2004 Summary Annual Report

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STRONGER. Spartan Motors, Inc.

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SPARTAN®

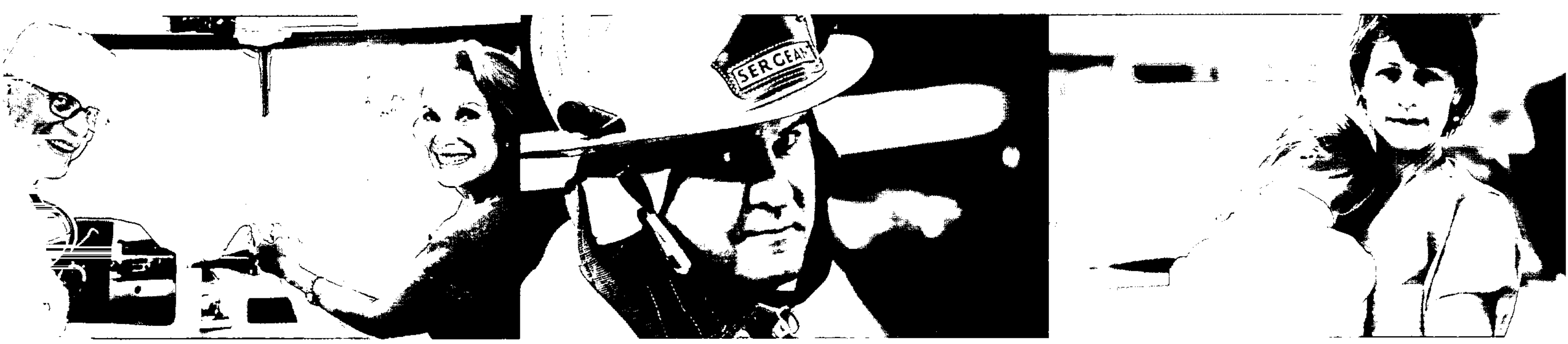
enhancing *the* roads *of* life.

THE SMI VISION

Every day at Spartan Motors, we strive to improve life for each and every one of our stakeholders—associates, suppliers, shareholders, original equipment manufacturers (OEMs), dealers, the communities where we operate and all the end-users of our products: motorhome owners, firefighters, emergency-rescue personnel and others.

We do so in a multitude of ways—innovative and high-performance products, a commitment to service, a focus on lean, a spirit of partnership and a drive to create shareholder value. We expect all stakeholders to believe their relationship with Spartan enhances their roads in life.

NASDAQ: SPAR



SPARTAN

CRIMSON FIRE

Spartan Motor Chassis is a leader in the design and production of custom chassis for Class A motorhomes, fire trucks and emergency vehicles. End-users of our products recognize—and request—the Spartan brand, which consistently delivers superior performance, exceptional safety ratings and technological innovations that distinguish us from our competitors.

Building on more than 130 years of experience in serving the nation's emergency rescue personnel, Crimson Fire designs and builds custom fire apparatus for firefighters throughout North America. Crimson Fire serves local fire departments with the industry's broadest line of pumpers, aerials, heavy-duty tankers, quick-attack and light-duty rescue vehicles for service in an urban, suburban or rural environment.

Road Rescue designs and builds a complete line of custom ambulances and other emergency rescue vehicles that stress quality, safety and ease of maintenance. Road Rescue vehicles incorporate exceptionally functional design with cutting-edge technology to ensure that EMTs and other rescue personnel can focus on the patients they are transporting and treating—rather than the vehicle they are driving.

DAVID R. WILSON (L), JOHN E. SZTYKIEL

To Our Stakeholders:

Stronger. That's the best word to describe how Spartan Motors, Inc. ended 2004—and began 2005. We're a fundamentally stronger company than we were 18 months ago.

During 2004, we set some ambitious goals for our Company and our brands: Spartan Chassis™, Road Rescue™, Crimson Fire™ and Crimson Fire Aerials™. These goals were guided by our mission of becoming the most-desired brand and the lowest-total-cost producer of custom motorhome and fire truck chassis, custom emergency rescue vehicles, fire trucks and ambulances.

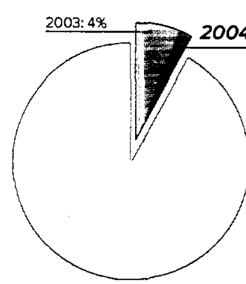
Our main goal was to secure the foundation we had laid for Crimson Fire, Crimson Fire Aerials and Road Rescue. On the ambulance side of the business, we focused on hiring and developing the right leadership team to ensure operational excellence.

On the fire truck side, it was imperative to successfully launch our first aerial truck, enabling Crimson Fire to offer a full product line of fire apparatus. Not only are aerials higher-margin products, they are an essential offering in order to attract the best distributors. Additionally, we needed to consolidate production at our South Dakota facility to facilitate our growing backlog and, again, ensure operational excellence. Finally, we worked to transform our Alabama plant into a service, parts and inspection facility for vehicles delivered to the South, Southeast and Southwest.

We faced some significant challenges with this agenda and are disappointed that the results we were able to achieve were not better. The year proved to be a tough one, requiring lots of "heavy lifting" to ensure the proper foundations were in place. Costs were higher than we anticipated, and some things took longer than we expected.

We were able to accomplish many of our initiatives, although not as efficiently or as effectively as we had planned. Still, we achieved a number of significant milestones during 2004, including:

- *Market-share growth in each product segment*
- *Our strongest-ever sales quarter in the third quarter of 2004*
- *Our best-ever sales quarter for fire truck chassis in the second quarter of 2004*



MARKET SHARE

Average across all product segments

- *The ramp-up of our aerial manufacturing plant and sale of our first aerial products*
- *The expansion of our fire truck manufacturing plant in South Dakota*
- *The addition of three large, high-performing dealers to our distribution network of emergency vehicles*
- *The increase of regular and total dividends to an all-time high*
- *Record consolidated backlog*

However, these initiatives were impacted by several issues that contributed to our earnings shortfall:

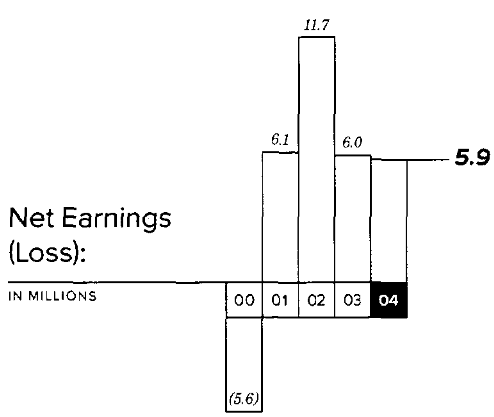
Rising steel prices: Steel prices rose sharply and without advance notice during 2004, leaving steel-dependent manufacturers such as Spartan Motors unable to pass along increases to customers. Steel costs, which affected the price of many of the parts we buy, more than doubled between the second and third quarters of 2004. With surcharges totaling $2.8 million on a pre-tax basis for the year, we have been working to mitigate these costs and to pass a portion of our higher expenses to the marketplace.

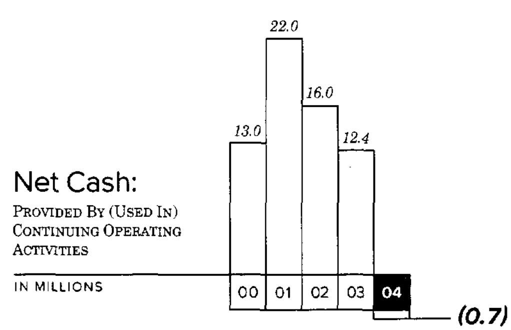
Changes within our Emergency Vehicle Team: At the beginning of 2004, we did not fully anticipate the tremendous logistical challenges our EV Team would face over the next 12 months. While our plan to return this new, significantly larger business model to profitability was adequate, our timeline was too aggressive. The combined performance of Crimson Fire, Crimson Fire Aerials and Road Rescue led to a loss of $5.3 million, or $0.41 per share.

