WABASH NATIONAL CORP /DE
Form 10-K
February 26, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d)

OF THE SECURITIES EXCHANGE ACT OF 1934

x

For the Fiscal Year Ended December 31, 2015

OR
TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d)

OF THE SECURITIES EXCHANGE ACT OF 1934
¨

For the transition period from ___________ to ___________

Commission File Number: 1-10883

WABASH NATIONAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**52-1375208**

(State or other jurisdiction of	**(IRS Employer**
incorporation or organization)	**Identification Number)**

1000 Sagamore Parkway South	**47905**
Lafayette, Indiana	**(Zip Code)**
(Address of Principal Executive Offices)	

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

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

Title of each class	Name of each exchange on which registered
Common Stock, $.01 Par Value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No ¨

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

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

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

The aggregate market value of voting stock held by non-affiliates of the registrant as of June 30, 2015 was $819,745,393 based upon the closing price of the Company's common stock as quoted on the New York Stock Exchange composite tape on such date.

The number of shares outstanding of the registrant's common stock as of February 18, 2016 was 64,935,898.

Part III of this Form 10-K incorporates by reference certain portions of the registrant’s Proxy Statement for its Annual Meeting of Stockholders to be filed within 120 days after December 31, 2015.

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FORM 10-K FOR THE FISCAL

YEAR ENDED DECEMBER 31, 2015

FORWARD LOOKING STATEMENTS

This Annual Report of Wabash National Corporation (together with its subsidiaries, “Wabash,” “Company,” “us,” “we,” or “our”) contains “forward-looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934 (the “Exchange Act”). Forward-looking statements may include the words “may,” “will,” “estimate,” “intend,” “continue,” “believe,” “expect,” “plan” or “anticipate” and other similar words. Our “forward-lool statements” include, but are not limited to, statements regarding:

- our business plan;
- our expected revenues, income or loss;
- our ability to manage our indebtedness
- our strategic plan and plans for future operations;
- financing needs, plans and liquidity, including for working capital and capital expenditures;
- our ability to achieve sustained profitability;
- reliance on certain customers and corporate relationships;
- availability and pricing of raw materials;
- availability of capital and financing;
- dependence on industry trends;
- the outcome of any pending litigation or notice of environmental dispute;
- export sales and new markets;
- engineering and manufacturing capabilities and capacity;

- acceptance of new technology and products;
- government regulation; and
- assumptions relating to the foregoing.

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

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

PART I

ITEM 1—BUSINESS

Overview

Wabash National Corporation (together with its subsidiaries, “Wabash,” “Company,” “us,” “we,” or “our”) was founded in 198 as a start-up company in Lafayette, Indiana. We are now a diversified industrial manufacturer and North America’s leading producer of semi-trailers and liquid transportation systems. We design, manufacture and market a diverse range of products, including dry freight and refrigerated trailers, platform trailers, bulk tank trailers, dry and refrigerated truck bodies, truck-mounted tanks, intermodal equipment, aircraft refueling equipment, structural composite panels and products, trailer aerodynamic solutions and specialty food grade and pharmaceutical equipment. We believe our position as a leader in our key industries is the result of longstanding relationships with our core customers, our demonstrated ability to attract new customers, our broad and innovative product lines, our technological leadership and our extensive distribution and service network. Our management team is focused on continuing to optimize our manufacturing and retail operations to match the current demand environment, implementing cost savings initiatives and lean manufacturing techniques, strengthening our capital structure, developing innovative products that enable our customers to succeed, improving earnings and continuing diversification of the business into higher margin opportunities that leverage our intellectual and process capabilities.

Wabash was incorporated in Delaware in 1991 and is the successor by merger to a Maryland corporation organized in 1985. Our internet website is www.wabashnational.com. We make our electronic filings with the Securities Exchange Commission (the “SEC”), including our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to these reports available on our website free of charge as soon as practicable after we file or furnish them with the SEC. Information on the website is not part of this Annual Report.

Operating Segments

We manage our business in three segments: Commercial Trailer Products, Diversified Products and Retail. Certain corporate-related administrative costs, interest and income taxes are not allocated to these three segments, but are reported in our Corporate and Eliminations segment. Financial results by operating segment, including information about revenues from customers, measures of profit and loss and financial information regarding geographic areas and export sales are discussed in Note 12, Segments and Related Information, of the accompanying consolidated financial statements. By operating segment, net sales, prior to the elimination of intersegment sales, were as follows (dollars in thousands):

	Year Ended December 31,		
	2015	2014	2013
Sales by Segment			
Commercial Trailer Products	$1,509,380	$1,294,164	$1,082,456
Diversified Products	428,021	466,238	458,653
Retail	167,291	190,080	181,486
Corporate and Eliminations	(77,203)	(87,167)	(86,909)
Total	$2,027,489	$1,863,315	$1,635,686

Commercial Trailer Products

Commercial Trailer Products segment sales as a percentage of our consolidated net sales and gross margin measured prior to intersegment eliminations were:

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	Year Ended December 31, 2015	2014	2013
Percentage of net sales	71.7%	66.4%	62.8%
Percentage of gross profit	61.1%	45.8%	39.5%

The Commercial Trailer Products segment manufactures standard and customized van and platform trailers. We seek to identify and produce proprietary custom products that offer exceptional value to customers with the potential to generate higher profit margin than standardized products. We believe that we have the engineering and manufacturing capability to produce these products efficiently. We introduced our proprietary composite product, DuraPlateâ, in 1996 and have experienced widespread truck trailer industry acceptance. Since 2002, sales of our DuraPlateâ trailers have represented approximately 94% of our total new dry van trailer sales. We are also a competitive producer of refrigerated trailer products as well as other specialty products, including converter dollies. Through our Transcraft subsidiary we also manufacture steel and aluminum flatbed and dropdeck trailers. Through our Commercial Trailer Products segment, we also operate a wood flooring production facility that manufactures laminated hard wood oak products for our van trailer products.

Commercial Trailer Products' transportation equipment is marketed under the Wabashâ, DuraPlateâ, DuraPlateHDâ, DuraPlateâ XD-35®, ArcticLite®, RoadRailer®, Transcraft® and Benson® trademarks directly to customers, through independent dealers and through our Company-owned retail branch network. Historically, we have focused on our longstanding core customers representing many of the largest companies in the trucking industry, but have expanded this focus over the past several years to include numerous additional key accounts. Our relationships with our core customers have been central to our growth since inception. We have also actively pursued the diversification of our customer base through our network of independent dealers. For our van business we utilize a total of 25 independent dealers with approximately 63 locations throughout North America to market and distribute our trailers. We distribute our flatbed and dropdeck trailers through a network of 73 independent dealers with approximately 123 locations throughout North America. In addition, we maintain a used fleet sales center to focus on selling both large and small fleet trade packages to the wholesale market.

Diversified Products

Diversified Products segment sales as a percentage of our consolidated net sales and gross margin measured prior to intersegment eliminations were:

	Year Ended December 31, 2015	2014	2013
Percentage of net sales	20.3%	23.9%	26.7%

Percentage of gross profit	32.4%	45.2%	51.0%

The Diversified Products segment focuses on our commitment to expand our customer base, diversify our product offerings, end markets and revenues, and extend our market leadership by leveraging our intellectual property and technology, including our proprietary DuraPlate® panel technology, drawing on our core manufacturing expertise and making available products that are complementary to the truck and tank trailers and transportation equipment we offer. This segment includes a wide array of products and customer-specific solutions. Leveraging our intellectual property and technology and core manufacturing expertise into new applications and market sectors enables us to deliver greater value to our customers and shareholders.

The Diversified Products segment is comprised of four strategic business units: Tank Trailer, Aviation & Truck Equipment, Process Systems and Composites. The Tank Trailer business sells products through several brands including Walker Transport, Brenner® Tank, Bulk International and Beall® Trailers. These brands represent leading positions in liquid transportation systems and include a full line of stainless steel and aluminum tank trailers for the North American chemical, dairy, food and beverage, and petroleum and energy services markets. Offerings related to our Process Systems business include brands such as Walker® Engineered Products and Extract Technology® and represent what we estimate to be leading positions in isolators, stationary silos and downflow booths around the world for the chemical, dairy, food and beverage, pharmaceutical and nuclear markets. The Aviation & Truck Equipment business is a leading manufacturer of truck-mounted tanks used in the aviation, refined fuel, heating oil, propane and liquid waste industries with products offered under the Garsite and Progress Tank brands. Our Composites business includes offerings under our DuraPlate® composite panel technology, which contains unique properties of strength and durability that can be utilized in numerous applications in addition to truck trailers and truck bodies. The Diversified Products segment has leveraged our DuraPlate® panel technology to develop numerous proprietary products, including the DuraPlate® AeroSkirt®, an aerodynamic solution for over-the-road trailers that provides approximately 6% improvement in fuel economy, as well as a line of foldable portable storage containers. Leveraging its experience with DuraPlate® and trailer aerodynamics, the Composites business has developed a full line of aerodynamic solutions designed to improve overall trailer aerodynamics and fuel economy, most notably the AeroSkirt CX™, Ventix DRS™ and AeroFin™. In addition, we utilize our DuraPlate® technology in the production of truck bodies, overhead doors and other industrial applications. These DuraPlate® composite products are sold to original equipment manufacturers and aftermarket customers.

Through these brands and product offerings, our Diversified Products segment now serves a variety of end markets, a number of which we believe are less cyclical than the markets served by our Commercial Trailer Products and Retail segments. We expect to continue to focus on diversifying our Diversified Products segment to enhance our business model, strengthen our revenues and become a stronger company that can deliver greater value to our shareholders.

Retail

Retail segment sales as a percentage of our consolidated net sales and gross margin measured prior to intersegment eliminations were:

	Year Ended December 31,		
	2015	2014	2013
Percentage of net sales	8.0%	9.7 %	10.5%
Percentage of gross profit	6.5%	9.0 %	9.5 %

The Retail segment includes our 15 Company-owned retail branch locations, which are strategically located near large metropolitan areas to provide additional opportunities to distribute our products, diversify our factory direct sales and also offer services and support capabilities for our customers. Additionally, this segment includes 9 on-site service locations, where we provide dedicated service on a customer's site in conjunction with long-term service and maintenance contracts. Our retail branch network's sale of new and used trailers, aftermarket parts and service generally provides enhanced margin opportunities.

Strategy

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

- ***Value Creation.*** We intend to continue our focus on improved earnings and cash flow.
- ***Operational Excellence.*** We are focused on maintaining a reduced cost structure by adhering to continuous improvement and lean manufacturing initiatives.

- ***People.*** We recognize that to achieve our strategic goals we must continue to develop the organization's skills to advance our employees' capabilities and to attract talented people.

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

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

- ***Corporate Growth.*** We intend to expand our product offering and competitive advantage by increasing our focus on the diversification of products and leveraging our intellectual and physical assets for organic growth.

Industry and Competition

Trucking in the U.S., according to the American Trucking Association (ATA), was estimated to be a $700 billion industry in 2014, representing approximately 80% of the total transportation industry revenue. Furthermore, ATA estimates that approximately 69% of all freight tonnage in 2014 was carried by trucks. Trailer demand is a direct function of the amount of freight to be transported. Furthermore, ATA estimates that the percentage of freight tonnage carried by trucks will grow 25% by 2026. To meet this continued high demand for freight, truck carriers will need to replace and expand their fleets, which typically results in increased trailer orders.

