business, the Company recorded a loss on asset impairment, which included $5.1 million for property, plant and equipment. See Footnote 5 for further discussion of this impairment. j. Equipment Leased to Others Equipment leased to others at December 31, 2003 and 2002 was $21.2 million and $100.8 million, net of accumulated depreciation of $8.9 million and $11.2 million, respectively. Additions to equipment leased to others are classified as investing activities on the Consolidated Statements of Cash Flows. The equipment leased to others is depreciated over the estimated life of the equipment or the term of the underlying lease arrangement, not to exceed 15 years, with a 20% residual value or a residual value equal to the estimated market value of the equipment at lease termination. Depreciation expense on equipment leased to others, including capital lease assets, was $6.4 million, $9.3 million and $9.6 million for 2003, 2002 and 2001, respectively. During the second quarter of 2003, the Company recorded an asset impairment charge of approximately $22 million on certain assets of its trailer leasing and rental business and later on September 19, 2003, completed the sale of these assets, which were included in Equipment Leased to Others on the Consolidated Balance Sheets. See Footnote 5 for further discussion of this transaction. k. Goodwill The changes in the carrying amount of goodwill, net of accumulated amortization of $2.2 million and $1.9 million, respectively, for the years ended December 31, 2002 and 2003 are as follows (in thousands): RETAIL AND MANUFACTURING DISTRIBUTION TOTAL ------------- ------------ ----- Balance as of January 1, 2002............... $18,357 $16,183 $34,540 Effects of foreign currency............... -- 112 112 ------- ------- ------- Balance as of December 31, 2002............ $18,357 $16,295 $34,652 ======= ======= ======= Effects of foreign currency............... -- 2,743 2,743 Asset Impairment......................... -- (1,350) (1,350) ------- ------- -------

Balance as of December 31, 2003............ $18,357 $17,688 $36,045 ======= ======= ======= The Company adopted SFAS No. 142, Goodwill and Other Intangible Assets, as of January 1, 2002. This standard changes the accounting for goodwill from an amortization method to an F-21 WABASH NATIONAL CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) impairment-only approach and introduces a new model for determining impairment charges. The new model involves the comparing of the carrying value of the goodwill to its fair value. The Company estimates fair value based upon the present value of future cash flows. In estimating the future cash flows, the Company takes into consideration the overall and industry economic conditions and trends, market risk of the Company and historical information. The Company completed the initial transition impairment test as of January 1, 2002 and has conducted annual impairment tests as of October 1, 2002 and 2003 and determined that no impairment of goodwill existed. The Company tests goodwill for impairment on an annual basis or more frequently if an event occurs or circumstances change that could more likely than not reduce the fair value of a reporting unit below its carrying amount. In the second quarter of 2003, as part of an evaluation of certain assets of its aftermarket parts business, the Company recorded a loss on asset impairment, which included $1.4 million of goodwill related to its aftermarket parts business. See Footnote 5 for further discussion of this impairment. The following table presents, on a pro forma basis, net loss and loss per share as if SFAS No. 142 had been in effect for all years presented (in thousands, except for loss-per-share amounts). YEARS ENDED DECEMBER 31, ----------------------- 2003 2002 2001 ---- ---- ---- Reported net loss............................ $(57,227) $(56,190) $(232,168) Goodwill amortization (net of tax)............ -- -- 1,124 -------- -------- --------- Adjusted net loss............................ $(57,227) $(56,190) $(231,044) ======== ======== ========= Basic and diluted loss per share: Reported net loss per share................. $ (2.26) $ (2.43) $ (10.17) Goodwill amortization (net of tax) per share.................................. -- -- 0.05 -------- -------- --------- Adjusted net loss per share................ $ (2.26) $ (2.43) $ (10.12) ======== ======== ========= l. Other Assets The Company has other intangible assets including patents and licenses, non-compete agreements and technology costs which are being amortized on a straight-line basis over periods ranging from two to 12 years. As of December 31, 2003 and 2002, the Company had gross intangible assets of $17.3 million ($4.3 million net of amortization) and $19.9 million ($6.0 million net of amortization), respectively. Amortization expense for 2003, 2002 and 2001 was $1.8 million, $2.4 million and $1.9 million, respectively, and is estimated to be $1.4 million, $0.9 million, $0.7 million, $0.5 million and $0.3 million for 2004, 2005, 2006, 2007 and 2008, respectively. The Company capitalizes the cost of computer software developed or obtained for internal use in accordance with

Statement of Position No. 98-1, Accounting for the Costs of Computer Software Developed or Obtained for Internal Use. Capitalized software is amortized using the straight-line method over three to five years. As of December 31, 2003 and 2002, the Company had software costs, net of amortization of $2.1 million and $4.1 million, respectively. Amortization expense for 2003, 2002 and 2001 was $2.1 million, $2.2 million and $3.0 million, respectively. m. Long-Lived Assets Long-lived assets are reviewed for impairment in accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, whenever facts and circumstances indicate that the carrying amount may not be recoverable. Specifically, this process involves comparing an asset's carrying value to the estimated undiscounted future cash flows the asset is expected to generate over its remaining F-22 WABASH NATIONAL CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) life. If this process were to result in the conclusion that the carrying value of a long-lived asset would not be recoverable, a write-down of the asset to fair value would be recorded through a charge to operations. Fair value is determined based upon discounted cash flows or appraisals as appropriate. n. Other Accrued Liabilities The following table presents the major components of Other Accrued Liabilities (in thousands): YEARS ENDED DECEMBER 31, ------------ 2003 2002 ---- ---- Payroll and related taxes................................. $12,980 $11,066 Warranty accruals......................................... 10,614 12,587 Accrued taxes............................................. 8,131 8,840 Self-insurance accruals.................................. 7,446 6,738 All other................................................ 22,250 22,193 ------- ------- $61,421 $61,424 ======= ======= The following table presents the changes in certain significant accruals included in Other Accrued Liabilities as follows (in thousands): WARRANTY SELF-INSURANCE ACCRUALS ACCRUALS -------- ------------- Balance as of January 1, 2002.......................... $11,313 $ 7,428 Accruals............................................... 7,951 19,767 Payments.............................................. (6,677) (20,457) ------- -------- Balance as of December 31, 2002........................ $12,587 $ 6,738 Accruals............................................... 6,310 23,728 Payments.............................................. (8,283) (23,020) ------- -------- Balance as of December 31, 2003........................ $10,614 $ 7,446 ======= ======== The Company's warranty policy generally provides coverage for components of the trailer the Company produces or assembles. Typically, the coverage period is five years. The Company's policy is to accrue the estimated cost of warranty coverage at the time of the sale. The Company is self-insured up to specified limits for medical and workers' compensation coverage. The self-insurance reserves have been recorded to reflect the undiscounted estimated liabilities, including claims incurred but not reported, as well as catastrophic claims as appropriate. The Company recognizes a loss contingency for used trailer residual commitments for the difference between