Increasing healthcare costs: Rising insurance premiums are, unfortunately, no longer news—they are a difficult reality that every large employer must combat. During 2004, healthcare costs for our 880 associates experienced double-digit increases.

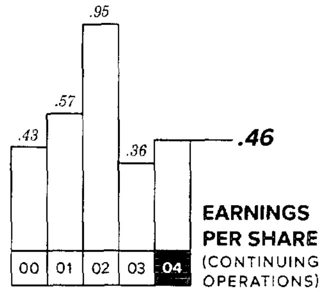
From a net earnings perspective, 2004 was not the year we wanted it to be. Yet it was very positive when

Financial Highlights





we look at top-line sales growth, distribution development and net income from operations at our largest subsidiary, Spartan Chassis. We did make significant progress.



Our net sales grew 31.6 percent to $312.3 million in 2004, compared with net sales of $237.4 million in 2003. Our total market-share penetration grew two percentage points, from 4 to 6 percent. We posted a record consolidated backlog of $117.6 million for 2004, up 23 percent over the previous year.

For 2004, we posted earnings from continuing operations of $5.9 million, or $0.46 per diluted share, compared with earnings from continuing operations of $4.4 million, or $0.36 per diluted share for 2003. Including the one-time gain from discontinued operations in 2003, our net earnings for that year were $6.0 million, or $0.49 per diluted share.

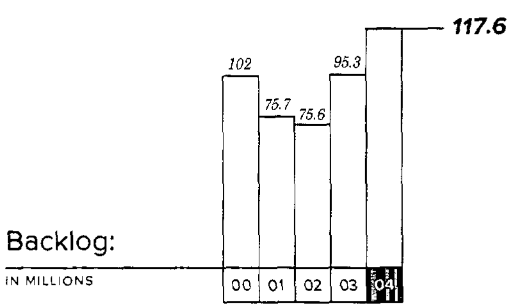
Spartan Motors ended 2004 with minimal debt and $12 million in cash and marketable securities on hand. Reflecting this strong financial position and in keeping with our goal to increase shareholder value, we increased regular cash dividends by 60 percent in 2004, bringing the total regular and special dividends to a record of $0.22 per share.

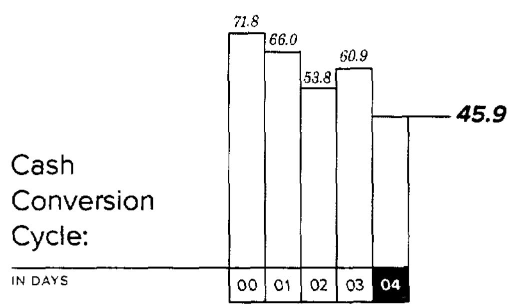
The year ahead has great potential. We began 2005 with the heavy lifting behind us. While we were overly optimistic about the time frame required to complete our foundational initiatives, that work is now behind us.

We now have the right people and the right products in place. Our brands are respected. Demographic trends are in our favor. Orders are strong and backlog is sound. Our distribution network is growing. We have a solid balance sheet.

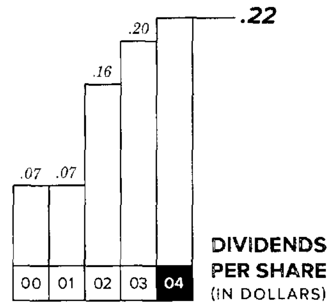
And we're smarter than we were a year ago.

Financial Highlights





In the months ahead, we are poised to capitalize on the initiatives—and the lessons—from 2004. What have we learned from the past year?



Some things take time. Our growth timetables for Road Rescue and Crimson Fire were too aggressive. When we purchased the companies that would form our Emergency Vehicle Team in the late 1990s, we did so to ensure a distribution point for our custom fire truck chassis, to develop a market for custom ambulance chassis and to develop profitable body companies.

We have made tremendous strides with both subsidiaries, yet patience is important. It's good to remember that it took seven years for our motorhome chassis to be a success. Today, the volume of chassis we build for the recreational vehicle market enables us to be one of the lowest-total-cost producers of fire trucks.

Good leadership is indispensable. We are only as good as the people we employ. Never has this been driven home as clearly as in 2004. Under the capable leadership of Rich Schalter, president of Spartan Chassis, our chassis business enjoyed a stellar year, growing sales by $76 million and significantly reducing its order-to-cash conversion cycle.

We have the right people and the right products in place. Demographic trends are in our favor. Orders are strong and backlog is sound. Our distribution network is growing.

To keep pace with the increased demands of Crimson Fire, we have begun working to strengthen the leadership team and provide appropriate management support to handle the sales growth we have—and the additional growth we anticipate.

And finally, we are pleased to welcome Randy Knors as president of Road Rescue. Prior to joining Road Rescue, Randy served as vice president of operations at Spartan Chassis and was instrumental in reducing waste and improving operations at our most profitable subsidiary.

The management teams at each of our subsidiaries are focused on key issues and working to improve performance across the board. We have already begun to see results.

Leverage your strengths. Spartan Motors has historically been very good at leveraging our considerable strengths in engineering, technology, innovation, brands and manufacturing across all our subsidiaries in order to grow sales and reduce costs. We must become better at this—and we will.

Our goals are clear:

- *Improve operating efficiencies: We are working to reduce waste, improve quality and shorten delivery times in order to improve margins and increase our bottom line. Each subsidiary has objectives and initiatives in place.*

- *Pursue organic growth: Each market segment in which we participate offers us plenty of room to grow. Our aim is to grow sales with new and existing customers.*
- *Strengthen strategic partnerships: We will continue to develop intimate relationships with all our customers. While such partnerships develop more slowly, they reap richer rewards in greater customer satisfaction and increased loyalty.*

Properly executed, these initiatives will allow us to improve shareholder value—a motivation that underlies everything we do.

As always, we appreciate your confidence in and support of Spartan Motors.

David Wilson

DAVID R. WILSON | *Chairman of the Board*

John E. Sztykiel

JOHN E. SZTYKIEL | *Chief Executive Officer*

A FOOTNOTE FROM THE 2003 ANNUAL REPORT:

THANKS TO THOSE OF YOU WHO TOOK THE TIME TO COMPLETE OUR READERSHIP SURVEY. YOUR COMMENTS WERE MOST HELPFUL LAST YEAR. PLEASE TAKE A MINUTE TO VISIT US ONLINE AT WWW.SPARTANMOTORS.COM AND LET US KNOW HOW WE'VE DONE WITH THE 2004 SUMMARY ANNUAL REPORT AND YOUR PERCEPTION OF SPARTAN MOTORS.

Spartan Chassis strengthened its reputation as the leader in custom chassis for the motorhome and fire truck markets during 2004.

Spartan Chassis introduced new products, secured significant new contracts and enhanced its customer service initiatives. The just-completed year saw record production of fire truck chassis and near-record levels on the motorhome side.

Rich Schalter, president of Spartan Chassis, said that momentum continues into 2005 as we began the year with record backlog and strong order intake in both product segments. Demographics remain in our favor as the continued "graying of America" continues to fuel sales of recreational vehicles and to increase the need for emergency vehicles. Federal and state funding for emergency preparedness remains strong.