Transportation in the U.S., including trucking, is a cyclical industry that has experienced three cycles over the last 20 years. In each of the last three cycles the decline in freight tonnage preceded the general U.S. economic downturn by approximately two and one-half years and the recovery has generally preceded that of the economy as a whole. The trailer industry generally follows the transportation industry, experiencing cycles in the early and late 90's lasting approximately 58 and 67 months, respectively. Truck freight tonnage, according to ATA statistics, started declining year-over-year in 2006 and remained at depressed levels through 2009. The most recent cycle concluded in 2009, lasting a total of 89 months. After three consecutive years with total trailer demand well below normal replacement demand levels estimated to be approximately 220,000 trailers, the four year period ending December 2015 represent consecutive years of significant improvement in which the total trailer market increased year-over-year by 14%, 1%, 15% and 14% in 2012, 2013, 2014 and 2015, respectively, with total shipments of approximately 232,000; 234,000, 269,000 and 307,000, respectively. In our view, we expect to see continued strong demand for new trailer equipment as the economic and industry specific indicators we track, including but not limited to ATA's truck tonnage index, employment growth, housing and auto sectors, as well as the overall gross domestic product, appear to be trending in a positive direction.

Wabash, and its three largest competitors, Great Dane, Utility and Hyundai Translead, are generally viewed as the top trailer manufacturers in the U.S. and accounted for approximately 69% of U.S. new trailer market share in 2015. Our market share of U.S. total trailer shipments in 2015 was approximately 20%. Trailer manufacturers compete primarily through the quality of their products, customer relationships, service availability and price. Over the past several years, we have seen a number of our competitors follow our leadership in the development and use of composite sidewalls that compete directly with our DuraPlateâ products. Our product development is focused on maintaining our leading position with respect to these products and on development of new products and markets, leveraging our proprietary DuraPlate® product, as well as our expertise in the engineering and design of customized products.

The table below sets forth new trailer production for Wabash and, as provided by Trailer Body Builders Magazine, our largest competitors and the trailer industry as a whole within North America. The data represents all segments of the market, except containers and chassis. For the years included below, we have participated primarily in the van and platform trailer segments and added the tank trailer segment beginning in 2012 with the acquisitions of Walker Group Holdings (“Walker”) in May 2012 and certain assets of Beall Corporation (“Beall’) in February 2013. Van trailer demand, the largest segment within the trailer industry, has continued to show sequential improvements over each of the last five years from a low of approximately 52,000 trailers in 2009 and recovering to an estimated 227,000 van trailers in 2015. Our market share for van trailers in 2015 was approximately 24%, a decrease of less than 1% from 2014.

	2015	2014	2013	2012	2011
Wabash	63,000	56,000	46,000	45,000 (2)	49,000
Great Dane	52,000	48,000	44,000	44,000	39,000
Utility	49,000	41,000	39,000	38,000	33,000
Hyundai Translead	43,000	34,000	27,000	23,000	18,000
Stoughton	15,000	13,000	12,000	11,000	9,000
Other principal producers	40,000	37,000	31,000	33,000	25,000
Total Industry	302,000	265,000	232,000 (1)	227,000	201,000 (1)

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

(2) The 2012 production includes Walker volumes on a full-year pro forma basis.

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Our diversified product segment, in most cases, participates in markets different than our traditional van and platform trailer product offerings. The end markets that our diversified products serve are broader and more diverse than the trailer industry, including environmental, pharmaceutical, biotech, oil and gas, moving and storage and specialty vehicle. In addition, our diversification efforts pertain to new and emerging markets and many of the products are driven by regulatory requirements or, in most cases, customer-specific needs. However, some of our diversification efforts are considered to be in the early growth stages and future success is largely dependent on continued customer adoption of our product solutions and general expansion of our customer base and distribution channels.

Competitive Strengths

We believe our core competitive strengths include:

- ***Long-Term Core Customer Relationships*** – We are the leading provider of trailers to a significant number of top tier trucking companies, generating a revenue base that has helped to sustain us as one of the market leaders. Our van products are preferred by many of the industry's leading carriers. We are also a leading provider of liquid-transportation systems and engineered products and we have a strong customer base, consisting of mostly private fleets, and have earned a leading market position across many of the markets we serve.

- ***Innovative Product Offerings*** **–** Our DuraPlateâ proprietary technology offers what we believe to be a superior trailer, which customers value. A DuraPlateâ trailer is a composite plate trailer using material that contains a high-density polyethylene core bonded between high-strength steel skins. We believe that the competitive advantages of our DuraPlateâ trailers compared to standard trailers include providing a lower total cost of ownership through the following:

- Extended Service Life – operate three to five years longer;

- Lower Operating and Maintenance Costs – greater durability and performance;

- Less Downtime – higher utilization for fleets;

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

- Improved Resale Value – higher trade-in and resale values.

We have been manufacturing DuraPlateâ trailers for over 20 years and through December 2015 have sold approximately 600,000 DuraPlate® trailers. We believe that this proven experience, combined with ownership and knowledge of the DuraPlateâ panel technology, will help ensure continued industry leadership in the future. We continue to introduce new innovations in our DuraPlate® line of products, including DuraPlateHD® and DuraPlate XD-35®, along with new innovations in other product lines, including our ArcticLite® refrigerated trailers and Lean Duplex tank trailers.

- ***Significant Market Share and Brand Recognition –*** We have been one of the three largest manufacturers of trailers in North America since 1994, with one of the most widely recognized brands in the industry. We are currently the largest producer of van trailers in North America and, according to data published by Trailer Body Builders Magazine, our Transcraft subsidiary is one of the leading producers of platform trailers**.** We are also the largest manufacturers of liquid stainless steel and aluminum tank trailers in North America through our Walker Transport, Brenner® Tank, Bulk International and Beall® brands. We participate broadly in the transportation industry through each of our three business segments. As a percentage of our consolidated net sales, new trailer sales for our dry and refrigerated vans, platforms and tanks represented approximately 83% in 2015.

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- ***Committed Focus on Operational Excellence*** – Safety, quality, on-time delivery, productivity and cost reduction are the core elements of our program of continuous improvement. We currently maintain an ISO 14001 registration of our Environmental Management System at our Lafayette, Indiana facilities and an ISO 9001 registration of our Quality Management System at our Lafayette, Indiana and Cadiz, Kentucky facilities.

- ***Technology*** –We continue to be recognized by the trucking industry as a leader in developing technology to provide value-added solutions for our customers that reduce trailer operating costs, improve revenue opportunities, and solve unique transportation problems. Throughout our history, we have been and we expect we will continue to be a leading innovator in the design and production of trailers. Recent new trailer introductions and value-added options include the Lean Duplex tank trailer, a stainless steel option that reduces weight while providing enhanced performance characteristics over typical chemical tank trailers; Trustlock Plus®, a proprietary single-lock rear door mechanism; a combination ID/Stop light, a dual-function rear ID light that also actuates as a brake indicator; MaxClearence™ Overhead Door System, a vertical door that provides an opening that would be comparable to that of swing door models; and the DuraPlate® AeroSkirt®, Ventix DRS™, AeroFin™ and AeroSkirt CX™, durable aerodynamic solutions that, based on verified laboratory and track testing, provides improved fuel efficiencies of 9% or greater when used in specific combinations.

  In addition to the introduction of new trailer product innovations made through our DuraPlate® family over the past 20 years, we have also focused on a customer-centered approach in developing product enhancements for other industries we serve. Some of the more recent innovations include: the development of mobile clean rooms, or self-contained laboratories, which are configured to provide isolation and containment solutions into a rapidly deployable and flexible manufacturing facility for pharmaceutical and other technology applications; the development of a Refined Fuel truck with integrated Auxiliary Power Unit designed to improve fuel efficiency and prolong the useful operating life of fuel delivery vehicles; and the introduction of the Truck Body line leveraging our fleet-proven DuraPlate® technology for dry truck bodies as well as the introduction of a revolutionary proprietary composite panel designed to improve weight and thermal efficiency in refrigerated truck body applications.

- ***Corporate Culture*** – We benefit from an experienced, value-driven management team and dedicated workforce focused on operational excellence.

- ***Extensive Distribution Network*** – Our 15 Company-owned retail branches extend our sales network throughout North America, diversify our factory direct sales, provide an outlet for used trailer sales and support our national service contracts. Additionally, we utilize a network of 25 independent dealers with approximately 63 locations throughout North America to distribute our van trailers, and our Transcraft distribution network consists of 73 independent dealers with approximately 123 locations throughout North America. Our tank trailers are distributed through a network of 65 independent dealers with 66 locations throughout North America.

Regulation

Truck trailer length, height, width, maximum weight capacity and other specifications are regulated by individual states. The federal government also regulates certain safety and environmental sustainability features incorporated in the design and use of truck and tank trailers. These regulations include, but are not limited to, requirements on anti-lock braking systems and rear-impact guard standards, the use of aerodynamic devices and fuel saving technologies, as well as operator restrictions as to hours of service and minimum driver safety standards (see “Industry Trends”). In addition, most tank trailers we manufacture have specific federal regulations and restrictions that dictate tank design, material type and thickness. Manufacturing operations are subject to environmental laws enforced by federal, state and local agencies (see "Environmental Matters").

Products

Since our inception, we have expanded our product offerings from a single truck trailer dry van product to a broad range of transportation equipment and diversified industrial products.

Our Commercial Trailer Products segment specializes in the development of innovative proprietary products for our key markets. Commercial Trailer Products segment sales represented approximately 72%, 66% and 63% of our consolidated net sales as measured before elimination of intersegment sales in 2015, 2014 and 2013, respectively. Our current Commercial Trailer Products primarily include the following:

- *Dry Van Trailers.* The dry van market represents our largest product line and includes trailers sold under DuraPlateâ, DuraPlateHDâ, and DuraPlate® XD-35® trademarks. Our DuraPlate® trailers utilize a proprietary technology that consists of a composite plate wall for increased durability and greater strength.

- *Platform Trailers.* Platform trailers are sold under the Transcraft® and Benson® trademarks. Platform trailers consist of a trailer chassis with a flat or “drop” loading deck without permanent sides or a roof. These trailers are primarily utilized to haul steel coils, construction materials and large equipment. In addition to our all steel and combination steel and aluminum platform trailers, we also offer a premium all-aluminum platform trailer.

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

- *Specialty Trailers.* These products include a wide array of specialty equipment and services generally focused on products that require a higher degree of customer specifications and requirements. These specialty products include converter dollies, Big Tire Hauler, Steel Coil Hauler and RoadRailer® trailers.

- *Aftermarket Parts and Rail.* Aftermarket component products are manufactured to provide continued support to our customers throughout the life cycle of the trailer. Aurora Parts & Accessories, LLC is the exclusive supplier of the aftermarket component products for the company’s dry van, refrigerated and platform trailers. Additionally, rail components are sold to provide continued support of the Road Railer® product line as well as to expand our offerings in the rail markets.

- *Truck Bodies.* Introduced in 2015, the truck body product leverages our fleet-proven DuraPlate® technology utilized in dry van trailers and also includes the introduction of a revolutionary proprietary molded structural composite panel designed to improve weight and thermal efficiency in refrigerated truck body applications.

- *Used Trailers.* This includes the sale of used trailers through our used fleet sales center to facilitate new trailer sales with a focus on selling both large and small fleet trade packages to the wholesale market.

- *Wood Products.* We manufacture laminated hardwood oak products used primarily in our dry van trailer segment at our manufacturing operations located in Harrison, Arkansas.