the equipment's purchase price and its fair market value when it becomes probable that the purchase price at the guarantee date will exceed the equipment's fair market value at that date. o. Income Taxes The Company determines its provision or benefit for income taxes under the asset and liability method. The asset and liability method measures the expected tax impact at current enacted rates of future taxable income or deductions resulting from differences in the tax and financial reporting basis of assets and liabilities reflected in the Consolidated Balance Sheets. Future tax benefits of tax losses and F-23 WABASH NATIONAL CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) credit carryforwards are recognized as deferred tax assets. Deferred tax assets are reduced by a valuation allowance to the extent the Company concludes there is uncertainty as to their realization. p. Stock-Based Compensation The Company follows APB No. 25, Accounting for Stock Issued to Employees, in accounting for its stock options and, accordingly, no compensation cost has been recognized for stock options in the consolidated financial statements. However, SFAS No. 123, Accounting for Stock-Based Compensation, as amended requires pro forma presentation as if compensation costs had been expensed under the fair value method. For purposes of pro forma disclosure, the estimated fair value of the options at the date of grant is amortized to expense over the vesting period. Additional information regarding stock-based compensation is included in Footnote 13. The following table illustrates the effect on net loss and loss per share as if compensation expense had been recognized (in thousands, except for loss-per-share amounts): YEARS ENDED DECEMBER 31, ------------------------ 2003 2002 2001 ---- ---- ---- Reported net loss............................ $(57,227) $(56,190) $(232,168) Stock-based compensation expense (net of tax)....................................... (2,445) (1,671) (1,871) -------- -------- --------- Adjusted net loss............................ $(59,672) $(57,861) $(234,039) ======== ======== ========= Basic and diluted loss per share: Reported net loss per share................. $ (2.26) $ (2.43) $ (10.17) Stock-based compensation expense (net of tax) per share.......................... (0.10) (0.07) (0.08) -------- -------- --------- Adjusted net loss per share................. $ (2.36) $ (2.50) $ (10.25) ======== ======== ========= q. New Accounting Pronouncements Variable Interest Entities In January 2003, the Financial Accounting Standards Board (FASB) issued Interpretation No. 46 (FIN 46), Consolidation of Variable Interest Entities. FIN 46 defines a variable interest entity (VIE) as a corporation, partnership, trust or any other legal structure that does not have equity investors with a controlling financial interest or has equity investors that do not provide sufficient financial resources for the entity to support its activities. The Company has evaluated its financial arrangements that had potential FIN 46 impact and determined that none of these arrangements are with a VIE and that the adoption has no impact on its consolidated results of operations, financial position or liquidity. Derivatives In April

2003, the FASB issued Statement of Financial Accounting (SFAS) No. 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities. This statement amends and clarifies financial accounting and reporting for derivative instruments and hedging activities under FASB Statement No. 133, Accounting for Derivative Instruments and Hedging Activities, by requiring contracts with similar characteristics to be accounted for comparably. The adoption of SFAS No. 149, effective for contracts entered into or modified after June 30, 2003, did not have a material effect on financial position, results of operations, or cash flow. F-24 WABASH NATIONAL CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) Financial Instruments In May 2003, the FASB issued SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity. This statement changes the accounting for certain financial instruments that, under previous guidance, issuers could account for as equity. SFAS No. 150 may require that those instruments be classified as liabilities. SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the interim period beginning after June 15, 2003. The Company currently has no such instruments. 3. FAIR VALUE OF FINANCIAL INSTRUMENTS SFAS No. 107, Disclosures About Fair Value of Financial Instruments, requires disclosure of fair value information for certain financial instruments. The differences between the carrying amounts and the estimated fair values, using the methods and assumptions listed below, of the Company's financial instruments at December 31, 2003, and 2002 were immaterial, with the exception of the Senior Convertible Notes. Cash and Cash Equivalents, Accounts Receivable and Accounts Payable. The carrying amounts reported in the Consolidated Balance Sheets approximate fair value. Long-Term Debt. The fair value of long-term debt, including the current portion, is estimated based on current quoted market prices for similar issues or debt with the same maturities. The interest rates on the Company's bank borrowings under its Bank Facility are adjusted regularly to reflect current market rates. The estimated fair value of the Company's Senior Convertible Notes, based on market quotes, is approximately $214 million compared to a carrying value of $125 million as of December 31, 2003. The carrying values of the remainder of the Company's long-term borrowings approximate fair value. Foreign Currency Forward Contracts. As of December 31, 2003, the Company has $3.9 million in outstanding foreign currency forward contracts that are not in a material gain or loss position. 4. RESTRUCTURING AND OTHER RELATED CHARGES a. 2001 Restructuring Plan In 2001, the Company recorded restructuring and other related charges totaling $40.5 million primarily related to the closure of the Company's flatbed trailer manufacturing facility in Huntsville, Tennessee, and its dry van facility in Fort Madison, Iowa. In addition, the Company closed a parts distribution facility in

Montebello, California. In 2002, additional charges totaling $1.6 million were recorded for asset impairment of the aforementioned manufacturing facilities. The provisions were fully utilized by December 31, 2002. During 2003, the Company recorded an additional asset impairment charge of $0.5 million on the Huntsville, Tennessee property which is included in Other, net on the Consolidated Statements of Operations. The Company continues to pursue the disposal of the two manufacturing facilities. The assets have an estimated fair market value of $4.2 million and $4.7 million as of December 31, 2003 and 2002, respectively, and are classified in Prepaid Expenses and Other on the Consolidated Balance Sheets. Depreciation has been discontinued on the assets pending their disposal. In accordance with SFAS No. 144, the Company continues to review the assets for potential impairment and appropriate classification as assets held for sale. b. 2000 Restructuring Plan In December 2000, the Company recorded restructuring and other related charges totaling $46.6 million, $40.8 million as a component of Income from Operations and $5.8 million as Other Income F-25 WABASH NATIONAL CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) (Expense), primarily related to the Company's exit from manufacturing products for export to markets outside of North America, international leasing and financing activities and the consolidation of certain domestic operations. The Company continues to pursue the sale of the Sheridan, Arkansas facility, which had a fair market value of $0.8 million at December 31, 2003 and 2002, and is classified in Prepaid Expenses and Other on the Consolidated Balance Sheets. In accordance with SFAS No. 144, the Company continues to review the assets for potential impairment and appropriate classification as an asset held for sale. In January 2002, the Company completed its divestiture of ETZ, which resulted in the Company increasing its restructuring reserve by $1.4 million to recognize the assumption of certain financial guarantees. Details of the restructuring charges and reserve for the 2000 Restructuring Plan are as follows (in thousands): UTILIZED ORIGINAL ADDITIONAL -------- BALANCE PROVISION PROVISION 2000-2002 2003 12/31/03 --------- ---------- --------- ---- -------- Restructuring of majority-owned operations: Impairment of long-lived assets................. $20,819 $ 227 $(21,046) $ -- $ -- Loss related to equipment guarantees.............. 8,592 -- (2,902) (3,179) 2,511 Write-down of other assets & other charges......... 6,927 -- (5,941) (561) 425 ------- ------ -------- ------- ------ 36,338 227 (29,889) (3,740) 2,936 ------- ------ -------- ------- ------ Restructuring of minority interest operations: ETZ equity interest........ 5,832 -- (5,832) -- -- Financial guarantees....... -- 1,381 (307) 159 1,233 ------- ------ -------- ------- ------ 5,832 1,381 (6,139) 159 1,233 ------- ------ -------- ------- ------ Inventory write-down and other charges.............. 4,480 -- (4,480) -- -- ------- ------ -------- ------- ------ Total restructuring and other related charges........... $46,650 $1,608 $(40,508) $(3,581) $4,169