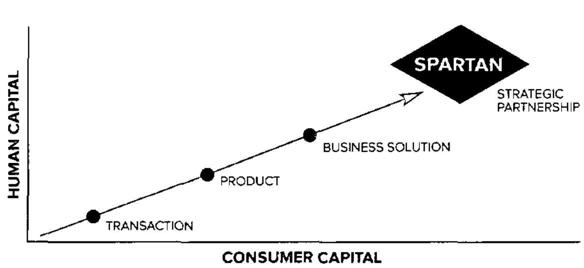
Motorhome chassis: Spartan Chassis expanded relationships with Newmar, a key motorhome customer, in 2004. Newmar tapped us as the exclusive chassis supplier for all but one of its model year 2005-06 Class A diesel-pusher motorhomes.

How did we get the new business? By deepening our strategic partnership with Newmar and partnering with them to improve integrating the motorhome chassis with the body. We assigned a dedicated account manager and applications engineer, as well as two OEM support technicians, to Newmar. These technicians reside within Newmar, work side-by-side with their teams, live in their communities and still remain on the Spartan payroll. We invited Newmar into our Charlotte, Michigan facility to watch their chassis coming down our production line—and suggest ways we can improve.

During this process, we made tremendous improvements in both process and product. The result has been a more solid coach for our end user, lower warranty costs, cost savings for everyone involved—and two tremendously pleased customers: Newmar and the consumer.

Unlike our competitors, we focus our attention on the strategic partnership end of the business. While this approach requires an investment of more "human capital" upfront, over time it drives consumer capital in the right direction, making us very difficult to replace as we have become a part of their team.

Building strategic relationships



Our goal is to deliver this caliber of highly personalized service to each of our customers as we continue to develop new products and new processes that will allow us to further grow our market share.

Fire truck chassis: Spartan Chassis introduced new and innovative products and technology during 2004—setting new sales records along the way. Our new products included:

- *The Diamond chassis, aimed at the middle-market niche yet loaded with many trademark Spartan features*
- *The Super Low 4x4 Advantage chassis, an all-road rescue vehicle that offers low frame height to optimize stability and vehicle handling, as well as ease of entrance and egress*
- *Independent front suspension and full-color electronic display multiplex systems*

Safety continues to be a major focus for Spartan Chassis—and for our customers. During 2003, more firefighters died in rollovers or crashes en route to a fire than were killed in blazes. One-quarter of those killed weren't wearing seatbelts.

In response, we introduced the Roll Stability Control System during 2004. The system features an onboard computer that monitors the "rollover threshold" of a fire truck, then automatically slows the vehicle when that threshold is about to be exceeded. Additionally, we introduced a first-of-its-kind Seatbelt Sensor System, which alerts a driver if a crew member isn't buckled.

During 2005, we plan to expand our scope of service and product offerings to strengthen our strategic partnerships through:

- *Technology reviews: Offering each of our motorhome customers an opportunity to learn more about the innovations Spartan Chassis is working on over the next three years*
- *Customer service: Enhancing dedicated support services that specifically addresses the unique needs of our manufacturers, dealers and end users*
- *Marketing initiatives: Extending our new motorhome marketing campaign, "Everything's riding on it", to build awareness of the critical role the chassis plays in ride and handling to motorhome owners and dealers*

Of course, we're already working on new products and technologies that will help us maintain the leadership position in quality and innovation that we have held for nearly three decades.

Stay tuned.

LEADER.

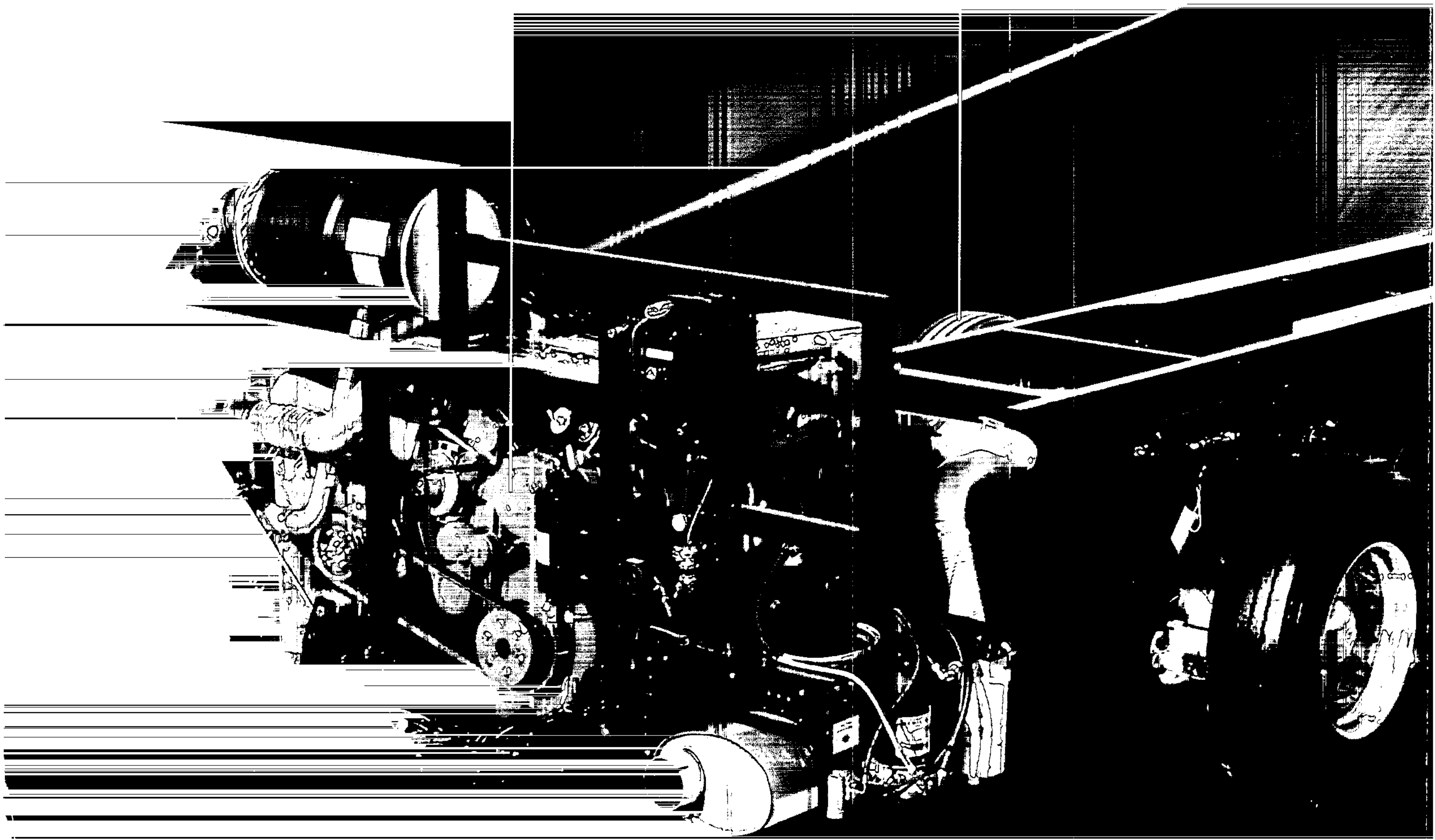
NEW PRODUCTS. RECORD SALES. SIGNIFICANT NEW CONTRACTS. EXPANDED SAFETY AND CUSTOMER SATISFACTION INITIATIVES.

SAFETY MEANS EVERYTHING TO US— AND TO OUR CUSTOMERS

In January 2004, Spartan Chassis received a letter from the fire department of Hillsboro, Oregon. The fire chief wrote that their truck, which was riding on a Spartan chassis, was struck by a train en route to a fire, then slammed into a pole after the collision. While the fire apparatus separated from the vehicle, the cab stayed intact—and every one of the four firefighters inside survived the ordeal.