Our Diversified Products segment focuses on our commitment to expand our customer base, diversify our product offerings, end markets and revenues, and extend our market leadership by leveraging our intellectual property and technology, including our proprietary DuraPlate® panel technology, drawing on our core manufacturing expertise and making available products that are complementary to the truck and tank trailers and transportation equipment we offer. Diversified Products segment sales represented approximately 20%, 24% and 27% of our consolidated net sales as measured before elimination of intersegment sales in 2015, 2014 and 2013, respectively. Our current Diversified Products segment primarily includes the following:

- *Tank Trailers.* Tank Trailers currently has several principal brands dedicated to transportation products including Walker Transport, Brenner® Tank, Bulk Tank International as well as Beall® Trailers. Equipment sold under these brands include stainless steel and aluminum liquid and dry bulk tank trailers and other transport solutions for the dairy, food and beverage, chemical, environmental, petroleum and refined fuel industries.

- Walker Transport – Founded as the original Walker business in 1943, the Walker Transport brand includes stainless-steel tank trailers for the dairy, food and beverage end markets.

- Brenner® Tank – Founded in 1900, Brenner® Tank manufactures stainless-steel and aluminum tank trailers, dry bulk trailers, fiberglass reinforced poly tank trailers as well as vacuum tank trailers and carbon steel frac tanks for the oil and gas, chemical, energy and environmental services end markets.

- Bulk Tank International – Manufactures stainless-steel tank trailers for the oil and gas and chemical end markets.

- Beall® Trailers – With tank trailer production dating to 1928, the Beall® brand includes aluminum tank trailers and related tank trailer equipment for the dry bulk and petroleum end markets.

· *Process Systems.* Process Systems currently sells products under the Walker Engineered Products and Extract Technology® brands and specializes in the design and production of a broad range of products including: a portfolio of products for storage, mixing and blending, including process vessels, as well as round horizontal and vertical storage silo tanks; containment and isolation systems for the pharmaceutical, chemical, and nuclear industries, including custom designed turnkey systems and spare components for full service and maintenance contracts; containment systems for the pharmaceutical, chemical and biotech markets; and mobile water storage tanks used in the oil and gas industry to pump high-pressure water into underground wells.

- Walker Engineered Products – Since the 1960s, Walker has marketed stainless-steel storage tanks and silos, mixers, and processors for the dairy, food and beverage, pharmaceutical, chemical and biotech end markets under the Walker Engineered Products brand.

- Extract Technology® – Since 1981, the Extract Technology® brand has included stainless-steel isolators and downflow booths, as well as custom-fabricated equipment, including workstations and drum booths for the pharmaceutical, fine chemical, biotech and nuclear end markets.

· *Aviation & Truck Equipment.* Aviation & Truck Equipment currently sells products under the Progress Tank and Garsite brands, which are dedicated to serving aircraft refuelers and hydrant dispensers for in-to-plane fueling companies, airlines, freight distribution companies and fuel marketers around the globe; military grade refueling and water tankers for applications and environments required by the military; truck mounted tanks for fuel delivery; and vacuum tankers.

- Progress Tank – Since 1920, the Progress Tank brand has included aluminum and stainless-steel truck-mounted tanks for the oil and gas and environmental end markets.

-

Garsite – Founded in 1952, Garsite is a value-added assembler of aircraft refuelers, hydrant dispensers, and above-ground fuel storage tanks for the aviation end market.

- *Composites*. Our composite products expand the use of DuraPlate® composite panels, already a proven product in the semi-trailer market for over 20 years, into new product and market applications. In 2009, we introduced our EPA Smartway®[1] approved DuraPlate® AeroSkirt®. In February 2015 we introduced three solutions designed to significantly improve trailer aerodynamics and fuel economy featuring a trailer drag reduction system to manage airflow across the entire length of trailer, or Ventix DRS™, an aerodynamic tail devised to direct airflow across the rear of the trailer, or AeroFin™, and a new lighter version of our AeroSkirt design called AeroSkirt CX™. Other composite products include truck bodies, overhead doors, foldable portable storage containers and other industrial applications. We continue to develop new products and actively explore markets that can benefit from the proven performance of our proprietary technology.

[1] EPA Smartway® is a registered trademark of U.S. Environmental Protection Agency (EPA)

Our Retail segment offers products in three general categories, including new trailers, used trailers and parts and service. Retail segment sales represented approximately 8% of our consolidated net sales as measured before elimination of intersegment sales in 2015 and approximately 10% in each of the prior two years. The following is a description of each product category:

- *New Trailers.* We sell new trailers produced by the Commercial Trailer Products and Diversified Products segments. Additionally, we sell specialty trailers produced by third parties that are purchased in smaller quantities for local or regional transportation needs. As a percentage of consolidated net sales, new trailer sales through our Retail segment represented approximately 3%, 5% and 5% of consolidated net sales in 2015, 2014 and 2013, respectively.

- *Parts & Service.* We provide replacement parts and accessories, maintenance service and trailer repairs and conversions for trailers and other related equipment. As a percentage of consolidated net sales, parts and service sales within our Retail segment represented approximately 4%, 4% and 5% in 2015, 2014 and 2013, respectively.

- *Used Trailers.* We sell used trailers through our retail branch network to enable us to remarket and promote new trailer sales in the local regions in which we operate. Used trailer sales represented less than 1% of consolidated net sales in each of 2015, 2014 and 2013.

Customers

Our customer base has historically included many of the nation's largest truckload (TL) common carriers, leasing companies, private fleet carriers, less-than-truckload (LTL) common carriers and package carriers. We continue to expand our customer base and diversify into the broader trailer market through our independent dealer and company-owned retail networks, as well as through strategic acquisitions. Furthermore, we continue to diversify our products organically by expanding the use of DuraPlate® composite panel technology through products such as DuraPlate® AeroSkirts®, truck bodies, overhead doors and portable storage containers as well as strategically through our acquisitions. All of these efforts have been accomplished while maintaining our relationships with our core customers. Our five largest customers together accounted for approximately 25%, 20% and 17% of our aggregate net sales in 2015, 2014 and 2013, respectively. No individual customer accounted for more than 10% or more of our aggregate net sales during the past three years. International sales, primarily to Canadian customers, accounted for less than 10% of net sales for each of the last three years.

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

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- *Truckload Carriers:* Averitt Express, Inc.; Celadon Group, Inc.; Covenant Transportation Group, Inc; Cowan Systems, LLC; Crete Carrier Corporation; Heartland Express, Inc.; J.B Hunt Transport, Inc.; Knight Transportation, Inc.; Schneider National, Inc.; Swift Transportation Corporation; U.S. Xpress Enterprises, Inc.; and Werner Enterprises, Inc.

- *Less-Than-Truckload Carriers:* FedEx Corporation; Old Dominion Freight Lines, Inc.; R&L Carriers Inc.; and YRC Worldwide, Inc.

- *Refrigerated Carriers:* CR England, Inc.; K&B Transportation, Inc.; Prime, Inc.; and Southern Refrigerated Transport, Inc.

- *Leasing Companies:* Penske Truck Leasing Company; Wells Fargo Equipment Finance, Inc.; and Xtra Lease, Inc.

- *Private Fleets:* C&S Wholesale Grocers, Inc.; Dollar General Corporation; and Safeway, Inc.

- *Liquid Carriers:* Dana Liquid Transport Corporation; Evergreen Tank Solutions LLC; Kenan Advantage Group, Inc.; Martin Transport, Inc.; Oakley Transport, Inc.; Quality Carriers, Inc.; Superior Tank, Inc.; and Trimac Transportation.

Through our Diversified Products segment we also sell our products to several other customers including, but not limited to: Atlantic Aviation; GlaxoSmithKline Services Unlimited; Dairy Farmers of America; Southwest Airlines Company; Nestlé; Matlack Leasing LLC; Wabash Manufacturing, Inc. (an unaffiliated company); and Whiting Door Manufacturing Corp.

Marketing and Distribution

We market and distribute our products through the following channels:

- Factory direct accounts;
- Company-owned distribution network; and
- Independent dealerships.

Factory direct accounts are generally large fleets, with over 7,500 trailers, that are high volume purchasers. Historically, we have focused on the factory direct market in which customers are highly knowledgeable of the life-cycle costs of trailer equipment and, therefore, are best equipped to appreciate the design and value-added features of our products.

Our Company-owned distribution network generates retail sales of trailers to smaller fleets and independent operators located in geographic regions where our branches are located. This branch network enables us to provide maintenance and other services to customers.

We also sell our van trailers through a network of 25 independent dealers with approximately 63 locations throughout North America. Our platform trailers are sold through 73 independent dealers with approximately 123 locations throughout North America. Our tank trailers are distributed through a network of 65 independent dealers with 66 locations throughout North America. The dealers primarily serve mid-market and smaller sized carriers and private fleets in the geographic region where the dealer is located and occasionally may sell to large fleets. The dealers may also perform service work for our customers.

Raw Materials

We utilize a variety of raw materials and components including, specialty steel coil, stainless steel, plastic, aluminum, lumber, tires, landing gear, axles and suspensions, which we purchase from a limited number of suppliers. Costs of raw materials and component parts represented approximately 63%, 65% and 65% of our consolidated net sales in 2015, 2014 and 2013, respectively. Raw material costs as a percentage of our consolidated net sales realized throughout 2015 are in line with recent years; however, we have seen some declining raw material costs in recent quarters. Significant price fluctuations or shortages in raw materials or finished components have had, and could have further, adverse effects on our results of operations. In 2016 and for the foreseeable future, we expect that the raw materials used in the greatest quantity will be steel, aluminum, plastic and wood. We will endeavor to pass along any raw material and component cost increases and, to minimize the effect of price fluctuations, we hedge certain commodities that have the potential to significantly impact our operations.

Backlog

Orders that have been confirmed by customers in writing, have defined delivery timeframes and can be produced during the next 18 months are included in our backlog. Orders that comprise our backlog may be subject to changes in quantities, delivery, specifications, terms or cancellation. Our backlog of orders at December 31, 2015 and 2014 was approximately $1,191 million and $1,087 million, respectively, and we expect to complete the majority of our backlog orders as of December 31, 2015 within 12 months of this date.

Patents and Intellectual Property

We hold or have applied for 104 patents in the U.S. on various components and techniques utilized in our manufacture of transportation equipment and engineered products. In addition, we hold or have applied for 126 patents in foreign countries.

Our patents include intellectual property related to the manufacture of trailers and aerodynamic-related products using our proprietary DuraPlate® product, truck body, trailer, and aerodynamic-related products utilizing other composite materials, our containment and isolation systems, and other engineered products – all of which we believe offer us a significant competitive advantage in the markets in which we compete.

Our DuraPlate® patent portfolio includes several patents and pending patent applications, which cover not only utilization of our DuraPlate® product in the manufacture of trailers, but also cover a number of aerodynamic-related products aimed at increasing the fuel efficiency of trailers. Patents in our DuraPlate® patent portfolio have expiration dates ranging from 2016 to 2035. While certain patents relating to the combined use of DuraPlate® panels and logistics systems within the sidewalls of our dry van trailers will expire in 2016, several other issued patents and pending patent applications relating to the use of DuraPlate® panels, or other composite materials, within aerodynamic-related products as well as modular storage and shipping containers will not begin to expire until 2035. Additionally, we believe that our proprietary DuraPlate® production process, which has been developed and refined since 1995, offers us a significant competitive advantage in the industry – above and beyond the benefits provided by any patent protection concerning the use and/or design of our DuraPlate® products. While unpatented, we believe the proprietary knowledge of this process and the significant intellectual and capital hurdles in creating a similar production process provide us with an advantage over others in the industry who utilize composite sandwich panel technology.