======= ====== ======== ======= ====== The Company's total restructuring reserves were $4.2 million and $7.8 million at December 31, 2003 and 2002, respectively. These reserves are included in Other Accrued Liabilities on the Consolidated Balance Sheets. During 2003, the Company was required to fund $3.1 million of guarantees and has been notified that an additional $1.2 million will be required in early 2004. The Company anticipates that these reserves will be adequate to cover the remaining charges to be incurred through 2004, which is the anticipated completion date for this restructuring plan. 5. DIVESTITURES a. ETZ In January 2002, the Company completed the divestiture of its equity interest in Europaische Trailerzug Beteiligungsgessellschaft mbH (ETZ). During 2001, the Company recognized approximately F-26 WABASH NATIONAL CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) $7.7 million for its share of ETZ losses which is recorded as Equity in Losses of Unconsolidated Affiliate on the accompanying Consolidated Statements of Operations. b. Asset Sale In September 2003, the Company completed the sale of a portion of its trailer leasing and finance operations and a portion of its aftermarket parts distribution operations for approximately $53.5 million in cash. The principal assets sold consisted of tangible assets (i.e., accounts receivable, inventory and equipment held for lease), relationships with a specific subset of the Company's customers and a portion of the Company's Retail and Distribution business. In accordance with SFAS 144, Accounting for the Impairment or Disposal of Long-Lived Assets, the Company has not reflected these sales as discontinued operations as only a portion of a component was sold, the Company will continue to generate cash flows from these components and the Company will continue to be involved in the operations of the disposed assets through, among other things, purchase and supply agreements. Net proceeds from the sale were used to repay a portion of the Company's outstanding indebtedness. Loss on the disposition amounted to $29.3 million, including a $28.5 million asset impairment charge recorded in the second quarter of 2003 to recognize that estimated cash flows were insufficient to support the carrying value. The additional $0.8 million loss was derived as follows (in thousands): Assets sold............................................... $52,801 Transaction costs.......................................... 1,503 Less proceeds............................................. 53,479 ------- $ 825 ======= The pro forma impact of the asset sale is presented in Footnote 20. c. Finance Portfolio Sale In the fourth quarter of 2003, the Company completed the sale of a large portion of the remaining finance contracts in its finance portfolio. Proceeds approximated $12.2 million and resulted in a charge of approximately $4.1 million, reflecting the Company's loss on the sale, including $0.9 million for debt extinguishment charges. 6. PER SHARE OF COMMON STOCK Per share results have been computed based on the average number of common shares outstanding. The computation of basic and diluted loss per share is

determined using net loss applicable to common stockholders as the numerator and the number of shares included in the denominator as follows (in thousands): YEARS ENDED DECEMBER 31, ----------------------- 2003 2002 2001 ---- ---- ---- Average shares outstanding basic..................... 25,778 23,791 23,006 Options.......................................... -- -- -- Preferred Stock.................................. -- -- -- ------ ------ ------ Average shares outstanding diluted................... 25,778 23,791 23,006 ====== ====== ====== Average shares outstanding diluted exclude the antidilutive effects of convertible preferred stock and redeemable stock options totaling approximately 1.1 million shares, 850,000 shares and 1.2 million shares in 2003, 2002 and 2001, respectively. F-27 WABASH NATIONAL CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) Effective January 1, 2004, 6.5 million shares from the Convertible Notes will be included in the calculation of diluted per share amounts having met the criteria. See Footnote 11 for a discussion of the Convertible Notes. 7. EQUIPMENT LEASED TO OTHERS The Company has equipment on lease under both short-term and long-term lease arrangements with its customers. This equipment includes trailers manufactured by the Company and used trailers acquired on trade. Equipment on short-term lease represents lease contracts that are less than one year and typically run month-to-month, while long-term leases have terms ranging from one to five years in duration. Items being leased include both Company-owned equipment, which is reflected on the Consolidated Balance Sheets, as well as equipment that was sold by the Company and then simultaneously leased back to the Company which are accounted for as operating leases. a. Equipment On Balance Sheet The Company's equipment leased to others, net was approximately $21.2 million and $100.8 million at December 31, 2003 and 2002, respectively. Impairment charges related to this equipment amounting to $22.0 million, $2.0 million and $10.5 million were recorded in 2003, 2002 and 2001, respectively. These charges were determined based upon the Company's estimate of the equipment's fair value. The future minimum lease payments to be received by the Company under these lease transactions as of December 31, 2003 are as follows (in thousands): RECEIPTS --------
2004...................................................... $1,437
2005...................................................... 1,095
2006...................................................... 1,095
2007...................................................... 1,095
2008...................................................... 1,095
Thereafter................................................. 1,275 ------ $7,092
====== b. Equipment Off Balance Sheet In certain situations, the Company sold equipment leased to others to independent financial institutions and simultaneously leased the equipment back under operating leases. All of this equipment had been subleased to customers under long-term arrangements, typically five years. In December 2003, all remaining sublease arrangements were sold to

a third party as discussed further in Footnote 5, and the residual leaseback obligations were paid off. Rental payments made by the Company totaled $1.3 million, $1.3 million and $4.9 million during 2003, 2002 and 2001, respectively. 8. CAPITAL LEASES In conjunction with the asset sale discussed in Footnote 5, the remaining capital lease obligations were paid off. Assets recorded under capital lease arrangements included in Equipment Leased to Others, net were $43.6 million in 2002 and none in 2003. Accumulated depreciation recorded on leased assets at December 31, 2002 was $2.1 million. Depreciation expense recorded on leased assets in 2003 and 2002 was $1.6 million and $2.2 million, respectively. F-28 WABASH NATIONAL CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) In April 2002, a sale and leaseback facility with an independent financial institution related to its rental equipment was amended which resulted in a new lease. Rent expense related to this lease was approximately $9.2 million in 2001. In accordance with SFAS No. 13, Accounting for Leases, the new lease was accounted for as a capital lease. The $23.0 million difference between the unamortized lease value ($65.2 million) and the fair value of the leased equipment ($42.2 million) was recorded as a charge to Cost of Sales in the Consolidated Statement of Operations for the year ended December 31, 2001. As of December 31, 2002, the Company had $36.1 million of equipment financed and $50.1 million under the capital lease obligation for this facility. During the fourth quarter of 2002, sale and leaseback arrangements with independent financial institutions related to certain of its other rental equipment were amended, resulting in new leases. Rent expense related to these leases was approximately $4.3 million in 2002 and $4.4 million in 2001. In accordance with SFAS No. 13, the new leases have been accounted for as capital leases with the unamortized lease value and the fair value of leased equipment reflected in the Consolidated Balance Sheets as of December 31, 2002. The $7.2 million difference between the unamortized lease value ($14.7 million) and the fair value of the leased equipment ($7.5 million) was recorded as a charge to Cost of Sales in the Consolidated Statements of Operations with $4.4 million being recorded as a loss contingency as of December 31, 2001, and the remaining $2.8 million being recorded in 2002. The capital lease obligation of this equipment was paid off in the fourth quarter of 2003. During the second quarter of 2002, the decision was made to dispose of the Company airplane which was accounted for as a capital lease in accordance with SFAS No. 13. In accordance with SFAS No. 144, the capital lease asset was written down to fair market value and reclassified, as an asset held for sale, to Prepaid Expenses and Other in the Consolidated Balance Sheets. Adjustments to reduce the fair value of the aircraft of $1.1 million and $0.8 million were recognized in the second and third quarters of 2002, respectively, as charges to General and Administrative Expense in the Consolidated Statements of Operations. The airplane was sold in