"We could have been dealing with fatalities and the loss of loved ones, but we are very thankful and grateful that we don't have to," said Terry Lindauer, battalion chief. "I believe a big part of that is attributed to the fact that we were driving a Spartan."

Rich Schalter
PRESIDENT, SPARTAN CHASSIS



al is to
develop new products and new processes

When it comes to Crimson Fire, the idea that "the whole is greater than the sum of the parts" was proven true during 2004.

As the year began, Crimson Fire was struggling to integrate the people, products and processes of Luverne and Quality Manufacturing, two well-respected names in the industry that were united to create a single entity. As the business model and the product line grew in complexity, more demands were placed on our associates—and we experienced higher-than-traditional rates of turnover.

We undertook a number of key initiatives designed to strengthen the company, expand its product offerings, improve distribution and enhance brand marketing.

The task was both difficult and expensive. In the space of a year, Crimson Fire completed two major building projects, hired and trained new associates, updated manufacturing processes, secured three new "A" dealers and introduced a new product line, the Star Series. We have plans to introduce two more new products in the first half of 2005.

We worked aggressively to simplify and streamline our facilities and the products built at each plant. Our Alabama facility now concentrates primarily on service, parts and refurbishing, while our Pennsylvania and South Dakota plants each build very specific product lines. Spartan Motors Corporate stepped in to play a more integral role on a day-to-day basis, and we hired appropriate support staff in sales, marketing and accounting to facilitate growth.

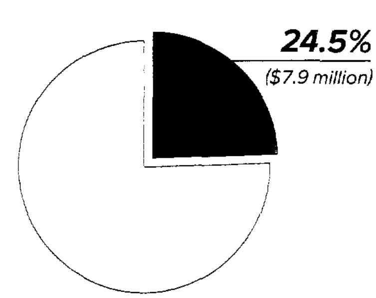
Perhaps most importantly, though, we delivered on a promise made to shareholders and to the industry during 2004: The introduction of our first aerial truck. The absence of an aerial product has been the one hole in our product line, and we needed to fill this gap in order to continue attracting top-shelf dealers and improving profitability. That's because aerials in the fire truck business are what SUVs and trucks are to the automotive market: high-margin products.

Under the direction of Jim Salmi, Crimson Fire Aerials assembled a team of talented, experienced industry veterans who developed and delivered a premium 100-foot aerial product, which was introduced in April to rave reviews at the industry's largest trade show. That first truck sold on the spot, and we have been taking orders ever since.

Our first aerial featured three patent-pending components that truly set us apart from our competitors. We developed each of these in response to industry roundtables we conducted during 2003 to determine the issues departments wanted most to address. Many told us that they were trying to fix 21st century problems with 20th century equipment—so we designed the industry's first true 21st century aerial.

A second aerial product—a 100-foot tractor-drawn aerial—is already in production. In December, we delivered our first unit to Dallas, Texas.

And we're working on two more aerials, both of which will go into production in 2005: a 75-foot straight stick aerial ladder and a rear-mount platform with an aerial. The new aerial body design, which was shown at the industry's largest trade show in spring 2005, is easier to build, lower in cost and reduces weight by 10 percent. All three factors will increase the salability of the vehicle while reducing costs to produce.



2004 R&D EXPENDITURES

As a percent of operating expenditures

That means in slightly more than two years, Crimson Fire Aerials will be able to offer most of the commonly sold aerial products—an achievement that would take normally 5-8 years.

The introduction of our aerial line will complement our current product lines, allowing us to provide more comprehensive vehicle solutions to our current dealers and attract new dealers.

Demographic trends remain in our favor. More than half of the nation's fleet of fire trucks are 15-years-old or older—the age at which NFPA standards, Annex D, recommend that any vehicle built prior to 1991 standards should be upgraded or replaced. Federal and state funding for emergency vehicle preparedness is expected to continue at strong levels.

Crimson Fire began 2005 with healthy backlogs: nine months for Crimson Fire and seven months for our aerial line. As the year continues, we're pushing to reduce our delivery time, improve quality and eliminate waste through an aggressive War on Waste, or WOW, initiative.

Our formula is straightforward:

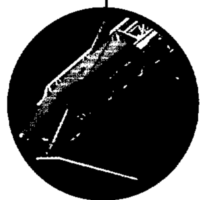
- *Hire and develop the right people*
- *Simplify the business model*
- *Institute lean manufacturing principles*
- *Redesign products to reduce manufacturing costs*
- *Introduce new products that are easier to build*
- *Ensure all designs increase vehicle salability and produce higher margins*

We're set to continue the growth mode—with increased profitability.

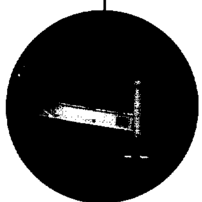
SMARTER.

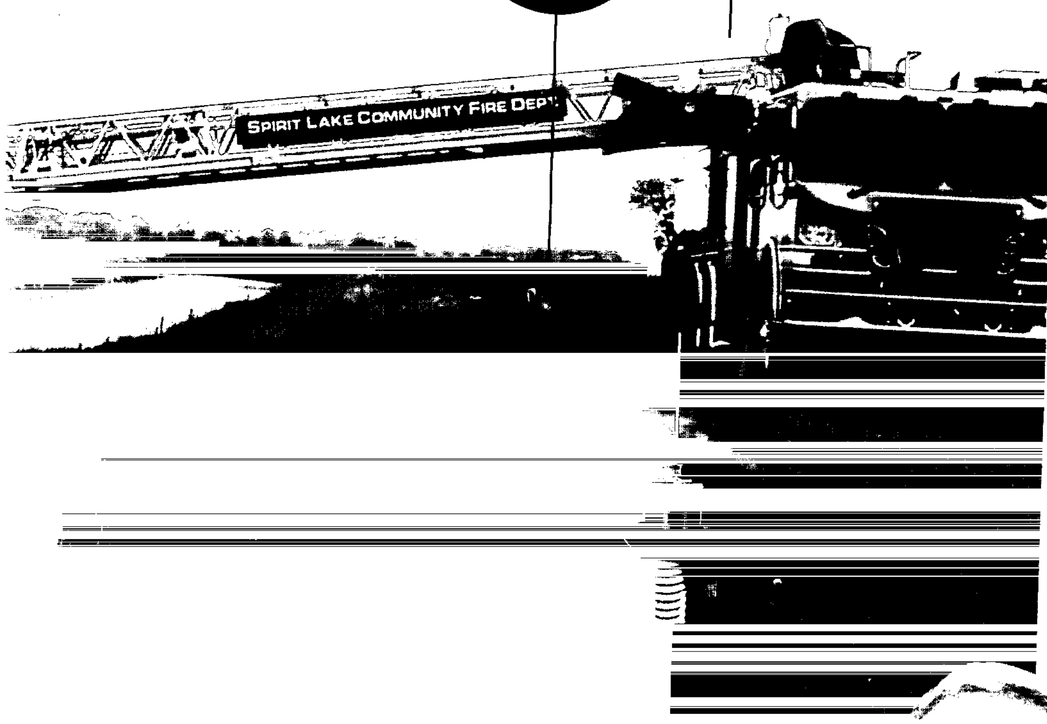
NEW, STATE-OF-THE-ART MANUFACTURING FACILITIES. SOLID BACKLOG. COMPREHENSIVE PRODUCT OFFERINGS. NEW DISTRIBUTORS.