Our intellectual property portfolio further includes a number of patent applications related to the manufacture of truck bodies and trailers using polymer composite component parts. These patent applications cover the polymer composite component structure and method of manufacturing the same. We believe the intellectual property related to this emerging use of polymer composite technology in our industry will offer us a significant market advantage to create proprietary products exploiting this technology. Additionally, our intellectual property portfolio includes patent applications related to the rear impact guard (RIG) of a trailer. These patent applications include new RIG designs which surpass the current and proposed federal regulatory RIG standards for the U.S. and Canada.

In addition, our intellectual property portfolio includes patents and patent applications covering many of our engineered products, including our containment and isolation systems, as well as many trailer industry components. These products have become highly desirable and are recognized for their innovation in the markets we serve. The engineered products patents and patent applications relate to our industry leading isolation systems, sold under the Extract Technology® brand name. These patents will not begin to expire until 2021. The patents and patent applications relating to our proprietary trailer-industry componentry include, for example, those covering the Trust Lock Plus® door locking mechanism, the use of bonded intermediate logistics strips, the bonded D-ring hold-down device, bonded skylights, the DuraPlate® arched roof, and the Max Clearance® Overhead Door System, which provides additional overhead clearance when an overhead-style rear door is in the opened position that would be comparable to that of swing-door models. The patents covering these products will not expire before 2029. Further, another patented product sold by the Diversified Products segment includes the ShakerTank® trailer, a vibrating bulk tank trailer used in transporting viscous materials, whose patents will not expire before 2026. We believe all of these proprietary products offer us a competitive market advantage in the industries in which we compete.

We also hold or have applied for 46 trademarks in the U.S., as well as 60 trademarks in foreign countries. These trademarks include the Wabash®, Wabash National®, Transcraft®, Benson®, Extract Technology®, Beall® and Brenner® brand names as well as trademarks associated with our proprietary products such as DuraPlate®, RoadRailer®, Transcraft®, Arctic Lite®, and Benson® trailers. Additionally, we utilize several tradenames that are each well-recognized in their industries, including Walker Transport, Walker Stainless Equipment, Walker Engineered Products, Garsite, Bulk Tank International and Progress Tank. Our trademarks associated with additional proprietary products include Max Clearance® Overhead Door System, Trust Lock Plus®, EZ-7®, DuraPlate AeroSkirt®, DuraPlate AeroSkirt CX™, DuraPlate XD-35®, DuraPlate HD®, SolarGuard®, Ventix DRS™, AeroFin™, AeroFin XL™ and EZ-Adjust®. We believe these trademarks are important for the identification of our products and the associated customer goodwill; however, our business is not materially dependent on such trademarks.

Research and Development

Research and development expenses are charged to earnings as incurred and were $4.8 million, $1.7 million and $2.2 million in 2015, 2014 and 2013, respectively.

Environmental Matters

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

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

Employees

As of December 31, 2015 and 2014, we had approximately 5,300 and 5,100 full-time employees, respectively. Throughout 2015, essentially all of our active employees were non-union. Our temporary employees represented approximately 17% of our overall production workforce as of December 31, 2015 as compared to approximately 18% at the end of the prior year period. We place a strong emphasis on maintaining good employee relations and development through competitive compensation and related benefits, a safe work environment and promoting educational programs and quality improvement teams.

Executive Officers of Wabash National Corporation

The following are the executive officers of the Company:

Name	Age	Position
Richard J. Giromini	62	President and Chief Executive Officer, Director
William D. Pitchford	61	Senior Vice President – Human Resources and Assistant Secretary
Erin J. Roth	40	Senior Vice President – General Counsel and Secretary
Jeffery L. Taylor	50	Senior Vice President – Chief Financial Officer
Mark J. Weber	44	Senior Vice President – Group President, Diversified Products Group

Brent L. Yeagy	45	Senior Vice President – Group President, Commercial Trailer Products

Richard J. Giromini. Mr. Giromini was promoted to President and Chief Executive Officer in January 2007. He had been Executive Vice President and Chief Operating Officer from February 2005 until December 2005 when he was appointed President and a Director of the Company. Prior to that, he had been Senior Vice President - Chief Operating Officer since joining the Company in July 2002. Mr. Giromini was with Accuride Corporation from April 1998 to July 2002, where he served in capacities as Senior Vice President - Technology and Continuous Improvement; Senior Vice President and General Manager - Light Vehicle Operations; and President and CEO of AKW LP. Previously, Mr. Giromini was employed by ITT Automotive, Inc. from 1996 to 1998 serving as the Director of Manufacturing. Mr. Giromini holds a Master of Science degree in Industrial Management and a Bachelor of Science degree in Mechanical and Industrial Engineering, both from Clarkson University. He is also a graduate of the Advanced Management Program at the Duke University Fuqua School of Management.

William D. Pitchford. Mr. Pitchford was promoted to Senior Vice President – Human Resources and Assistant Secretary in June 2013. He joined the Company in December 2011 as Vice President – Human Resources with an extensive Human Resource background including executive leadership, talent management, training and development, labor relations, employee engagement, compensation design and organizational development. Prior to joining the Company, Mr. Pitchford served as Vice President - Human Resources for Rio Tinto Alcan Corporation in Chicago, Illinois, from January 2009 to December 2010 and was with Ford Motor Company for more than 30 years where he held a variety of key leadership positions including Human Resources Director, Labor Relations Director and Senior Human Resources Manager. Mr. Pitchford holds a Master of Arts degree in Human Resources from Central Michigan University and a Bachelor of Science degree from Indiana State University.

Erin J. Roth. Ms. Roth was promoted to Senior Vice President – General Counsel and Secretary in January 2011. Prior to her promotion, she served as Vice President – General Counsel and Secretary, beginning in March 2010, after first joining the Company in March 2007 as Corporate Counsel. Immediately prior to joining the Company, Ms. Roth was engaged in the private practice of law with Barnes & Thornburg, LLP, representing a number of private and public companies throughout the U.S. Ms. Roth holds a Juris Doctorate from the Georgetown University Law Center and a Bachelor of Science degree in Accounting from Butler University.

Jeffery L. Taylor. Mr. Taylor was appointed Senior Vice President and Chief Financial Officer in January 2014. Mr. Taylor joined the company in July 2012 as Vice President of Finance and Investor Relations and was promoted to Vice President – Acting Chief Financial Officer and Treasurer in June 2013. Prior to joining the Company, Mr. Taylor was with King Pharmaceuticals, Inc. from May 2006 to July 2011 as Vice President, Finance – Technical Operations, and with Eastman Chemical Company from June 1997 to May 2006 where he served in various positions of increasing responsibility within finance, accounting, investor relations and business management, including its Global Business Controller – Coatings, Adhesives, Specialty Polymers & Inks. Mr. Taylor earned his Masters of Business Administration from the University of Texas at Austin and his Bachelor of Science in Chemical Engineering from Arizona State University.

Mark J. Weber. Mr. Weber was appointed to Senior Vice President - Group President of Diversified Products Group in June 2013. Mr. Weber joined the Company in August 2005 as Director of Internal Audit, was promoted in February 2007 to Director of Finance, and in November 2007 to Vice President and Corporate Controller. In August 2009 Mr. Weber was then appointed to the position of Senior Vice President – Chief Financial Officer. Prior to joining the Company, Mr. Weber was with Great Lakes Chemical Corporation from October 1995 through August 2005 where he served in several positions of increasing responsibility within accounting and finance, including Vice President of Finance. Mr. Weber earned his Masters of Business Administration and Bachelor of Science in Accounting from Purdue University's Krannert School of Management.

Brent L. Yeagy. Mr. Yeagy was appointed to Senior Vice President – Group President of Commercial Trailer Products Group in June 2013. He had been Vice President and General Manager for the Commercial Trailer Products Group since January 2010. Prior to that, he had been Vice President of Van Manufacturing since 2007. Mr. Yeagy has held numerous operations related roles since joining Wabash National in February 2003. Prior to joining the Company, Mr. Yeagy held various roles within Human Resources, Environmental Engineering and Safety Management for Delco Remy International from July 1999 through February 2003. Mr. Yeagy served in various Plant Engineering roles at Rexnord Corporation from December 1995 through July 1997. Mr. Yeagy is a veteran of the United States Navy, serving from 1991 to 1994. He received his Masters of Business Administration from Anderson University and his Master and Bachelor degrees in Science from Purdue University. He is also a graduate of the University of Michigan, Ross School of Business Program in Executive Management and the Stanford Executive Program.

ITEM 1A—RISK FACTORS

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

Risks Related to Our Business, Strategy and Operations

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

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

The steps we have taken to diversify our product offerings through the implementation of our strategic plan do not insulate us from this cyclicality. During downturns, we operate with a lower level of backlog and have had to temporarily slow down or halt production at some or all of our facilities, including extending normal shut down periods and reducing salaried headcount levels. An economic downturn may reduce, and in the past has reduced, demand for trailers, resulting in lower sales volumes, lower prices and decreased profits or losses.

We may not be able to execute on our long-term strategic plan and growth initiatives, or meet our long-term financial goals.

Our long-term strategic plan is intended to generate long-term value for our shareholders while delivering profitable growth through all our business segments. The long-term financial goals that we expect to achieve as a result of our long-term strategic plan and organic growth initiatives are based on certain assumptions, which may prove to be incorrect. We cannot provide any assurance that we will be able to fully execute on our strategic plan or growth initiatives, which are subject to a variety of risks, including, but not limited to, our ability to: diversify the product offerings of our non-trailer businesses; leverage acquired businesses and assets to grow sales with our existing products; design and develop new products to meet the needs of our customers; increase the pricing of our products and services to offset cost increases and expand gross margins; and execute potential future acquisitions, mergers, and other business development opportunities. If we are unable to successfully execute on our strategic plan, we may experience increased competition, adverse financial consequences and a decrease in the value of our stock. Additionally, our management's attention to the implementation of the strategic plan, which includes our efforts at diversification, may distract them from implementing our core business which may also have adverse financial consequences.

Demand for new trailers is sensitive to economic conditions over which we have no control and that may adversely affect our revenues and profitability.

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

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

We currently rely on a limited number of suppliers for certain key components and raw materials in the manufacturing of our products, such as tires, landing gear, axles, suspensions, specialty steel coil, stainless steel, plastic, aluminum and lumber. From time to time, there have been and may in the future be shortages of supplies of raw materials or components, or our suppliers may place us on allocation, which would have an adverse impact on our ability to meet demand for our products. Shortages and allocations may result in inefficient operations and a build-up of inventory, which can negatively affect our working capital position. In addition, price volatility in commodities we purchase that impacts the pricing of raw materials could have negative impacts on our operating margins. The loss of any of our suppliers or their inability to meet our price, quality, quantity and delivery requirements could have a significant adverse impact on our results of operations.

Global economic weakness could negatively impact our operations and financial performance.

While the trailer industry has recently experienced a period of economic recovery, we cannot provide any assurances that we will be profitable in future periods or that we will be able to sustain or increase profitability in the future. Increasing our profitability will depend on several factors, including, but not limited to, our ability to increase our overall trailer volumes, improve our gross margins, gain continued momentum on our product diversification efforts and manage our expenses. If we are unable to sustain profitability in the future, we may not be able to meet our payment and other obligations under our outstanding debt agreements.