December 2002, and the remaining lease liability of $11.3 million was paid off. 9. OTHER LEASE ARRANGEMENTS a. Equipment Financing The Company has entered into agreements for the sale and leaseback of certain production equipment at its manufacturing locations. As of December 31, 2003, the unamortized lease values related to these agreements are approximately $11.9 million. Under these agreements, the initial lease terms expired during 2001. The Company elected to renew these agreements and anticipates renewing them through their maximum lease terms (2004-2008). Future minimum lease payments related to these arrangements are $4.2 million, $2.5 million, $2.3 million, $1.5 million and $1.4 million for 2004, 2005, 2006, 2007 and 2008, respectively. The end of term residual guarantees and purchase options are $2.4 million and $3.6 million, respectively. These agreements contain no financial covenants; however, they do contain non-financial covenants including cross default provisions which could be triggered if the Company is not in compliance with covenants in other debt or leasing arrangements. Total rent expense for these leases in 2003, 2002 and 2001 were $4.2 million, $4.4 million and $4.1 million, respectively. F-29 WABASH NATIONAL CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) b. Other Lease Commitments The Company leases office space, manufacturing, warehouse and service facilities and equipment under operating leases, the majority of which expire through 2006. Future minimum lease payments required under these other lease commitments as of December 31, 2003 are as follows (in thousands): AMOUNTS -------
2004....................................................... $1,930
2005....................................................... 1,376
2006....................................................... 789
2007....................................................... 378
2008....................................................... 146
Thereafter................................................. 52 ------ $4,671 ======
Total rental expense under operating leases was $4.0 million, $5.4 million and $5.8 million for 2003, 2002 and 2001, respectively. 10. FINANCE CONTRACTS The Company previously provided financing for the sale of new and used trailers to its customers. The Company no longer originates finance contracts. The financing is principally structured in the form of finance leases, typically for a five-year term. Finance Contracts, as shown on the accompanying Consolidated Balance Sheets, are as follows (in thousands): DECEMBER 31, ------------ 2003 2002 ---- ---- Lease payments receivable................................. $11,439 $34,817 Estimated residual value.................................. 801 5,636 ------- ------- 12,240 40,453 Unearned finance charges.................................. (1,479) (6,881) ------- ------- 10,761 33,572 Other, net............................................... 121 (1,556) ------- ------- 10,882 32,016 Less: current portion..................................... (4,727) (9,528) ------- ------- $ 6,155 $22,488 ======= ======= Other, net at December 31, 2002 includes an asset of $0.9 million related

to the sale of certain finance contracts. In addition, other, net at December 31, 2002 included $2.5 million for loss contingencies on finance contracts recorded as charges to General and Administrative Expenses on the Company's F-30 WABASH NATIONAL CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) Consolidated Statements of Operations. The future minimum lease payments to be received from finance contracts as of December 31, 2003 are as follows (in thousands): AMOUNTS -------
2004...................................................... $ 5,561
2005...................................................... 2,957
2006...................................................... 2,661
2007...................................................... 230
2008...................................................... 30
Thereafter................................................ -- ------- $11,439
======= 11. DEBT a. Long-term debt consists of the following (in thousands): DECEMBER 31, ----------- 2003 2002 ---- ----
Bank Revolver (due 2006)................................ $ 60,358 $ -- Bank Term Loan (due 2006)............................... 36,766 -- Senior Convertible Notes (due 2008)..................... 125,000 -- Other Notes Payable (3.0% -- 7.25%, due 2004-2006)....... 5,192 16,962 Bank Term Loan......................................... -- 75,273 Series A and C-I Senior Notes........................... -- 182,047 Make Whole and Deferral Fee Notes....................... -- 7,722 -------- -------- $227,316 $282,004 Less: Current maturities.............................. (7,337) (42,961) -------- -------- $219,979 $239,043 ======== ========
b. Maturities of long-term debt at December 31, 2003, are as follows (in thousands): AMOUNTS -------
2004...................................................... $ 7,337
2005...................................................... 9,031
2006...................................................... 85,948
2007...................................................... --
2008...................................................... 125,000
Thereafter................................................ -- -------- $227,316
======== c. Debt Refinancing On August 1, 2003, the Company completed the sale of $125 million of 3.25% five-year senior unsecured convertible notes (convertible notes), which are currently convertible into approximately 6.5 million shares of the Company's common stock. The Company used the net proceeds to repay a portion of its outstanding indebtedness. The convertible notes have a conversion price of $19.20 or a rate F-31 WABASH NATIONAL CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) of 52.0833 shares per $1,000 principal amount of note. The convertible notes bear interest at 3.25% per annum payable semi-annually on February 1 and August 1. If not converted, the balance is due on August 1, 2008. Costs associated with the transaction amounted to approximately $4.2 million and are being amortized over the term of the convertible notes. On September 23, 2003, the Company entered into a $222.1 million three-year asset-based loan that includes a $47.1 million term loan (bank term loan) and a $175

million revolver (bank revolver). The new financing replaced the existing Trade Receivables Facility, Bank and Senior Series Notes. The bank term loan is secured by the Company's property, plant and equipment. The bank revolver is secured by inventory and accounts receivable and the amount available to borrow varies in relation to the balances of those accounts among other things, as defined in the agreements. Interest on the bank term loan is variable, based on the London Interbank Offer Rate (LIBOR) plus 300 basis points, decreasing to 275 basis points after six months, or the bank's alternative rate, as defined in the agreement. Interest on the bank revolver is at LIBOR plus 275 basis points, decreasing to 250 basis points after six months or the bank's alternative rate, as defined in the agreement. The Company pays a commitment fee on the unused portion of the facility at a rate of 37.5 basis points per annum. Costs associated with the transaction amounted to approximately $4.4 million and are being amortized over the term of the loan. All interest and fees are paid monthly. The rate in effect at December 31, 2003 was 4.75% for the revolver and 5.00% for the term loan, based on the bank's alternative rate. The term loan requires a $5.0 million payment on January 1, 2004 and quarterly principal payments of $1.7 million commencing on January 1, 2004, with the balance due on September 23, 2006. The January 1, 2004 payments were made on December 31, 2003. The revolver is due on September 23, 2006. Beginning in March 2005, excess cash flow, as defined, is required to be used to reduce term loan indebtedness. The debt refinancing resulted in a loss on debt extinguishment of approximately $18.9 million, including prepayment penalties, payment deferral fees and the write-off of previously deferred debt costs. d. Covenants The bank term loan and revolver contain covenants that require, among other things, minimum fixed charge coverage and maximum senior debt to EBITDA coverage. Also, the agreement places limits on capital expenditures and additional borrowings and prohibits the payment of dividends on its common stock. As of December 31, 2003, the Company was in compliance with its financial covenants. 12. STOCKHOLDERS' EQUITY a. Capital Stock On December 29, 2003, the Company converted its issued and outstanding shares of Series B 6% Cumulative Convertible Exchangeable Preferred Stock (Series B Stock) into approximately 823,300 shares, including 1,916 from accrued and unpaid dividends, of the Company's common stock. The Series B Stock converted into common stock at the rate of approximately 2.3 shares of common stock for each full share of Series B Stock based on the conversion price of $21.375. In September 2002, the Company converted its Series C Preferred Stock, along with accrued and unpaid dividends and applicable interest, into approximately 2.6 million shares of the Company's common stock. F-32 WABASH NATIONAL CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) As of December 31, 2003 and 2002, the Company had 300,000 shares of Series A Junior Participating Preferred Shares authorized with no shares issued and