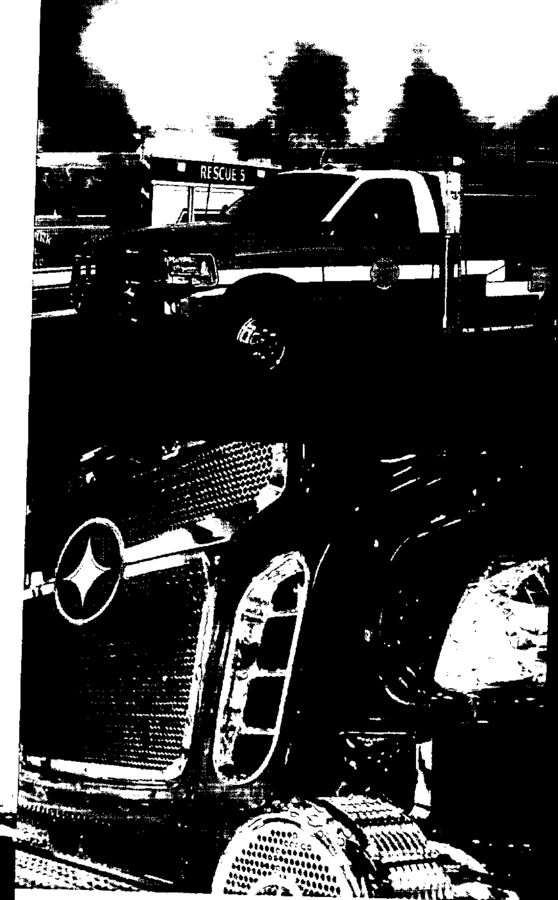
LADDER LIFT CRADLE, which improves lifting performance and ride, as well as allowing for low-angle rescue situations.



X-STYLE OUTRIGGER LEVELING SYSTEM, which allows the truck to be leveled quickly and efficiently during set-up.



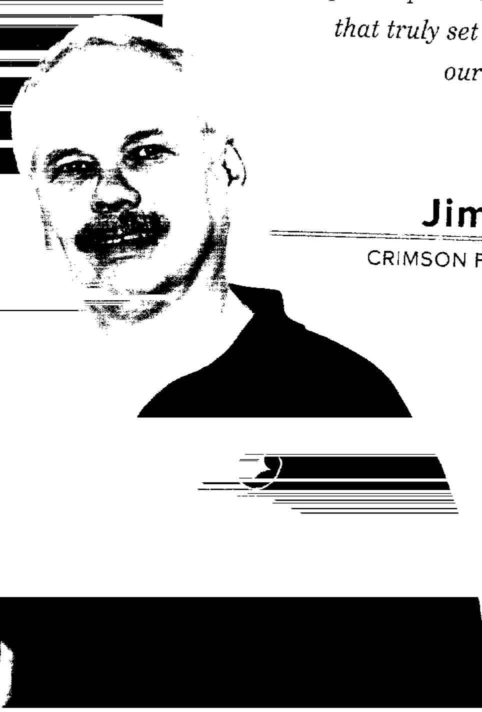




VIBRA-TORQ™ MOUNTING SYSTEM, which reduces stress on the cradle and ladder, and adds longevity to the body by reducing vibration from terrain.

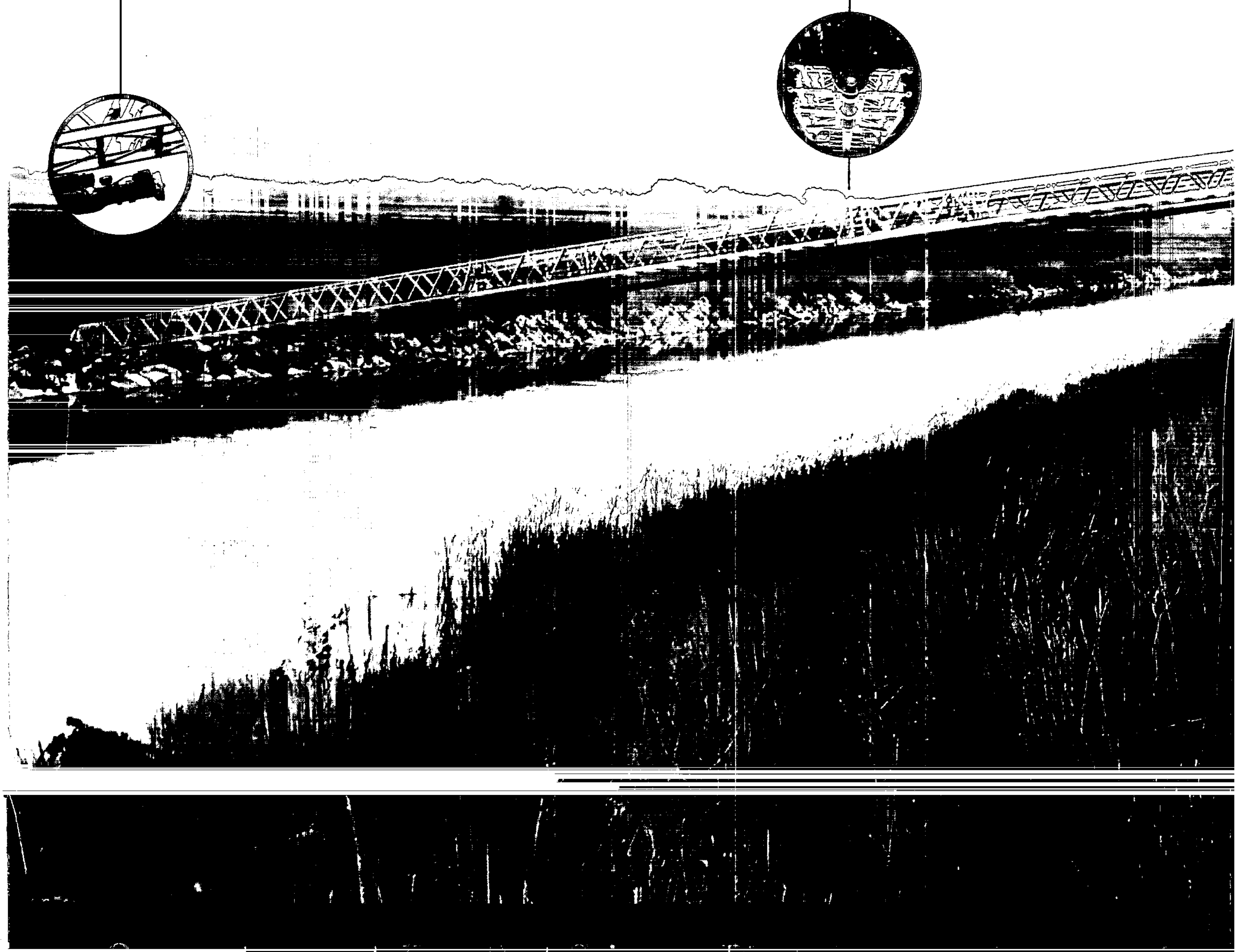
"Our first aerial product featured three patent-pending components that truly set us apart from our competitors."

Jim Salmi
CRIMSON FIRE AERIALS



AUTOMATIC RETRACTABLE WATERWAY,
which allows you to control the waterway position from the control panel—eliminating the need to crawl to the end of the ladder.

ROLLER-ASSISTED SLIDE MECHANISM,
which virtually eliminates routine maintenance from the ladder's extension system.



customers [illegible] us that Crimson Fire's [illegible]

The new head of Road Rescue, Randy Knors, is on a mission to "Spartanize" our ambulance operations.

With more than 6,000 vehicles built each year, the ambulance market offers great growth potential. There's no single dominant player in the industry, which has seen steadily increasing demand for emergency-rescue services over the past 20 years. The failure of the private ambulance business model means that more fire departments—who know and trust the Spartan and Crimson Fire names—are taking over ambulance services.