We continue to be reliant on the credit, housing and construction-related markets in the U.S. The same general economic concerns faced by us are also faced by our customers. We believe that some of our customers are highly leveraged, have limited access to capital, and their continued existence may be reliant on liquidity from global credit markets and other sources of external financing. Lack of liquidity by our customers could impact our ability to collect amounts owed to us. While we have taken steps to address these concerns through the implementation of our strategic plan, we are not immune to the pressures being faced by our industry or the global economy, and our results of operations may decline.

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

We have longstanding relationships with a number of large customers to whom we supply our products. We do not have long-term agreements with these customers. Our success is dependent, to a significant extent, upon the continued strength of these relationships and the growth of our core customers. We often are unable to predict the level of demand for our products from these customers, or the timing of their orders. In addition, the same economic conditions that adversely affect us also often adversely affect our customers. Furthermore, we are subject to a concentration of risk as the five largest customers together accounted for approximately 25% of our aggregate net sales in 2015 and there have been customers historically who have individually accounted for greater than 10% of our aggregate net sales. The loss of a significant customer or unexpected delays in product purchases could further adversely affect our business and results of operations.

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

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

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

Our backlog may not be indicative of the level of our future revenues.

Our backlog represents future production for which we have written orders from our customers that can be produced or sold in the next 18 months. Orders that comprise our backlog may be subject to changes in quantities, delivery, specifications and terms, or cancellation, and our reported backlog may not be converted to revenue in any particular period and actual revenue from such orders may not equal our backlog. Therefore, our backlog may not be indicative of the level of our future revenues.

International operations are subject to increased risks, which could harm our business, operating results and financial condition.

Our ability to manage our business and conduct operations internationally requires considerable management attention and resources and is subject to a number of risks, including the following:

- challenges caused by distance, language and cultural differences and by doing business with foreign agencies and governments;
- longer payment cycles in some countries;
- uncertainty regarding liability for services and content;
- credit risk and higher levels of payment fraud;
- currency exchange rate fluctuations and our ability to manage these fluctuations;
- foreign exchange controls that might prevent us from repatriating cash earned outside the U.S.;

- import and export requirements that may prevent us from shipping products or providing services to a particular market and may increase our operating costs;
- potentially adverse tax consequences;
- higher costs associated with doing business internationally;
- different expectations regarding working hours, work culture and work-related benefits; and
- different employee/employer relationships and the existence of workers' councils and labor unions.

Compliance with complex foreign and U.S. laws and regulations that apply to international operations may increase our cost of doing business and could expose us or our employees to fines, penalties and other liabilities. These numerous and sometimes conflicting laws and regulations include import and export requirements, content requirements, trade restrictions, tax laws, environmental laws and regulations, sanctions, internal and disclosure control rules, data privacy requirements, labor relations laws, U.S. laws such as the Foreign Corrupt Practices Act and substantially equivalent local laws prohibiting corrupt payments to governmental officials and/or other foreign persons. Although we have policies and procedures designed to ensure compliance with these laws and regulations, there can be no assurance that our officers, employees, contractors or agents will not violate our policies. Any violation of the laws and regulations that apply to our operations and properties could result in, among other consequences, fines, environmental and other liabilities, criminal sanctions against us, our officers or our employees, prohibitions on our ability to offer our products and services to one or more countries and could also materially damage our reputation, our brand, our efforts to diversify our business, our ability to attract and retain employees, our business and our operating results.

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

We continue to optimize and expand our product offerings to meet our customer needs through our established brands, such as DuraPlate®, DuraPlateHD®, DuraPlate® XD-35®, DuraPlate AeroSkirt®, ArcticLite®, Transcraft®, Benson®, Walker Transport, Brenner® Tank, Garsite, Progress Tank, Bulk Tank International, and Extract Technology®. While we target product development to meet customer needs, there is no assurance that our product development efforts will be embraced and that we will meet our sales projections. Companies in the truck transportation industry, a very fluid industry in which our customers primarily operate, make frequent changes to maximize their operations and profits.

Over the past several years, we have seen a number of our competitors follow our leadership in the development and use of composite sidewalls that bring them into direct competition with our DuraPlateâ products. Our product development is focused on maintaining our leadership for these products but competitive pressures may erode our market share or margins. We hold patents on various components and techniques utilized in our manufacturing of transportation equipment and engineered products with expiration dates ranging from 2016 to 2035. We continue to take steps to protect our proprietary rights in our products and the processes used to produce them. However, the steps we have taken may not be sufficient or may not be enforced by a court of law. If we are unable to protect our intellectual properties, other parties may attempt to copy or otherwise obtain or use our products or technology. If competitors are able to use our technology, our ability to effectively compete could be harmed. In addition, litigation related to intellectual property could result in substantial costs and efforts which may not result in a successful outcome.

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

We manufacture our van trailer products at two facilities in Lafayette, Indiana, a flatbed trailer facility in Cadiz, Kentucky, a hardwood floor facility in Harrison, Arkansas, six liquid-transportation systems facilities in New Lisbon, Wisconsin; Fond du Lac, Wisconsin; Kansas City, Kansas; Portland, Oregon; and Queretaro, Mexico, three engineered products facilities in New Lisbon, Wisconsin; Elroy, Wisconsin; Huddersfield, United Kingdom and produce DuraPlate® products at facilities in Lafayette, Indiana and Frankfort, Indiana. An unexpected disruption in our production at any of these facilities for any length of time would have an adverse effect on our business, financial condition and results of operations.

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

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

We rely significantly on information technology to support our operations and if we are unable to protect against service interruptions or security breaches, our business could be adversely impacted.

We depend on a number of information technologies to integrate departments and functions, to enhance the ability to service customers, to improve our control environment and to manage our cost reduction initiatives. We have put in place a number of systems, processes, and practices designed to protect against the failure of our systems, as well as the misappropriation, exposure or corruption of the information stored thereon. Unintentional service disruptions or intentional actions such as intellectual property theft, cyber-attacks, unauthorized access or malicious software, may lead to such misappropriation, exposure or corruption if our protective measures prove to be inadequate. Any issues involving these critical business applications and infrastructure may adversely impact our ability to manage operations and the customers we serve. We could also encounter violations of applicable law or reputational damage from the disclosure of confidential business, customer, or employee information or the failure to protect the privacy rights of our employees in their personal identifying information. In addition, the disclosure of non-public information could lead to the loss of our intellectual property and diminished competitive advantages. Should any of the foregoing events occur, we may be required to incur significant costs to protect against damage caused by these disruptions or security breaches in the future.

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

The length, height, width, maximum weight capacity and other specifications of truck and tank trailers are regulated by individual states. The federal government also regulates certain trailer safety features, such as lamps, reflective devices, tires, air-brake systems and rear-impact guards. In addition, most tank trailers we manufacture have specific federal regulations and restrictions that dictate tank design, material type and thickness. Changes or anticipation of changes in these regulations can have a material impact on our financial results, as our customers may defer purchasing decisions and we may have to re-engineer products. We are subject to various environmental laws and regulations dealing with the transportation, storage, presence, use, disposal and handling of hazardous materials, discharge of storm water and underground fuel storage tanks, and we may be subject to liability associated with operations of prior owners of acquired property. In addition, we are subject to laws and regulations relating to the employment of our employees and labor-related practices.

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

Regulations related to conflict-free minerals may force us to incur additional expenses and otherwise adversely affect our business and results of operations.

As mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Securities and Exchange Commission adopted rules regarding disclosure of the use of certain minerals, known as conflict minerals, originating from the Democratic Republic of Congo or adjoining countries. These requirements require ongoing due diligence efforts and disclosure requirements. We may incur significant costs to determine the source of any such minerals used in our products. We may also incur costs with respect to potential changes to products, processes or sources of supply as a consequence of our diligence activities. Further, the implementation of these rules and their effect on customer and/or supplier behavior could adversely affect the sourcing, supply and pricing of materials used in our products, as the number of suppliers offering conflict-free minerals could be limited. We may incur additional costs or face regulatory scrutiny if we determine that some of our products contain materials not determined to be conflict-free or if we are unable to sufficiently verify the origins of all conflict minerals used in our products. Accordingly, compliance with these rules could have a material adverse effect on our business, results of operations and/or financial condition.

Product liability and other legal claims could have an adverse effect on our financial condition and results of operations.

As a manufacturer of products widely used in commerce, we are subject to product liability claims and litigation, as well as warranty claims. From time to time claims may involve material amounts and novel legal theories, and any insurance we carry may not provide adequate coverage to insulate us from material liabilities for these claims.

In addition to product liability claims, we are subject to legal proceedings and claims that arise in the ordinary course of business, such as workers' compensation claims, OSHA investigations, employment disputes and customer and supplier disputes arising out of the conduct of our business. Litigation may result in substantial costs and may divert management's attention and resources from the operation of our business, which could have a material adverse effect on our business, results of operations or financial condition. As described in more detail in Item 3 “Legal Proceedings” below, we are currently appealing a judgment rendered by the Fourth Civil Court of Curitiba, Brazil, in a lawsuit that has been pending since 2001. While we are appealing this judgment, which renders it unenforceable at this time, and the Brazilian Court of Appeals has the authority to render a new judgment in the case without any regard to the lower court’s findings, the ultimate outcome of the case is uncertain and the resolution of this litigation may result in us incurring substantial costs that are not covered by insurance.

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

We have a substantial amount of goodwill and purchased intangible assets on our balance sheet as a result of acquisitions. At December 31, 2015, approximately 90% of these long-lived intangible assets were concentrated in our Diversified Products segment. The carrying value of goodwill represents the fair value of an acquired business in excess of identifiable assets and liabilities as of the acquisition date. The carrying value of other long-lived intangible assets represents the fair value of trademarks and trade names, customer relationships and technology as of the acquisition date, net of any accumulated amortization. Under generally accepted accounting principles, goodwill is required to be reviewed for impairment at least annually, or more frequently if potential interim indicators exist that could result in impairment, and other long-lived intangible assets require review for impairment only when indicators exist. If any business conditions or other factors cause profitability or cash flows to significantly decline, we may be required to record a non-cash impairment charge, which could adversely affect our operating results. Events and conditions that could result in impairment include a prolonged period of global economic weakness, a further decline in economic conditions or a slow, weak economic recovery, sustained declines in the price of our common stock, adverse changes in the regulatory environment, adverse changes in the market share of our products, adverse changes in interest rates, or other factors leading to reductions in the long-term sales or profitability that we expect.

Our ability to fund operations is limited by our cash on hand and available borrowing capacity under our revolving credit facility.

We believe our liquidity, defined as cash on hand and available borrowing capacity, on December 31, 2015 of $347.9 million and our expected continued profitability will be more than adequate to fund working capital requirements and capital expenditures throughout 2016, which we expect to be a period of continued strong demand within the trailer manufacturing industry. Furthermore, we continue to have the option, subject to certain conditions, to request an additional incremental increase of $50 million to the total commitment of our revolving credit facility. Our liquidity position as of December 31, 2015 represented an increase of $58.0 million and $93.6 million from December 31, 2014 and 2013, respectively. Our ability to fund our working capital needs and capital expenditures is limited by the net cash provided by operations, cash on hand and available borrowings under our revolving credit facility. Declines in net cash provided by operations, increases in working capital requirements necessitated by an increased demand for our products and services, decreases in the availability under the revolving credit facility or changes in the credit our suppliers provide to us, could rapidly exhaust our liquidity.

Risks Related to Our Indebtedness

Our levels of indebtedness could adversely affect our business, financial condition and results of operations and our ability to meet our payment obligations under our debt agreements.