outstanding. The Board of Directors has the authority to issue up to 25 million shares of unclassified preferred stock and to fix dividends, voting and conversion rights, redemption provisions, liquidation preferences and other rights and restrictions. b. Stockholders' Rights Plan In November 1995, our Board of Directors adopted a Stockholders' Rights Plan (the "Rights Plan"). The Rights Plan is designed to deter coercive or unfair takeover tactics in the event of an unsolicited takeover attempt. It is not intended to prevent a takeover of Wabash on terms that are favorable and fair to all stockholders and will not interfere with a merger approved by the Board of Directors. Each right entitles stockholders to buy one one-thousandth of a share of Series A Junior Participating Preferred Stock at an exercise price of $120. The rights will be exercisable only if a person or a group acquires or announces a tender or exchange offer to acquire 20% or more of our Common Stock or if we enter into other business combination transactions not approved by the Board of Directors. In the event the rights become exercisable, the rights plan allows for our stockholders to acquire stock of Wabash or the surviving corporation, whether or not Wabash is the surviving corporation having a value twice that of the exercise price of the rights. The rights will expire December 28, 2005 or are redeemable for $0.01 per right by our Board under certain circumstances. 13. STOCK-BASED INCENTIVE PLANS a. Stock Option and Stock Related Plans The Company has stock incentive plans that provide for the issuance of stock appreciation rights (SAR) and the granting of common stock options to officers and other eligible employees. SARs. During 2001, the Company adopted a SAR Plan giving eligible participants the right to receive, upon exercise thereof, the excess of the fair market value of one share of stock on the date of exercise over the exercise price of the SAR as determined by the Company. All SARs granted expire ten years after the date of grant. The Company had granted 130,000 SARs in 2001 that were terminated in 2002. No SARs were granted by the Company in 2002 or 2003. During 2001 and 2002, expense related to SARs was not material. Restricted Stock. From time-to-time, the Company has granted to certain key employees and outside directors shares of the Company's stock to be earned over time. These shares are granted at par value and recorded at the market price on the date of grant with an offsetting balance representing the unearned portion. These grants have been made under the 2000 Stock Option Plan. The grants generally vest over periods ranging from one to three years. As of December 31, 2003, there were 55,467 shares of restricted stock grants outstanding and not fully vested with an unearned balance of $0.3 million included in additional paid-in-capital. In 2003, the Company recorded amortization expense of $0.2 million related to restricted stock. Stock Options. The Company has two non-qualified stock option plans (the 1992 and 2000 Stock Option Plans) which allow eligible employees to purchase shares of common stock at a price not less than market price at the date of grant. Under the terms of the Stock

Option Plans, up to an aggregate of 3,750,000 shares are reserved for issuance, subject to adjustment for stock dividends, recapitalizations and the like. Options granted to employees under the Stock Option Plans generally become exercisable in annual installments over three years for options granted under the 2000 Plan and five years for options F-33 WABASH NATIONAL CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) granted under the 1992 Plan. Options granted to non-employee directors of the Company are fully vested on the date of grant and are exercisable six months thereafter. All options granted expire ten years after the date of grant. A summary of stock option activity and weighted-average exercise prices for the periods indicated are as follows: NUMBER OF WEIGHTED-AVERAGE OPTIONS EXERCISE PRICE --------- --------------- Outstanding at December 31, 2000.................... 1,919,625 $19.59 Granted.......................................... 89,500 9.47 Exercised........................................ -- -- Cancelled........................................ (231,400) 16.79 --------- ------ Outstanding at December 31, 2001.................... 1,777,725 19.39 Granted.......................................... 375,000 10.01 Exercised........................................ (11,168) 7.38 Cancelled........................................ (294,981) 17.37 --------- ------ Outstanding at December 31, 2002.................... 1,846,576 17.93 Granted.......................................... 953,250 8.46 Exercised........................................ (360,114) 13.34 Cancelled........................................ (563,360) 25.16 --------- ------ Outstanding at December 31, 2003.................... 1,876,352 $11.83 ========= ====== The following table summarizes information about stock options outstanding at December 31, 2003: WEIGHTED WEIGHTED WEIGHTED AVERAGE AVERAGE NUMBER AVERAGE RANGE OF NUMBER REMAINING EXERCISE EXERCISABLE EXERCISE EXERCISE PRICES OUTSTANDING LIFE PRICE AT 12/31/03 PRICE ------------------------- --------- -------- ---------- -------- $6.68 to $10.01 1,454,652 8.9 yrs. $ 8.63 85,069 $ 8.45 $10.02 to $13.35 4,500 7.4 yrs. $12.95 4,500 $12.95 $13.36 to $16.69 58,200 4.9 yrs. $15.35 58,200 $15.35 $16.70 to $20.03 32,150 3.0 yrs. $18.91 32,150 $18.91 $20.04 to $23.36 209,350 4.7 yrs. $21.77 163,700 $21.84 $26.70 to $30.04 85,000 3.3 yrs. $28.75 85,000 $28.75 $30.05 to $33.38 32,500 1.4 yrs. $33.38 32,500 $33.38 Using the Black-Scholes option valuation model, the estimated fair values of options granted during 2003, 2002 and 2001 were $4.61, $5.67 and $5.20 per option, respectively. Principal assumptions used in applying the Black-Scholes model were as follows: BLACK-SCHOLES MODEL ASSUMPTIONS 2003 2002 2001 ------------------------------ ---- ---- ---- Risk-free interest rate............................ 4.02% 5.11% 5.07% Expected volatility................................ 53.50% 49.40% 45.58% Expected dividend yield............................ 1.30% 1.26% 1.26% Expected term...................................... 10 yrs. 10 yrs. 10 yrs. F-34