That translates into tremendous potential for Road Rescue—even though we weren't able to actualize that in 2004.

Last year, we struggled to keep pace with orders and delivery. The closing of our plant in Minnesota in combination with the ramp-up of operations in South Carolina created scheduling, delivery and manufacturing issues—along with a more complex business model.

Few of our key associates opted to transfer to our new facility in Marion, South Carolina, which placed a strain on a young and relatively inexperienced workforce. The effect was multiplied when orders for our new Smart Display® multiplex system, which was introduced at FDIC in 2003, began pouring in.

Spartan Motors Corporate stepped in, rebuilding the leadership team during much of 2004, increasing prices, institutionalizing manufacturing processes, simplifying operations, improving training and streamlining production. We eliminated some money-losing products and worked hard to improve quality and reduce delivery time.

As Randy took the helm in 2005, Road Rescue is a much simpler organization. Strategic automation gives us the ability to be flexible and change production quickly.

The leadership team at Road Rescue will be tasked with building on this momentum and improving operating efficiencies—dramatically. We are confident that Randy is the right man for the job. He spent time in operations at Spartan Chassis, our largest and most profitable subsidiary. There, and in past positions in the automotive industry, he was crucial in the implementation of lean manufacturing principles. He also helped drive consecutive years of return on invested capital, or ROIC, of greater than 20 percent through our Spartan Profit and Return, or SPAR, an Economic Value Added approach.

Road Rescue's new state-of-the-art facility gives us greater production capabilities

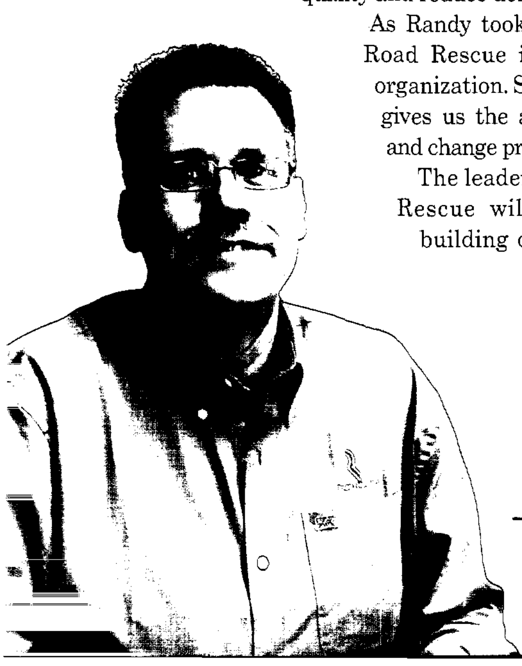
Randy has already launched a WOW—or War on Waste—in Marion. He and his team have already begun to reduce hours, improve yield and reduce scrap.

Road Rescue introduced an enhanced model of the Duramedic®, a low- to mid-end, limited-option ambulance during the industry's largest trade show in April 2005. At that same time, the company introduced four new product innovations to increase the salability of our vehicles—and reduce assembly time.

At Road Rescue, the recipe for the turn-around is simple:

- *Hire and develop the right people*
- *Simplify the business model*
- *Institute lean manufacturing principles*
- *Redesign products to reduce manufacturing costs*
- *Introduce new products that are easier to build*
- *Ensure all designs increase vehicle salability and produce higher margins*

All are currently in place and our results are moving in the right direction.



Randy Knors

PRESIDENT, ROAD RESCUE

LEANER.

LEAN OPERATIONS. INCREASED WISDOM. NEW PRODUCTS. SOLID BACKLOG.

SPARTAN MOTORS, INC:

TOGETHER.

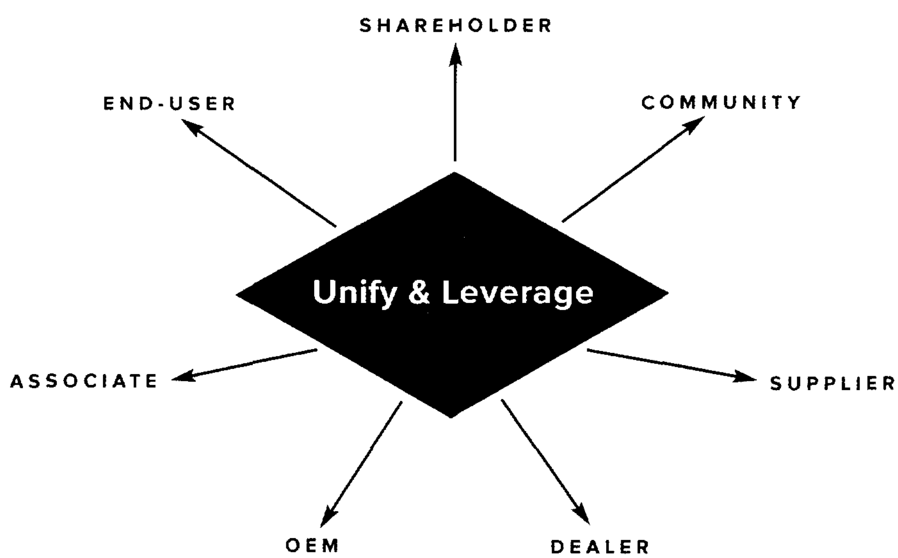
We recognize that each of our stakeholders makes a choice to become—and remain—part of Spartan Motors. From customers to associates, dealers to drivers, we appreciate and respect the confidence you place in us.

Together, we have made Spartan Motors a great company. And together, we can make it an even greater company.

SMI STAKEHOLDER MODEL: All stakeholders make a voluntary decision to be a part of the SMI model, and should be respected for their all-important contributions in enabling SMI to operate. Take one away, the model fails to operate. For the past 29 years—21 as a public company—it has been Spartan's stakeholder model, or "relationships," that make us special.

Owning Spartan Motors stock gives a stakeholder ownership in a company that provides value by:

- Unifying our brands to leverage talent across the organization
- Sharpening our focus to cut waste in operations
- Stimulating a passionate desire among its management, associates and all stakeholders to succeed



THE FOLLOWING FINANCIAL STATEMENTS HAVE BEEN CONDENSED TO MAKE THEM MORE READABLE. A DETAILED FINANCIAL EVALUATION MAY REQUIRE MORE INFORMATION THAN IS INCLUDED IN THIS SUMMARY ANNUAL REPORT. MORE COMPREHENSIVE FINANCIAL INFORMATION IS PROVIDED IN THE FORM 10-K, WHICH IS NORMALLY MAILED WITH THE ANNUAL REPORT. ADDITIONAL COPIES ARE AVAILABLE ON REQUEST.

Spartan Motors, Inc. and Subsidiaries
Financial Highlights

YEAR ENDED DECEMBER 31,	2004	2003	2002	2001	2000
Sales	312.3	237.4	259.5	226.3	251.4
Cost of products sold	270.9	202.5	213.5	189.5	218.1
Gross profit	41.4	34.9	46.0	36.8	33.3
Gross profit margin	13.3%	14.7%	17.7%	16.3%	13.2%
Operating expenses	32.4	28.7	28.7	25.9	25.4
Depreciation & amortization	2.3	2.0	1.9	2.2	2.2
Operating income	9.0	6.2	17.3	10.9	7.9
Operating margin	2.9%	2.6%	6.7%	4.8%	3.2%
Net earnings (loss)	5.9	6.0	11.7	6.1	(5.6)
Net profit margin	1.9%	2.5%	4.5%	2.7%	(2.2%)
Diluted net earnings (loss) per share	0.46	0.49	0.97	0.58	(0.49)
Net cash provided by (used in) continuing operating activities	(0.7)	12.4	16.0	22.0	13.0
Return on invested capital[1]	8.4%	8.0%	20.1%	19.1%	18.9%

NOTE: All amounts in millions of U.S. dollars except percentages and per share amounts.