As of December 31, 2015, we had $326 million of indebtedness, including: $191 million secured debt, $131 million unsecured debt, $3 million in capital lease obligations and $1 million in an industrial revenue bond. This level of debt could have significant consequences on our future operations, including, among others:

- making it more difficult for us to meet our payment and other obligations under our outstanding debt agreements;
- resulting in an event of default if we fail to comply with the restrictive covenants contained in our debt agreements, which could result in all of our debt becoming immediately due and payable;
- reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate purposes, and limiting our ability to obtain additional financing for these purposes;
- subjecting us to the risk of increased sensitivity to interest rate increases on our indebtedness with variable interest rates;
- limiting our flexibility in planning for, or reacting to, and increasing our vulnerability to, changes in our business, the industry in which we operate and the general economy; and
- placing us at a competitive disadvantage compared to our competitors that have less debt or are less leveraged.

Any of the factors listed above could have a material adverse effect on our business, financial condition and results of operations and our ability to meet our payment obligations under our debt agreements.

Servicing our debt will require a significant amount of cash, and we may not have sufficient cash flow from our business to pay our debt obligations.

Our ability to make scheduled principal payments of, to pay interest on or to refinance our indebtedness depends on our future performance, which is subject to regulatory, economic, financial, competitive and other factors beyond our control. While we do not have significant scheduled principal payments until 2018, our business may not continue to generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations.

Despite our current debt levels, we may still incur substantially more debt or take other actions that would intensify the risks discussed above.

Despite our current consolidated debt levels, we may be able to incur substantial additional debt in the future, subject to the restrictions contained in our debt instruments, some of which may be secured debt. We are not restricted under the terms of the indenture governing our Convertible Senior Notes due 2018 (the “Notes”) from incurring additional debt, securing existing or future debt, recapitalizing our debt or taking a number of other actions that are not limited by the terms of the indenture governing the Notes. Our Amended and Restated Revolving Credit Agreement restricts our ability to incur additional indebtedness, including secured indebtedness, but if the facilities mature or are repaid, we may not be subject to such restrictions under the terms of any subsequent indebtedness.

The conditional conversion feature of the Notes, if triggered, may adversely affect our financial condition and operating results.

In the event the conditional conversion feature of the Notes is triggered, holders of Notes will be entitled to convert the Notes at any time during specified periods at their option. If one or more holders elect to convert their Notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our common stock (other than cash in lieu of any fractional share), we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity. In addition, even if holders do not elect to convert their Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the notes as a current rather than long-term liability, which would result in a material reduction of our working capital.

Future sales of our common stock in the public market could lower the market price for our common stock.

In the future, we may sell additional shares of our common stock to raise capital. In addition, a substantial number of shares of our common stock are reserved for issuance upon the exercise of stock options and upon conversion of the Notes. We cannot predict the size of future issuances or the effect, if any, that they may have on the market price for our common stock. The issuance and sale of substantial amounts of common stock, or the perception that such issuances and sales may occur, could adversely affect the market price of our common stock and impair our ability to raise capital through the sale of additional equity securities.

Provisions of the Notes could discourage a potential future acquisition of us by a third party.

Certain provisions of the Notes could make it more difficult or more expensive for a third party to acquire us. Upon the occurrence of certain transactions constituting a fundamental change, holders of the Notes will have the right, at their option, to require us to repurchase all of their Notes or any portion of the principal amount of such Notes in integral multiples of $1,000. We also may be required to issue additional shares upon conversion in the event of certain corporate transactions. In addition, the indenture for the Notes prohibits us from engaging in certain mergers or acquisitions unless, among other things, the surviving entity assumes our obligations under the Notes. These and other provisions of the Notes could prevent or deter a third party from acquiring us even where the acquisition could be beneficial to our stockholders.

Our Term Loan Credit Agreement and revolving credit facility contain restrictive covenants that, if breached, could limit our financial and operating flexibility and subject us to other risks.

Our Term Loan Credit Agreement and revolving credit facility include customary covenants limiting our ability to, among other things, pay cash dividends, incur debt or liens, redeem or repurchase stock, enter into transactions with affiliates, merge, dissolve, repay subordinated indebtedness, make investments and dispose of assets. As required under our revolving credit facility, we are required to maintain a minimum fixed charge coverage ratio of not less than 1.1 to 1.0 as of the end of any period of 12 fiscal months when excess availability under the Amended and Restated Revolving Credit Agreement is less than 10% of the total revolving commitment.

If availability under the Amended and Restated Revolving Credit Agreement is less than 12.5% of the total revolving commitment or if there exists an event of default, amounts in any of the Borrowers' and the Revolver Guarantors' deposit accounts (other than certain excluded accounts) will be transferred daily into a blocked account held by the Revolver Agent and applied to reduce the outstanding amounts under the facility.

As of December 31, 2015, we believe we are in compliance with the provisions of both our Term Loan Credit Agreement and our revolving credit facility. Our ability to comply with the various terms and conditions in the future may be affected by events beyond our control, including prevailing economic, financial and industry conditions.

Risks Related to an Investment in Our Common Stock

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

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

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

Also, shareholders may from time to time engage in proxy solicitations, advance shareholder proposals or otherwise attempt to effect changes or acquire control over the Company. Such shareholder campaigns could disrupt the Company’s operations and divert the attention of the Company’s Board of Directors and senior management and employees from the pursuit of business strategies and adversely affect the Company’s results of operations and financial condition.

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

ITEM 1B—UNRESOLVED STAFF COMMENTS

None.

ITEM 2—PROPERTIES

Our main Lafayette, Indiana facility is a 1.2 million square foot facility that houses truck trailer, truck body and composite material production, tool and die operations, research and development laboratories and offices. Our second Lafayette, Indiana facility is 0.8 million square feet and used primarily for the production of refrigerated van trailers. In total, our facilities have the capacity to produce approximately 80,000 trailers annually on a three shift, five-day workweek schedule, depending on the mix of products.

We have 15 Retail branch facilities located throughout North America. Each sales and service branch consists of an office, parts warehouse and service space, and ranges in size from 4,000 to 70,000 square feet per facility. The 15 facilities are located in 11 states and seven of the facilities are leased.

Properties owned by Wabash are subject to security interests held by our lenders. We believe the facilities we are now using are adequate and suitable for our current business operations and the currently foreseeable level of operations. The following table provides information regarding the locations of our major facilities which are in the following areas in the United States, Mexico and United Kingdom:

Location	Owned or Leased	Description of Activities at Location	Segment
Ashland, Kentucky	Leased	Parts distribution	Retail
Baton Rouge, Louisiana	Leased	Service and parts distribution	Retail
Cadiz, Kentucky	Leased	Manufacturing, new trailers and parts distribution	Commercial Trailer Products and Retail
Chicago, Illinois	Leased	Service and parts distribution	Retail
Columbus, Ohio	Owned	New trailers, used trailers, service and parts distribution	Retail
Dallas, Texas	Owned	New trailers, used trailers, service and parts distribution	Retail
Denver, Colorado	Owned	New trailers, used trailers, service and parts distribution	Retail
Dunmore, Pennsylvania	Owned	New trailers, used trailers, service and parts distribution	Retail
Elroy, Wisconsin	Owned	Manufacturing	Diversified Products
Findlay, Ohio	Leased	Service and parts distribution	Diversified Products
Fond du Lac, Wisconsin	Owned	Manufacturing	Diversified Products
Frankfort, Indiana	Leased	Manufacturing	Diversified Products
Harrison, Arkansas	Owned	Manufacturing	Diversified Products
Houston, Texas	Leased	Service and parts distribution	Retail
Huddersfield, United Kingdom	Leased property/Owned building	Manufacturing	Diversified Products
Kansas City, Kansas	Leased	Manufacturing	Diversified Products
Lafayette, Indiana	Owned	Corporate Headquarters, Manufacturing and used trailers	Commercial Trailer Products, Diversified Products and Retail
Mauston, Wisconsin	Leased	Service and parts distribution	Retail
Miami, Florida	Owned	New trailers, used trailers, service and parts distribution	Retail
New Lisbon, Wisconsin	Owned/Leased	Manufacturing	Diversified Products
Phoenix, Arizona	Owned	New trailers, used trailers, service and parts distribution	Retail
Portland, Oregon	Owned	Manufacturing	Diversified Products
Queretaro, Mexico	Owned	Manufacturing	Diversified Products
	Owned	New trailers, used trailers, service and parts distribution	Retail

San Antonio, Texas			
Smithton, Pennsylvania	Owned	New trailers, used trailers, service and parts distribution	Retail
Tavares, Florida	Leased	Manufacturing	Diversified Products
West Memphis, Arkansas	Leased	Service and parts distribution	Retail

ITEM 3—LEGAL PROCEEDINGS

We are involved in a number of legal proceedings concerning matters arising in connection with the conduct of our business activities, and are periodically subject to governmental examinations (including by regulatory and tax authorities), and information gathering requests (collectively, "governmental examinations"). As of December 31, 2015, we were named as a defendant or were otherwise involved in numerous legal proceedings and governmental examinations in various jurisdictions, both in the United States and internationally.

We have recorded liabilities for certain of our outstanding legal proceedings and governmental examinations. A liability is accrued when it is both (a) probable that a loss with respect to the legal proceeding has occurred and (b) the amount of loss can be reasonably estimated. We evaluate, on a quarterly basis, developments in legal proceedings and governmental examinations that could cause an increase or decrease in the amount of the liability that has been previously accrued. These legal proceedings, as well as governmental examinations, involve various lines of business and a variety of claims (including, but not limited to, common law tort, contract, antitrust and consumer protection claims), some of which present novel factual allegations and/or unique legal theories. While some matters pending against us specify the damages claimed by the plaintiff, many seek a not-yet-quantified amount of damages or are at very early stages of the legal process. Even when the amount of damages claimed against Wabash is stated, the claimed amount may be exaggerated and/or unsupported. As a result, it is not currently possible to estimate a range of possible loss beyond previously accrued liabilities relating to some matters including those described below. Such previously accrued liabilities may not represent our maximum loss exposure. The legal proceedings and governmental examinations underlying the estimated range will change from time to time and actual results may vary significantly from the currently accrued liabilities.

Based on our current knowledge, and taking into consideration litigation-related liabilities, we believe we are not a party to, nor is any of our properties the subject of, any pending legal proceeding or governmental examination other than the matters below, which are addressed individually, that could have a material adverse effect on our consolidated financial condition or liquidity if determined in a manner adverse to us. However, in light of the uncertainties involved in such matters, the ultimate outcome of a particular matter could be material to our operating results for a particular period depending on, among other factors, the size of the loss or liability imposed and the level of our income for that period. Costs associated with the litigation and settlements of legal matters are reported within *General and Administrative Expenses* in the Consolidated Statements of Operations.

Brazil Joint Venture

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

The case grows out of a joint venture agreement between BK and Wabash related to marketing of RoadRailer trailers in Brazil and other areas of South America. When BK was placed into the Brazilian equivalent of bankruptcy late in 2000, the joint venture was dissolved. BK subsequently filed its lawsuit against Wabash alleging that it was forced to terminate business with other companies because of the exclusivity and non-compete clauses purportedly found in the joint venture agreement. BK asserted damages, exclusive of any potentially court-imposed interest or inflation adjustments, of approximately R$20.8 million (Brazilian Reais). BK did not change the amount of damages it asserted following its filing of the case in 2001.