WABASH NATIONAL CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) b. Other Stock Plans The 1993 Employee Stock Purchase Plan enabled eligible employees of the Company to purchase shares of the Company's $0.01 par value common stock. Employees may contribute up to 15% of their eligible compensation toward the semi-annual purchase of common stock. The purchase price is based on the fair market value of the common stock on the date of purchase. No compensation expense is recorded in connection with the plan. During 2002, 5,312 shares were issued to employees at an average price of $8.88 per share. The plan was discontinued effective December 31, 2002. The Company has a Stock Bonus Plan (the "Bonus Plan"). Under the terms of the Bonus Plan, common stock may be granted to employees under terms and conditions as determined by the Board of Directors. During 2003 and 2002, 6,370 and 10,300 shares, respectively, were issued to employees at an average price of $11.58 and $8.64, respectively. The expense associated with the grants is recognized when the shares are granted and amounted to $74,000, $89,000 and $27,000 in 2003, 2002 and 2001, respectively. At December 31, 2003 and 2002, there were 460,010 and 466,380 shares, respectively, available for offering under the Bonus Plan. 14. EMPLOYEE 401(K) SAVINGS PLAN Substantially all of the Company's employees are eligible to participate in a defined contribution plan that qualifies under Section 401(k) of the Internal Revenue Code. The Plan provides for the Company to match, in cash, a percentage of each employee's contributions up to certain limits. On January 1, 2003, Plan amendments went into effect that among other things increased the potential Company matching contribution and changed the vesting period of those contributions. The Plan was also amended to be a Safe Harbor Plan and thus subject to those restrictions. The Company's matching contribution and related expense for the plan was approximately $2.6 million, $1.0 million and $1.0 million for 2003, 2002 and 2001, respectively. 15. SUPPLEMENTAL CASH FLOW INFORMATION Selected cash payments and non-cash activities were as follows (in thousands): DECEMBER 31, ----------- 2003 2002 2001 ---- ---- ---- Non-cash transactions: Capital lease obligation incurred............... $ -- $14,731 $77,363 Purchase option exercised related to equipment guarantees.................................. 6,746 -- 13,825 Receivable Securitization Facility.............. -- -- 17,700 Acquisitions, net of cash acquired: Fair value of assets acquired................ -- -- 59,012 Liabilities assumed.......................... -- -- (52,676) ------ ------- ------- Net cash paid.............................. $ -- $ -- $(6,336) ====== ======= ======= F-35 WABASH NATIONAL CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) 16. INCOME TAXES a. Income Tax (Benefit) Provision The consolidated income tax (benefit) provision for 2003, 2002 and 2001 consists of the following components (in thousands): 2003 2002 2001 ---- ---- ----

Current: U.S. Federal.................................... $ -- $(13,789) $(27,597) Foreign......................................... -- 979 (819) State........................................... -- (2,468) -- Deferred......................................... -- -- (14,441) ----- -------- -------- Total consolidated provision (benefit)............. $ -- $(15,278) $(42,857) ===== ======== ======== The Company's effective tax rate differed from the U.S. Federal statutory rate of 35% as follows: 2003 2002 2001 ---- ---- ---- Pretax book loss............................. $(57,227) $(71,468) $(275,025) Federal tax benefit at 35% statutory rate... (20,029) (25,014) (96,259) State and local income taxes................ (1,604) (554) Foreign income taxes -- rate differential... -- (142) Valuation allowance......................... 18,857 12,706 55,305 Other...................................... 1,172 (1,366) (1,207) -------- -------- --------- Total income tax expense/(benefit)............ $ -- $(15,278) $ (42,857) ======== ======== ========= b. Deferred Taxes Deferred income taxes are primarily due to temporary differences between financial and income tax reporting for the depreciation of property, plant and equipment and equipment under lease, the recognition of income from assets under finance leases, charges the Company recorded in 2003, 2002 and 2001 related to the restructuring of certain operations, and tax credits and losses carried forward. The Company has a federal tax net operating loss carryforward of approximately $250 million, which will expire beginning in 2022, if unused, and which may be subject to other limitations under IRS rules. The Company has various tax credit carryforwards which will expire beginning in 2013, if unused. Under SFAS No. 109, Accounting for Income Taxes, deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company has determined that a valuation allowance is necessary and, accordingly, has recorded a valuation allowance for all deferred tax assets as of December 31, 2003 and 2002, respectively. In future periods, the Company will evaluate the income tax valuation allowance and adjust (reduce) the allowance when management has determined that impairment to realizability of the related deferred tax assets, or a portion thereof, has been removed. F-36 WABASH NATIONAL CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) The components of deferred tax assets and deferred tax liabilities as of December 31, 2003 and 2002 were as follows (in thousands): 2003 2002 ---- ---- Deferred tax (assets): Rentals on finance leases............................ $ -- $(22,998) Leasing difference................................... -- (11,989) Operations restructuring............................. (22,852) (26,799) Tax credits and loss carryforwards................... (104,814) (53,360) Other................................................ (52,328) (85,280) Deferred tax liabilities: Book-tax basis differences -- property, plant and equipment......................................... 68,979 73,557 Earned finance charges on finance leases............. -- 10,770

Other............................................... 24,147 48,088 --------- -------- Net deferred tax liability/(asset), before valuation allowance............................................ $ (86,868) $(68,011) --------- -------- Valuation allowance.................................... $ 86,868 $ 68,011 --------- -------- Net deferred tax asset................................. $ -- $ -- ========= ======== 17. COMMITMENTS AND CONTINGENCIES a. Litigation Various lawsuits, claims and proceedings have been or may be instituted or asserted against the Company arising in the ordinary course of business, including those pertaining to product liability, labor and health related matters, successor liability, environmental 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 the Company's financial position, liquidity or results of operations. Brazil Joint Venture In March 2001, Bernard Krone Industria e Comercio de Maquinas Agricolas Ltda. ("BK") filed suit against the Company in the Fourth Civil Court of Curitiba in the State of Parana, Brazil. This action seeks recovery of damages plus pain and suffering. 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 Parana (No.232/99). This case grows out of a joint venture agreement between BK and the Company, which was generally intended to permit BK and the Company to market the RoadRailer(R) trailer 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 the Company alleging among other things that it was forced to terminate business with other companies because of the exclusivity and non-compete clauses purportedly found in the joint venture agreement. In its complaint, BK asserts that it has been damaged by these alleged wrongs by the Company in the approximate amount of $8.4 million. The Company answered the complaint in May 2001, denying any wrongdoing. The Company believes that the claims asserted against it by BK are without merit and intends to defend itself vigorously F-37 WABASH NATIONAL CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) against those claims. The Company believes that the resolution of this lawsuit will not have a material adverse effect on its financial position, liquidity or future results of operations; however, at this early stage of the proceeding, no assurance can be given as to the ultimate outcome of the case. Environmental In October 2003, the Company reached a verbal agreement with federal officials to resolve a federal environmental investigation related to its Huntsville, Tennessee

facility. The plea agreement includes payment of a $0.4 million fine and a plea to two misdemeanor violations of the Clean Water Act. The parties expect to submit the agreement to the court for resolution in the near future. The expected resolution of this matter does not have a material impact on the Company's financial position, liquidity or future results of operations. In September 2003, the Company was noticed as a potentially responsible party (PRP) by the United States 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 disposed of. EPA's allegation that the Company was a PRP arises out of the operation of a former branch facility located approximately five miles from the original site. The Company does not expect that these proceedings will have a material adverse effect on the Company's financial condition or results of operations. b. Environmental The Company generates and handles certain material, wastes and emissions in the normal course of operations that are subject to various and evolving federal, state and local environmental laws and regulations. The Company assesses its environmental liabilities on an on-going basis by evaluating currently available facts, existing technology, presently enacted laws and regulations as well as experience in past treatment and remediation efforts. Based on these evaluations, the Company estimates a lower and upper range for the treatment and remediation efforts and recognizes a liability for such probable costs based on the information available at the time. As of December 31, 2003, the Company was not aware of any of its branch or manufacturing locations where remediation activities would be required in its current state and usage and therefore has no reserves. The $0.9 million environmental reserve at December 31, 2002 was related to sites disposed of in 2003. c. Used Trailer Restoration Program During 1999, the Company reached a settlement with the IRS related to federal excise tax on certain used trailers restored by the Company during 1996 and 1997. The Company has continued the restoration program with the same customer since 1997. The customer has indemnified the Company for any potential excise tax assessed by the IRS for years subsequent to 1997. As a result, the Company has recorded a liability and a corresponding receivable of approximately $9.0 and $8.6 million in the accompanying Consolidated Balance Sheets at December 31, 2003 and 2002, respectively. During 2001, the IRS completed its federal excise tax audit of 1999 and 1998 resulting in an assessment of approximately $5.4 million. The Company believes it is fully indemnified for this liability and that the related receivable is fully collectible. F-38 WABASH NATIONAL CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) d. Letters of Credit As of December 31, 2003, the Company had standby letters of credit totaling approximately $7.0 million issued in connection with