[1]The Company defines return on invested capital as operating income, less taxes, divided by total shareholders' equity.

Spartan Motors, Inc. and Subsidiaries
Consolidated Statements of Income

Year Ended December 31,	2004	2003	2002
Sales	$ 312,270,384	$ 237,371,906	$ 259,527,274
Cost of products sold	270,891,827	202,523,597	213,529,881
Gross profit	41,378,557	34,848,309	45,997,393
Operating expenses:			
Research and development	7,943,487	7,069,784	7,151,688
Selling, general and administrative	24,450,503	21,604,659	21,532,148
Operating income	8,984,567	6,173,866	17,313,557
Other income (expense):			
Interest expense	(366,183)	(330,346)	(347,803)
Miscellaneous, net	575,340	(98,973)	438,404
Earnings from continuing operations before taxes on income	9,193,724	5,744,547	17,404,158
Taxes on income	3,312,000	1,304,500	5,969,000
Net earnings from continuing operations	5,881,724	4,440,047	11,435,158
Discontinued operations:			
Gain on disposal of Carpenter, (including applicable income tax benefit of $1,668,000 and $185,000 in 2003 and 2002, respectively)	—	1,609,068	269,314
Net earnings	$ 5,881,724	$ 6,049,115	$ 11,704,472
Basic net earnings per share:			
Net earnings from continuing operations	$ 0.48	$ 0.37	$ 1.00
Gain from discontinued operations:			
Gain on disposal of Carpenter	—	0.13	0.02
Basic net earnings per share	$ 0.48	$ 0.50	$ 1.02
Diluted net earnings per share:			
Net earnings from continuing operations	$ 0.46	$ 0.36	$ 0.95
Gain from discontinued operations:			
Gain on disposal of Carpenter	—	0.13	0.02
Diluted net earnings per share	$ 0.46	$ 0.49	$ 0.97
Basic weighted average common shares outstanding	12,351,000	12,123,000	11,492,000
Diluted weighted average common shares outstanding	12,743,000	12,434,000	12,013,000

Spartan Motors, Inc. and Subsidiaries
Consolidated Balance Sheets

December 31,	2004	2003
Assets		
Current assets:		
Cash and cash equivalents	$ 10,463,454	$ 18,480,770
Marketable securities	1,506,570	—
Accounts receivable, less allowance for doubtful accounts of $400,000 in 2004 and $408,000 in 2003	32,358,950	19,604,058
Inventories	32,441,712	26,588,065
Deferred tax assets	2,939,456	3,326,847
Taxes receivable	1,956,535	957,879
Other current assets	1,548,806	1,440,744
Total current assets	83,215,483	70,398,363
Property, plant and equipment, net	18,238,884	14,783,965
Goodwill	4,543,422	4,543,422
Deferred tax assets	870,000	1,617,000
Other assets	44,921	39,344
Total assets	$ 106,912,710	$ 91,382,094
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	$ 19,247,899	$ 15,066,541
Accrued warranty	3,670,761	2,538,204
Accrued compensation and related taxes	3,264,737	2,746,117
Accrued vacation	1,087,414	1,020,437
Deposits from customers	8,588,134	6,796,949
Other current liabilities and accrued expenses	3,397,389	2,093,642
Current portion of long-term debt	5,713	—
Total current liabilities	39,262,047	30,261,890
Long-term debt, less current portion	139,545	—
Shareholders' equity:		
Preferred stock, no par value; 2,000,000 shares authorized (none issued)	—	—
Common stock, $0.01 par value; 23,900,000 shares authorized; issued 12,532,909 shares and 12,198,112 shares as of December 31, 2004 and 2003, respectively	125,329	121,981
Additional paid in capital	36,210,602	32,228,967
Retained earnings	31,182,253	28,769,256
Accumulated other comprehensive loss	(7,066)	—
Total shareholders' equity	67,511,118	61,120,204
Total liabilities and shareholders' equity	$ 106,912,710	$ 91,382,094

Spartan Motors, Inc. and Subsidiaries
Consolidated Statements of Cash Flows

YEAR ENDED DECEMBER 31,	2004	2003	2002
Cash flows from operating activities:			
Net earnings from continuing operations	$ 5,881,724	$ 4,440,047	$ 11,435,158
Adjustments to reconcile net earnings from continuing operations to net cash provided by (used in) operating activities:			
Depreciation	2,309,569	2,022,583	1,884,711
Loss on disposal of assets	76,527	494,400	4,022
Tax benefit from stock options exercised	588,000	384,000	2,413,000
Deferred taxes (credit)	1,134,391	(178,522)	195,780
Other	—	—	53,000
Decrease (increase) in operating assets:			
Accounts receivable	(12,754,892)	9,219,127	(3,048,308)
Inventories	(5,853,647)	(1,382,615)	(1,617,637)
Taxes receivable	(998,656)	(957,879)	—
Other assets	(113,639)	(49,333)	294,924
Increase (decrease) in operating liabilities:			
Accounts payable	4,181,358	(873,323)	2,089,682
Accrued warranty	1,132,557	(230,185)	(741,927)
Taxes on income	—	(1,412,210)	170,885
Accrued compensation and related taxes	518,620	(1,485,896)	2,491,450
Accrued vacation	66,977	(196,750)	98,987
Deposits from customers	1,791,185	2,698,738	291,026
Other current liabilities and accrued expenses	1,303,747	(107,831)	(29,897)
Total adjustments	(6,617,903)	7,944,304	4,549,698
Net cash provided by (used in) continuing operating activities	(736,179)	12,384,351	15,984,856
Net cash provided by (used in) discontinued operating activities	—	1,907,664	(286,923)
Net cash provided by (used in) operating activities	(736,179)	14,292,015	15,697,933
Cash flows from investing activities:			
Purchases of property, plant and equipment	(5,862,739)	(2,151,612)	(5,758,029)
Proceeds from sale of property, plant and equipment	21,724	6,100	2,083
Purchases of investments	(4,313,636)	—	—
Proceeds from sale of investments	2,800,000	—	—
Net cash used in investing activities	(7,354,651)	(2,145,512)	(5,755,946)
Cash flows from financing activities:			
Proceeds from long-term debt	150,000	—	—
Payments on long-term debt	(4,742)	—	(11,405,079)
Net proceeds from exercise of stock options	3,613,005	1,219,874	7,189,427
Purchase of treasury stock	(947,852)	(498,146)	—
Payment of dividends	(2,736,897)	(2,469,100)	(1,837,481)
Net cash provided by (used in) financing activities	73,514	(1,747,372)	(6,053,133)
Net increase (decrease) in cash and cash equivalents	(8,017,316)	10,399,131	3,888,854
Cash and cash equivalents at beginning of year	18,480,770	8,081,639	4,192,785
Cash and cash equivalents at end of year	$ 10,463,454	$ 18,480,770	$ 8,081,639

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

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2004

☐ 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 0-13611

SPARTAN MOTORS, INC.
(Exact Name of Registrant as Specified in Its Charter)

Michigan (State or Other Jurisdiction of Incorporation or Organization)	**38-2078923** (I.R.S. Employer Identification No.)
1165 Reynolds Road **Charlotte, Michigan** (Address of Principal Executive Offices)	**48813** (Zip Code)

Registrant's Telephone Number, Including Area Code: **(517) 543-6400**

Securities Registered Pursuant to Section 12(g) of the Securities Exchange Act:
Common Stock, $.01 Par Value
(Title of Class)

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes X No ____

The aggregate market value of the registrant's voting stock held by non-affiliates of the registrant, based on the last sales price of such stock on The Nasdaq Stock Market on June 30, 2004, was $136,174,001.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. Common Stock, $.01 par value, outstanding as of February 21, 2005: 12,556,909 shares

Documents Incorporated by Reference
Portions of the definitive proxy statement for the Company's May 24, 2005 annual meeting of shareholders are incorporated by reference in Part III.