A bench (non-jury) trial was held on March 30, 2010 in Curitiba, Paraná, Brazil. On November 22, 2011, the Fourth Civil Court of Curitiba partially granted BK's claims, and ordered Wabash to pay BK lost profits, compensatory, economic and moral damages in excess of the amount of compensatory damages asserted by BK. The total ordered damages amount is approximately R$26.7 million (Brazilian Reais), which is $6.9 million U.S. dollars using current exchange rates and exclusive of any potentially court-imposed interest, fees or inflation adjustments (which are currently estimated at a maximum of approximately $48 million, at current exchange rates, but may change with the passage of time and/or the discretion of the court at the time of final judgment in this matter). Due, in part, to the amount and type of damages awarded by the Fourth Civil Court of Curitiba, Wabash immediately filed for clarification of the judgment. The Fourth Civil Court has issued its clarification of judgment, leaving the underlying decision unchanged and referring the parties to the State of Paraná Court of Appeals for any further appeal of the decision. As such, Wabash filed its notice of appeal with the Court of Appeals, as well as its initial appeal papers, on April 22, 2013. The Court of Appeals has the authority to re-hear all facts presented to the lower court, as well as to reconsider the legal questions presented in the case, and to render a new judgment in the case without regard to the lower court's findings. Pending outcome of this appeal process, the judgment is not enforceable by the plaintiff. Any ruling from the Court of Appeals is not expected before the second quarter of 2016, and, accordingly, the judgment rendered by the lower court cannot be enforced prior to that time, and may be overturned or reduced as a result of this process. We believe that the claims asserted by BK are without merit and we intend to continue to vigorously defend our position. We have not recorded a charge with respect to this loss contingency as of December 31, 2015. Furthermore, at this time, we do not have sufficient information to predict the ultimate outcome of the case and is unable to reasonably estimate the amount of any possible loss or range of loss that it may be required to pay at the conclusion of the case. We will reassess the need for the recognition of a loss contingency upon official assignment of the case in the Court of Appeals, upon a decision to settle this case with the plaintiffs or an internal decision as to an amount that we would be willing to settle or upon the outcome of the appeals process.

Intellectual Property

In October 2006, we filed a patent infringement suit against Vanguard National Corporation (“Vanguard”) regarding our U.S. Patent Nos. 6,986,546 and 6,220,651 in the U.S. District Court for the Northern District of Indiana (Civil Action No. 4:06-cv-135). We amended the Complaint in April 2007. In May 2007, Vanguard filed its Answer to the Amended Complaint, along with Counterclaims seeking findings of non-infringement, invalidity, and unenforceability of the subject patents. We filed a reply to Vanguard’s counterclaims in May 2007, denying any wrongdoing or merit to the allegations as set forth in the counterclaims. The case has currently been stayed by agreement of the parties while the U.S. Patent and Trademark Office (“Patent Office”) undertakes a reexamination of U.S. Patent Nos. 6,986,546. In June 2010, the Patent Office notified Wabash that the reexamination is complete and the Patent Office has reissued U.S. Patent No. 6,986,546 without cancelling any claims of the patent. The parties have not yet petitioned the Court to lift the stay, and it is unknown at this time when the parties’ petition to lift the stay may be filed or granted.

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

Walker Acquisition

In connection with our acquisition of Walker in May 2012, there is an outstanding claim of approximately $2.9 million for unpaid benefits owed by the Seller that is currently in dispute and that is not expected to have a material adverse effect on our financial condition or results of operations.

Environmental Disputes

In August 2014, we were noticed as a potentially responsible party (“PRP”) by the South Carolina Department of Health and Environmental Control (“DHEC”) pertaining to the Philip Services Site located in Rock Hill, South Carolina pursuant to the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”) and corresponding South Carolina statutes. PRPs include parties identified through manifest records as having contributed to deliveries of hazardous substances to the Philip Services Site between 1979 and 1999. The DHEC’s allegation that we are a PRP arises out of four manifest entries in 1989 under the name of a company unaffiliated with Wabash National (or any of its former or current subsidiaries) that purport to be delivering a de minimis amount of hazardous waste to the Philip Services Site “c/o Wabash National Corporation.” As such, the Philip Services Site PRP Group (“PRP Group”) notified Wabash in August 2014 that it was offering us the opportunity to resolve any liabilities associated with the Philip Services Site by entering into a Cash Out and Reopener Settlement Agreement (the “Settlement Agreement”) with the PRP Group, as well as a Consent Decree with the DHEC. We have accepted an offer from the PRP Group to enter into the Settlement Agreement and Consent Decree, while reserving our rights to contest our liability for any deliveries of hazardous materials to the Philips Services Site. The requested settlement payment is immaterial to Wabash’s financial conditions or operations, and as a result, if the Settlement Agreement and Consent Decree are finalized, our agreement to become a party to them is not expected to have a material adverse effect on our financial condition or results of operations.

Bulk Tank International, S. de R.L. de C.V. (“Bulk”), one of the companies acquired in the Walker acquisition, entered into agreements in 2011 with the Mexican federal environmental agency, PROFEPA, and the applicable state environmental agency, PROPAEG, pursuant to PROFEPA’s and PROPAEG’s respective environmental audit programs to resolve noncompliance with federal and state environmental laws at Bulk’s Guanajuato facility. Bulk completed all required corrective actions and received a Certification of Clean Industry from PROPAEG, and is seeking the same certification from PROFEPA, which we expect it will receive following the conclusion of a final audit process that commenced in December 2014. As a result, we do not expect that this matter will have a material adverse effect on our financial condition or results of operations.

In January 2012, we were noticed as a PRP by the U.S. Environmental Protection Agency ("EPA") and the Louisiana Department of Environmental Quality ("LDEQ") pertaining to the Marine Shale Processors Site located in Amelia, Louisiana ("MSP Site") pursuant to CERCLA and corresponding Louisiana statutes. PRPs include current and former owners and operators of facilities at which hazardous substances were allegedly disposed. The EPA's allegation that we are a PRP arises out of one alleged shipment of waste to the MSP Site in 1992 from the Company's branch facility in Dallas, Texas. As such, the MSP Site PRP Group notified Wabash in January 2012 that, as a result of a March 18, 2009 Cooperative Agreement for Site Investigation and Remediation entered into between the MSP Site PRP Group and the LDEQ, we were being offered a "De Minimis Cash-Out Settlement" to contribute to the remediation costs, which would remain open until February 29, 2012. We chose not to enter into the settlement and have denied any liability. In addition, we have requested that the MSP Site PRP Group remove the Company from the list of PRPs for the MSP Site, based upon the following facts: we acquired this branch facility in 1997 – five years after the alleged shipment - as part of the assets we acquired out of the Fruehauf Trailer Corporation ("Fruehauf") bankruptcy (Case No. 96-1563, United States Bankruptcy Court, District of Delaware ("Bankruptcy Court")); as part of the Asset Purchase Agreement regarding our purchase of assets from Fruehauf, we did not assume liability for "Off-Site Environmental Liabilities," which are defined to include any environmental claims arising out of the treatment, storage, disposal or other disposition of any Hazardous Substance at any location other than any of the acquired locations/assets; the Bankruptcy Court, in an Order dated May 26, 1999, also provided that, except for those certain specified liabilities assumed by Wabash under the terms of the Asset Purchase Agreement, we and our subsidiaries shall not be subject to claims asserting successor liability; and the "no successor liability" language of the Asset Purchase Agreement and the Bankruptcy Court Order form the basis for our request that we be removed from the list of PRPs for the MSP Site. The MSP Site PRP Group is currently considering our request, but has provided no timeline to us for a response. However, the MSP Site PRP Group has agreed to indefinitely extend the time period by which we must respond to the De Minimis Cash-Out Settlement offer. We do not expect that this proceeding will have a material adverse effect on our financial condition or results of operations.

In September 2003, we were noticed as a PRP by the EPA pertaining to the Motorola 52nd Street, Phoenix, Arizona Superfund Site (the "Superfund Site") pursuant to the CERCLA. The EPA's allegation that we were a PRP arises out of our acquisition of a former branch facility located approximately five miles from the original Superfund Site. We acquired this facility in 1997, operated the facility until 2000, and sold the facility to a third party in 2002. In June 2010, we were contacted by the Roosevelt Irrigation District ("RID") informing us that the Arizona Department of Environmental Quality ("ADEQ") had approved a remediation plan in excess of $100 million for the RID portion of the Superfund Site, and demanded that we contribute to the cost of the plan or be named as a defendant in a CERCLA action to be filed in July 2010. Wabash initiated settlement discussions with the RID and the ADEQ in July 2010 to provide a full release from the RID, and a covenant not-to-sue and contribution protection regarding the former branch property from the ADEQ, in exchange for payment from us. If the settlement is approved by all parties, it will prevent any third party from successfully bringing claims against us for environmental contamination relating to this former branch property. We have been awaiting approval from the ADEQ since the settlement was first proposed in July 2010. In December 2015, we received tentative approval of our settlement offer from the ADEQ, and are now awaiting concurring approval from the RID. Based on communications with the RID and ADEQ in December 2015, we do not expect to receive a response regarding the approval of the settlement from the RID for, at least, several additional months. Based upon our limited period of ownership of the former branch property, and the fact that it no longer owns the former branch property, we do not anticipate that the RID will reject the proposed settlement, but no assurance can be given at this time as to the RID's response to the settlement proposal tentatively approved by the ADEQ. The proposed settlement terms have been accrued and did not have a material adverse effect on our financial condition or results of operations, and we believe that any ongoing proceedings will not have a material adverse effect on our financial condition or results of operations.

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

ITEM 4—MINE SAFETY DISCLOSURES

Not Applicable.

PART II

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

Information Regarding our Common Stock

Our common stock is traded on the New York Stock Exchange (ticker symbol: WNC). The number of record holders of our common stock at February 18, 2016 was 664.

We declared quarterly dividends of $0.045 per share on our common stock from the first quarter of 2005 through the third quarter of 2008. In December 2008, we suspended the payment of our quarterly dividend due to the continued weak economic environment and the uncertainty as to the timing of a recovery as well as our effort to enhance liquidity. No dividends on our common stock were declared or paid in 2015. The reinstatement of quarterly cash dividends on our common stock will depend on our future earnings, capital availability, financial condition and the discretion of our Board of Directors.

Our Certificate of Incorporation, as amended and approved by our stockholders, authorizes 225 million shares of capital stock, consisting of 200 million shares of common stock, par value $0.01 per share, and 25 million shares of preferred stock, par value $0.01 per share.

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

	High	Low
2015		
First Quarter	$14.96	$11.36
Second Quarter	$15.21	$12.31
Third Quarter	$14.09	$10.16
Fourth Quarter	$13.10	$10.02
2014		
First Quarter	$14.60	$11.77
Second Quarter	$14.89	$12.52
Third Quarter	$14.91	$12.94
Fourth Quarter	$13.41	$9.44

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Performance Graph

The following graph shows a comparison of cumulative total returns for an investment in our common stock, the S&P 500 Composite Index and the Dow Jones Transportation Index. It covers the period commencing December 31, 2010 and ending December 31, 2015. The graph assumes that the value for the investment in our common stock and in each index was $100 on December 31, 2010.