workers compensation claims and surety bonds. e. Royalty Payments The Company is obligated to make quarterly royalty payments in accordance with a licensing agreement related to the development of the Company's composite plate material used on its proprietary DuraPlate(R) trailer. The amount of the payments varies with the production volume of usable material, but requires minimum royalties of $0.5 million annually through 2005. Annual payments for the last three years were approximately $1 million. f. Used Trailer Residual Guarantees and Purchase Commitments In connection with certain historical new trailer sale transactions, the Company had entered into agreements to guarantee end-of-term residual value, which contain an option to purchase the used equipment at a pre-determined price. By policy, the Company no longer provides used trailer residual guarantees. Under these agreements, future payments which may be required as of December 31, 2003 are as follows (in thousands): PURCHASE OPTION GUARANTEE AMOUNT -------------- ----------------
2004......................................... $51,679 $ 4,465
2005......................................... 22,758 4,976
2006......................................... -- 9,680
2007......................................... -- 3,527
Thereafter.................................. -- -- ------- ------- $74,437 $22,648 ======= ======= In relation to the guarantees, as of December 31, 2003 and 2002, the Company recorded loss contingencies of $1.4 million and $1.2 million, respectively. g. Purchase Commitments As part of the sale of certain assets of our aftermarket parts business, as discussed in Footnote 5, the Company entered into a parts purchase agreement with the buyer that requires the Company to purchase $45 million in parts over the next three years with a minimum of $15 million per year. The purchase price for the parts will be at current market prices, will not exceed business requirements and is subject to certain performance requirements. 18. SEGMENTS AND RELATED INFORMATION a. Segment Reporting Under the provisions of SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information, the Company has two reportable segments: manufacturing and retail and distribution. The manufacturing segment produces and sells new trailers to the retail and distribution segment or to customers who purchase trailers direct or through independent dealers. The retail and distribution segment includes the sale, leasing and financing of new and used trailers, as well as the sale of aftermarket parts F-39 WABASH NATIONAL CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) and service through its retail branch network. In addition, the retail and distribution segment includes the sale of aftermarket parts through Wabash National Parts. The accounting policies of the segments are the same as those described in the summary of significant accounting policies except that the Company evaluates segment performance based on income from operations. The Company has not allocated certain corporate related charges such as administrative costs, interest and

income taxes from the manufacturing segment to the Company's other reportable segment. The Company accounts for intersegment sales and transfers at cost plus a specified mark-up. Reportable segment information is as follows (in thousands): RETAIL AND COMBINED CONSOLIDATED MANUFACTURING DISTRIBUTION SEGMENTS ELIMINATIONS TOTAL ------------- ------------ -------- ------------ ------------ 2003 Net sales External customers........ $ 620,120 $267,820 $ 887,940 $ -- $ 887,940 Intersegment sales........ 52,172 878 53,050 (53,050) -- --------- -------- --------- --------- --------- Total net sales.................. $ 672,292 $268,698 $ 940,990 $ (53,050) $ 887,940 ========= ======== ========= ========= ========= Depreciation and amortization.... 13,843 9,945 23,788 -- 23,788 Loss from operations............. 27,828 (37,283) (9,455) 433 (9,022) Reconciling items to net loss: Interest income................ (406) Interest expense............... 30,162 Foreign exchange gains and losses, net................. (5,291) Trade receivables facility costs....................... 1,022 Loss on debt extinguishment.... 19,840 Other (income) expense......... 2,878 --------- Net loss......................... $ (57,227) ========= Capital expenditures............. $ 5,672 $ 846 $ 6,518 $ -- $ 6,518 Assets........................... $ 370,325 $188,477 $ 558,802 $(161,766) $ 397,036 F-40 WABASH NATIONAL CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) RETAIL AND COMBINED CONSOLIDATED MANUFACTURING DISTRIBUTION SEGMENTS ELIMINATIONS TOTAL ------------- ------------ -------- ------------ ------------ 2002 Net sales External customers........ $ 492,267 $327,301 $ 819,568 $ -- $ 819,568 Intersegment sales........ 37,793 4,188 41,981 (41,981) -- --------- -------- --------- --------- --------- Total net sales.................. $ 530,060 $331,489 $ 861,549 $ (41,981) $ 819,568 ========= ======== ========= ========= ========= Depreciation and amortization.... 15,152 13,474 28,626 -- 28,626 Restructuring charge from operations..................... 1,813 -- 1,813 -- 1,813 Loss from operations............. (16,566) (22,287) (38,853) 93 (38,760) Reconciling items to net loss: Interest income................ (282) Interest expense............... 30,873 Foreign exchange gains and losses, net................. (5) Trade receivables facility costs....................... 4,072 Loss on debt extinguishment.... 1,314 Other (income) expense......... (3,264) Income tax benefit............. (15,278) --------- Net loss......................... $ (56,190) ========= Capital expenditures............. $ 4,514 $ 1,189 $ 5,703 $ -- $ 5,703 Assets........................... $ 387,263 $340,505 $ 727,768 $(162,199) $ 565,569 F-41 WABASH NATIONAL CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) RETAIL AND COMBINED CONSOLIDATED MANUFACTURING DISTRIBUTION SEGMENTS ELIMINATIONS TOTAL ------------- ------------ -------- ------------ ------------ 2001 Net sales External customers........ $ 518,212 $345,180 $ 863,392 $ -- $ 863,392 Intersegment sales........ 61,854