Comparative of Cumulative Total Return

December 31, 2010 through December 31, 2015

among Wabash National Corporation, the S&P 500 Index

and the Dow Jones Transportation Index

Purchases of Our Equity Securities

On December 18, 2014, our Board of Directors authorized a share repurchase program ("Repurchase Program") which allows the repurchase of common stock of up to $60 million over a two year period. Stock repurchases under the Repurchase Program may be made in the open market or in private transactions at times and in amounts that management deems appropriate. Management may limit or terminate the Repurchase Program at any time based on market conditions, liquidity needs, or other factors. During the fourth quarter of 2015, there were 1,573,552 shares repurchased pursuant to our Repurchase Program. As of December 31, 2015, total shares repurchased under this program reached the $60 million limit and therefore exhausted the full authority of the authorized program. Additionally, for the quarter ended December 31, 2015, there were no shares surrendered or withheld to cover minimum employee tax withholding obligations upon the vesting of restricted stock awards.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	**Maximum Amount That May Yet Be Purchased Under the Plans or Programs ($ in millions)**

October 2015	0	$	0.00	0	$	18.6
November 2015	582,449	$	12.83	582,449	$	11.2
December 2015	991,103	$	11.37	991,103	$	0.0
Total	1,573,552	$	11.91	1,573,552	$	0.0

ITEM 6—SELECTED FINANCIAL DATA

The following selected consolidated financial data with respect to Wabash National for each of the five years in the period ending December 31, 2015, have been derived from our consolidated financial statements. The following information should be read in conjunction with *Management's Discussion and Analysis of Financial Condition and Results of Operations* and the consolidated financial statements and notes thereto included elsewhere in this Annual Report.

	Years Ended December 31,				
	2015	2014	2013	2012	2011
	(Dollars in thousands, except per share data)				
Statement of Comprehensive Income Data:					
Net sales	$2,027,489	$1,863,315	$1,635,686	$1,461,854	$1,187,244
Cost of sales	1,724,046	1,630,681	1,420,563	1,298,031	1,120,524
Gross profit	$303,443	$232,634	$215,123	$163,823	$66,720
Selling, general and administrative expenses	100,728	88,370	89,263	68,340	43,975
Amortization of intangibles	21,259	21,878	21,786	10,590	2,955
Other operating expenses	1,087	-	883	14,409	-
Income (Loss) from operations	$180,369	$122,386	$103,191	$70,484	$19,790
Interest expense	(19,548)	(22,165)	(26,308)	(21,724)	(4,136)
Other, net	2,490	(1,759)	740	(97)	(441)
Income (Loss) before income taxes	$163,311	$98,462	$77,623	$48,663	$15,213
Income tax expense (benefit)	59,022	37,532	31,094	(56,968)	171
Net income (loss)	$104,289	$60,930	$46,529	$105,631	$15,042
Preferred stock dividends and early extinguishment	-	-	-	-	-
Net income (loss) applicable to common stockholders	$104,289	$60,930	$46,529	$105,631	$15,042
Basic net income (loss) per common share	$1.55	$0.88	$0.67	$1.53	$0.22
Diluted net income (loss) per common share	$1.50	$0.85	$0.67	$1.53	$0.22
Balance Sheet Data:					

Working capital	$318,430	$298,802	$232,638	$221,402	$95,529
Total assets	$950,126	$928,651	$912,245	$902,626	$388,050
Total debt and capital leases	$315,633	$332,527	$370,595	$425,151	$69,821
Stockholders' equity	$439,811	$390,832	$322,379	$268,727	$146,346

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

Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) describes the matters that we consider to be important to understanding the results of our operations for each of the three years in the period ended December 31, 2015, and our capital resources and liquidity as of December 31, 2015. Our discussion begins with our assessment of the condition of the North American trailer industry along with a summary of the actions we have taken to strengthen the Company. We then analyze the results of our operations for the last three years, including the trends in the overall business and our operating segments, followed by a discussion of our cash flows and liquidity, capital markets events and transactions, our credit facility and contractual commitments. We also provide a review of the critical accounting judgments and estimates that we have made that we believe are most important to an understanding of our MD&A and our consolidated financial statements. These are the critical accounting policies that affect the recognition and measurement of our transactions and the balances in our consolidated financial statements. We conclude our MD&A with information on recent accounting pronouncements that we adopted during the year, if any, as well as those not yet adopted that may have an impact on our financial accounting practices.

We have three reportable operating segments: Commercial Trailer Products, Diversified Products and Retail. The Commercial Trailer Products segment produces trailers that are sold to customers who purchase trailers directly, through our Company-owned Retail branches, or through independent dealers. The Diversified Products segment focuses on our commitment to expand our customer base, diversify our product offerings and revenues and extend our market leadership by leveraging our proprietary DuraPlate® panel technology, drawing on our core manufacturing expertise and making available products that are complementary to the truck and tank trailers and transportation equipment we offer. The Retail segment includes the sale of new and used trailers, as well as the sale of aftermarket parts and service through our retail branch network.

Executive Summary

We were successful in delivering results for 2015 that we consider transformational and are record-setting in several aspects. With a growing and healthy demand environment for trailers throughout 2015, as evidenced by the increase in new trailer shipments to 64,700 trailers, or 12.8% as compared to the prior year, our healthy backlog of $1,191 million as of December 31, 2015, as well as a trailer demand forecast by industry forecasters, ACT and FTR Associates (“FTR”), that remains significantly above replacement demand levels for the next several years, we were able to successfully deliver significant margin improvements through improved product pricing and continued operational execution to improve overall productivity. More specifically, according to most recent ACT estimates, total new trailer shipments in 2015 totaled approximately 307,000 trailers representing an increase of 14% as compared to the prior year, and representing a fifth consecutive year that total trailer demand exceeded normal replacement demand levels estimated to be approximately 220,000 trailers per year.

In addition to our commitment to long-term profitable growth within each of our existing reporting segments, our strategic initiatives included a focus on diversification efforts, both organic and strategic, to transform Wabash into a diversified industrial manufacturer with a higher growth and margin profile and successfully deliver a greater value to our shareholders. Organically, our focus is on profitably growing and diversifying our operations through leveraging our existing assets, capabilities and technology into higher margin products and markets and thereby providing value-added customer solutions. Strategically, our focus remains to continue our transition into a diversified industrial manufacturer, profitably growing and further broadening the product portfolio we offer, the customers and end markets we serve and strengthening our geographic presence. Recent acquisitions have provided, and potential future acquisitions may further provide, us the opportunity to move forward on this strategic initiative and our long-term plan to become a diversified industrial manufacturer. Our recent acquisitions have enabled us to recognize top-line growth, improved profitability and margin expansion; provided us access to additional markets while expanding our manufacturing footprint; allowed us to offer one of the broadest product portfolios in the trailer industry. Our Diversified Products segment now represents 21% of our consolidated revenues and 23% of our consolidated operating income for the current year period, providing significant contributions to our bottom line.

Throughout 2015 we also demonstrated our commitment to be responsible stewards of the business by maintaining a balanced approach to capital allocation. Our continuing strong business performance, solid backlog and outlook, and financial position provided us the opportunity to take specific actions as part of the ongoing commitment to prudently manage the overall financial risks of the Company, returning capital to our shareholders and deleveraging our balance sheet. These actions included completing our $60 million share repurchase program previously approved by our Board of Directors in December 2014 as well as executing agreements with existing holders of our outstanding Convertible Senior Notes to purchase approximately $54 million in principal. Furthermore, in February 2016, our Board of Directors authorized the repurchase of up to an additional $100 million of our common stock over a two-year period. The actions taken will lower our overall balance sheet risk while maintaining the flexibility to continue to execute our long-term strategy.

The outlook for the overall trailer market for 2016 continues to indicate a strong and growing demand environment. In fact, the most recent estimates from industry forecasters, ACT and FTR, indicate demand levels to be in excess of the estimated replacement demand in every year through 2020. More specifically, ACT is currently estimating 2016 demand will be approximately 299,000, or down 3% as compared to the previous year period, with 2017 through 2020 industry demand levels ranging between 254,000 and 276,000 trailers. In addition, FTR anticipates trailer demand for 2016 to remain strong at approximately 279,000 trailers, a decrease of 9% as compared to 2015 production levels. This continued strong demand environment for new trailer equipment as well as the positive economic and industry specific indicators we monitor reinforce our belief that the current trailer demand cycle will be an extended cycle with a strong likelihood for several more years of demand significantly above replacement levels. We believe we are well positioned to capitalize on the expected strong overall demand levels while also achieving continued margin growth through improvements in product pricing as well as productivity improvements and other operational excellence initiatives.

However, we are not relying solely on volume and product pricing within the trailer industry to improve operations and enhance profitability. We remain committed to enhancing and diversifying our business model through the organic and strategic initiatives discussed previously. Through our three operating segments we offer a wide array of products and customer-specific solutions that we believe provide a sound foundation for achieving these goals. Continuing to identify attractive opportunities to leverage our core competencies, proprietary technology and core manufacturing expertise into new applications and end markets enables us to deliver greater value to our customers and shareholders.

Operating Performance

We measure our operating performance in five key areas – Safety/Morale, Quality, Delivery, Cost Reduction and Environment. We maintain a continuous improvement mindset in each of these key performance areas. Our objective of being better today than yesterday and better tomorrow than we are today is simple, straightforward and easily understood by all our employees.

· Safety/Morale. The safety of our employees is our number-one value and highest priority. We continually focus on reducing the severity and frequency of workplace injuries to create a safe environment for our employees and minimize workers compensation costs. We believe that our improved environmental, health and safety management translates into higher labor productivity and lower costs as a result of less time away from work and improved system management. In nine of the last ten years one of our manufacturing sites has been recognized for safety including recent awards from the Truck Trailer Manufacturer Association's Plant Safety Awards granted to our Walker Stainless and Bulk Tank facilities. Our focus on safety also extends beyond our facilities. We are a founding member of the Cargo Tank Risk Management Committee, a group dedicated to reducing the hazards faced by workers on and around cargo tanks.

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

- Internal performance. Our primary internal quality measurement is Process Yield. Process Yield is a performance metric that measures the impact of all aspects of the business on our ability to ship our products at the end of the production process. As with previous years, the expectations of the highest quality product continue to increase while maintaining Process Yield performance and reducing rework. In addition, we currently maintain an ISO 9001 registration of our Quality Management System at our Lafayette operations.

- External performance. We actively track our warranty claims and costs to identify and drive improvement opportunities in quality and reliability. Early life cycle warranty claims for our van trailers are trended for performance monitoring. Using a unit based warranty reporting process to track performance and document failure rates, early life cycle warranty units per 100 trailers shipped averaged approximately 2.0, 3.4 and 4.8 units in 2015, 2014 and 2013, respectively. The substantial improvement trend from 2013 to 2015 was driven by our successful execution of continuous improvement programs centered on process variation reduction, and responding to the input from our customers. We expect that these activities will continue to drive down our total warranty cost profile.

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

- During the past several years Commercial Trailer Products has focused on productivity enhancements within manufacturing assembly and sub-assembly areas through developing the capability for mixed model production. These efforts have resulted in throughput improvements in our Lafayette, Indiana, and Cadiz, Kentucky facilities. In 2015 we produced 14% and 41% more trailers than in 2014 and 2013, respectively, utilizing the same facilities and manufacturing lines hence enabling us to reduce manufacturing cost per unit and grow operating margin.

- In 2015, Diversified Products continued improving the flexibility and efficiency of their operations. The launch of our new Wabash Composites facility in Frankfort, Indiana, leased to provide dedicated manufacturing space to support the expanding product line and continued growth of our Composites business, allows us to manufacture our diverse product offerings more efficiently. Recently, Diversified Products also broadened its tank trailer manufacturing versatility by adding production capabilities for petroleum trailers to our Fond du Lac, Wisconsin, manufacturing facility and pneumatic dry bulk trailers to our Portland, Oregon; Fond du Lac, Wisconsin; and New Lisbon, Wisconsin, facilities. In 2015, we also benefitted from the added capacity at our facility in Queretaro, Mexico for stationary silos for food, dairy and beverage industries, to better serve the markets in Southern U.S., Mexico and South America.