2,427 64,281 (64,281) -- --------- -------- --------- --------- --------- Total net sales.................. $ 580,066 $347,607 $ 927,673 $ (64,281) $ 863,392 ========= ======== ========= ========= ========= Depreciation and amortization.... 18,191 13,952 32,143 -- 32,143 Restructuring charge from operations.................... 37,493 371 37,864 -- 37,864 Loss from operations............ (148,727) (92,975) (241,702) 2,300 (239,402) Reconciling items to net loss: Interest income................ (349) Interest expense.............. 21,292 Equity in losses of unconsolidated affiliate.... 7,668 Restructuring charges.......... 1,590 Foreign exchange gains and losses, net................. 1,706 Trade receivables facility costs....................... 2,228 Other (income) expense......... 1,488 Income tax benefit............. (42,857) --------- Net loss......................... $(232,168) ========= Capital expenditures............ $ 4,463 $ 1,436 $ 5,899 $ -- $ 5,899 Assets........................... $ 449,012 $348,155 $ 797,167 $(104,663) $ 692,504 b. Geographic Information International sales, primarily to Canadian customers, accounted for approximately 9% in each of the last three years. At December 31, 2003 and 2002, the amount reflected in property, plant and equipment, net of accumulated depreciation related to the Company's Canadian subsidiary was approximately $2.0 million. c. Product Information The Company offers products primarily in three general categories of new trailers, used trailers and parts. Other sales include trailer service work performed at branch locations, leasing revenues, interest income from finance contracts and freight. The following table sets forth the major product category sales and their percentage of consolidated net sales (dollars in thousands): 2003 2002 2001 ---- ---- ---- New Trailers............ $690,465 77.8% $563,496 68.8% $614,363 71.2% Used Trailers........... 64,843 7.3 92,317 11.3 73,287 8.5 Parts................... 81,710 9.2 99,447 12.1 103,694 12.0 Other................... 50,922 5.7 64,308 7.8 72,048 8.3 -------- ----- -------- ----- -------- ----- Total Sales............. $887,940 100.0% $819,568 100.0% $863,392 100.0% ======== ===== ======== ===== ======== ===== F-42 WABASH NATIONAL CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) d. Major Customers The Company had one customer that represented 14% of consolidated net sales in 2003, and another customer that represented 11% and 19% of consolidated net sales in 2002 and 2001, respectively. The Company's consolidated net sales in the aggregate to its five largest customers were 27%, 30% and 34% of its consolidated net sales in 2003, 2002 and 2001, respectively. 19. CONSOLIDATED QUARTERLY FINANCIAL DATA (UNAUDITED) The following is a summary of the unaudited quarterly results of operations for fiscal years 2003, 2002 and 2001 (Dollars in thousands except per share amounts). FIRST SECOND THIRD FOURTH QUARTER QUARTER QUARTER QUARTER ------- ------- ------- ------- 2003 Net sales........................ $222,508 $230,231 $215,450 $ 219,751 Gross profit..................... 22,341 (4,811) 15,905 15,259 Net

loss........................ 1,430 (27,268)(4) (29,641)(5) (1,748)(6) Basic and diluted loss per share(1)....................... $ 0.05 $ (1.07) $ (1.16) $ (0.08) 2002 Net sales........................ $161,952 $210,251 $241,474 $ 205,891 Gross profit.................... 39 6,227 21,731 12,454 Net loss........................ (14,589) (21,677) (8,319) (11,605) Basic and diluted loss per share(1)....................... $ (0.65) $ (0.96) $ (0.37) $ (0.46) 2001 Net sales........................ $242,629 $212,172 $241,945 $ 166,646 Gross loss....................... (1,743) (26) (32,733) (84,711) Net loss........................ (17,730) (18,117) (61,373)(2) (134,948)(3) Basic and diluted loss per share(1)....................... $ (0.79) $ (0.81) $ (2.69) $ (5.88) -------------- (1) Earnings (loss) per share are computed independently for each of the quarters presented. Therefore, the sum of the quarterly earnings per share may differ from annual earnings per share due to rounding. (2) The third quarter 2001 results include restructuring and other related charges of $40.5 million ($25.6 million, net of tax). (3) The fourth quarter 2001 results include loss contingencies and impairment charge related to the Company's leasing operations of $37.9 million and used trailer inventory valuation of $18.6 million. (4) The second quarter 2003 results include a $28.5 million loss on asset impairment, as discussed in Footnote 5. (5) The third quarter 2003 results include a $18.9 million loss on debt extinguishment, related to its debt refinancing, as discussed in Footnote 11. (6) The fourth quarter 2003 results includes a $4.1 million loss on the sale of a large portion of the Company's finance contracts. 20. PRO FORMA FINANCIAL INFORMATION (UNAUDITED) The Company has prepared the following Unaudited Pro Forma Consolidated Statement of Operations for the twelve months ended December 31, 2003 to illustrate the estimated effects of the sale (the "Asset Sale") of a portion of its trailer leasing and finance operations and a portion of its aftermarket parts distribution operations to Aurora Trailer Holdings, LLC and the refinancing of its capital structure F-43 WABASH NATIONAL CORPORATION NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) through the sale of $125 million of 3.25% five-year senior unsecured convertible notes and entering into a $222 million three-year asset-based loan arrangement (the "Refinancing"). In accordance with SFAS 144, Accounting for the Impairment or Disposal of Long-Lived Assets, the Company has not reflected the Asset Sale as discontinued operations as only a portion of a component was sold, the Company will continue to generate cash flows from these components and the Company will continue to be involved in the operations of the disposed assets through, among other things, purchase and supply agreements. The Company believes the pro forma data to be useful in understanding the operating results in view of the recently completed transactions. The Unaudited Pro Forma Consolidated Statement of Operations gives effect to the transactions, described in Footnotes 5 and 11, as if they had occurred as of the beginning of the year. The Pro Forma Financial Statement is based upon available information and certain

assumptions that management believes are reasonable. The Company has not attempted to allocate various costs and expenses, including indirect factory-owned branch operating costs and selling, general and administrative expenses to the pro-forma data as the costs are not separately identifiable. The Pro Forma Financial Statement does not purport to represent what the Company's results of operations or financial condition would actually have been had the transactions in fact occurred on such dates or to project the Company's results of operations or financial condition for any future period or date. F-44 WABASH NATIONAL CORPORATION PRO FORMA STATEMENT OF OPERATIONS FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003 ADJUSTMENTS ----------- HISTORICAL ASSET SALE REFINANCING PRO FORMA ---------- ---------- ---------- --------- (UNAUDITED) DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS Net sales....................................... $887,940 $(58,904) $ -- $829,036 Cost of sales................................... 810,746 (48,639) -- 762,107 Loss on asset impairment......................... 28,500 (28,500) -- -- -------- -------- ------- -------- Gross profit..................................... 48,694 18,235 -- 66,929 General and administrative expenses............... 37,383 (1,498) (1,576) 34,309 Selling expenses................................. 20,333 (1,920) -- 18,413 -------- -------- ------- -------- Income (loss) from operations..................... (9,022) 21,653 1,576 14,207 Other income (expense): Interest expense............................... (30,162) 1,745 13,663 (14,754) Trade receivable facility costs................. (1,022) -- 1,022 -- Foreign exchange gains and losses, net.......... 5,291 -- 5,291 Loss on debt extinguishment.................... (19,840) -- 18,940 (900) Other, net..................................... (2,472) 853 (1,619) -------- -------- ------- -------- Income (loss) before income taxes................ (57,227) 24,251 35,201 2,225 Income tax (benefit) expense..................... -- -- -- -- -------- -------- ------- -------- Net income (loss)................................ (57,227) 24,251 35,201 2,225 Preferred stock dividends........................ 1,053 1,053 -------- -------- ------- -------- Net income (loss) applicable to common stockholders.................................. $(58,280) $ 24,251 $35,201 $ 1,172 ======== ======== ======= ======== Basic and diluted net income (loss) per share..... $ (2.26) $ 0.05 ======== ======== Weighted average shares outstanding............... 25,778 25,778 ======== ======== F-45
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3,000,000 SHARES (WABASH NATIONAL LOGO) WABASH NATIONAL CORPORATION COMMON STOCK --------------------- PROSPECTUS --------------------- MERRILL LYNCH & CO. BEAR, STEARNS & CO. INC. BB&T CAPITAL MARKETS OCTOBER 28, 2004
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