FORWARD-LOOKING STATEMENTS

This Form 10-K contains statements that are not historical facts. These statements are called "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements involve important known and unknown risks, uncertainties and other factors and can be identified by phrases using "estimate," "anticipate," "believe," "project," "expect," "intend," "predict," "potential," "future," "may," "should" and similar expressions or words. Our future results, performance or achievements may differ materially from the results, performance or achievements discussed in the forward-looking statements. There are numerous factors that could cause actual results to differ materially from the results discussed in forward-looking statements, including, among others:

- Changes in existing products liability, tort or warranty laws or the introduction of new laws, regulations or policies that could affect our business practices: these laws, regulations or policies could impact our industry as a whole, or could impact only those portions in which we are currently active, for example, laws regulating the design or manufacture of emergency vehicles or regulations issued by the National Fire Protection Association; in either case, our profitability could be injured due to an industry-wide market decline or due to our inability to compete with other companies that are unaffected by these laws, regulations or policies.

- Changes in environmental regulations: these regulations could have a negative impact on our earnings; for example, laws mandating greater fuel efficiency could increase our research and development costs, increase the cost of components and lead to the temporary unavailability of engines.

- Rapidly rising steel and component costs and the Company's ability to mitigate such cost increases based upon its supply contracts or to recover such cost increases with increases in selling prices of its products: such increases in costs could have a negative impact on our earnings.

- Changes in economic conditions, including changes in interest rates, financial market performance and our industry: these types of changes can impact the economy in general, resulting in a downward trend that impacts not only our business, but all companies with which we compete; or, the changes can impact only those parts of the economy upon which we rely in a unique fashion, including, by way of example:

    - Factors that impact our attempts to expand internationally, such as the introduction of trade barriers in the United States or abroad.

- Changes in relationships with major customers: an adverse change in our relationship with major customers would have a negative impact on our earnings and financial position.

- Armed conflicts and other military actions: the considerable political and economic uncertainties resulting from these events could adversely affect our order intake and sales, particularly in the motorhome market.

- Factors that we have discussed in previous public reports and other documents filed with the Securities and Exchange Commission.

This list provides examples of factors that could affect the results described by forward-looking statements contained in this Form 10-K. However, this list is not intended to be exhaustive; many other factors could impact our business and it is impossible to predict with any accuracy which factors could result in which negative impacts. Although we believe that the forward-looking statements contained in this Form 10-K are reasonable, we cannot provide you with any guarantee that the anticipated results will be achieved. All forward-looking statements in this Form 10-K are expressly qualified in their entirety by the cautionary statements contained in this section and you are cautioned not to place undue reliance on the forward-looking statements contained in this Form 10-K. In addition to the risks listed above, other risks may arise in the future, and we disclaim any obligation to update information contained in any forward-looking statement.

PART I

Item 1. Business.

General

Spartan Motors, Inc. (the "Company") was organized as a Michigan corporation on September 18, 1975, and is headquartered in Charlotte, Michigan. The Company began development of its first product that same year and shipped its first fire truck chassis in October 1975.

The Company is known as a world leading, niche market engineer and manufacturer in the heavy duty, custom vehicles marketplace. During 2004, the Company had four wholly owned subsidiaries: Spartan Motors Chassis, Inc., located at the corporate headquarters in Charlotte, Michigan ("Spartan Chassis"); Crimson Fire, Inc., headquartered in Brandon, South Dakota with an additional production facility in Talladega, Alabama ("Crimson"); Crimson Fire Aerials, Inc., located in Lancaster, Pennsylvania ("Crimson Aerials"); and Road Rescue, Inc., located in Marion, South Carolina ("Road Rescue").

Spartan Chassis is a leading designer, engineer and manufacturer of custom heavy-duty chassis. The chassis consist of a frame assembly, engine, transmission, electrical system, running gear (wheels, tires, axles, suspension and brakes) and, for fire trucks and some specialty chassis applications, a cab. Chassis customers are original equipment manufacturers ("OEMs") who complete their heavy-duty vehicle product by mounting the body or apparatus on the Company's chassis. Crimson and Road Rescue engineer and manufacture emergency vehicles built on chassis platforms purchased from either Spartan Chassis or outside sources. Crimson Aerials engineers and manufactures aerial ladder components for fire trucks.

The Company's business strategy is to further diversify product lines and develop innovative design, engineering and manufacturing expertise in order to be the best value producer of custom vehicle products in both the national and international marketplace. Spartan Chassis sells its custom chassis to three principal markets: fire truck, motorhome and specialty vehicles. Spartan Chassis focuses on certain custom niches within its three principal markets and believes that opportunities for growth remain strong for custom-built chassis and vehicles in each market.

The Company is an innovative team focused on building lasting relationships with its customers. This is accomplished by striving to deliver premium custom vehicles and services that inspire customer enthusiasm. The Company believes that it can best carry out its long-term business plan and obtain optimal financial flexibility by using a combination of borrowings under the Company's credit facilities, as well as internally or externally generated equity capital, as sources of expansion capital.

The Company recognizes that annual unit sales of motorhome chassis have been substantially greater than that of the Company's other two principal chassis markets. Thus, in the past few years, management has placed special emphasis on further market penetration in the fire truck market and diversification into the specialty chassis market.

In January 1997, the Company acquired a 33 1/3% interest in Carpenter Industries, Inc. ("Carpenter"), a manufacturer of school bus bodies, headquartered in Richmond, Indiana. The Company increased its ownership twice, to 49.9% in October of 1998 and then to 57.6% in November of 1999. On September 28, 2000, the Company's Board of Directors voted to cease funding of Carpenter. The Board of Directors of Carpenter then passed a resolution on September 29, 2000 to begin the wind-down and orderly liquidation of Carpenter. As a result, beginning in the third quarter of 2000, this separate segment of the Company's business has been reported as a discontinued operation. The liquidation of Carpenter was substantially completed in the fourth quarter of 2001.

The Company's Segments

The Company is organized into two operating segments, the Chassis Group and the Emergency Vehicle Team ("EVTeam"). For certain financial information related to each group, see Note 13, *Business Segments*, of the Notes to Consolidated Financial Statements appearing in Item 8 of this Form 10-K.

Chassis Group

The Chassis Group consists of Spartan Chassis. Sales by the Chassis Group made up 87.7%, 83.3% and 80.4% of the Company's consolidated sales for the years ended December 31, 2004, 2003 and 2002, respectively. Approximately ninety-eight percent of the components used by the Chassis Group to manufacture its products are commercially available products purchased from outside suppliers. This strategy allows the Chassis Group, and its OEM customers and end users, to service finished products with ease, control production costs and expedite the development of new products. The Chassis Group manufactures chassis only upon receipt of confirmed purchase orders; thus, it does not have significant amounts of completed product inventory.

The Chassis Group has extensive engineering experience in creating chassis for vehicles that perform specialized tasks. The Chassis Group engineers, manufactures and markets chassis for fire trucks, motorhomes and specialty applications such as trolleys, utility trucks and crash-rescue vehicles. As a specialized chassis producer, the Chassis Group believes that it holds a unique position for continued growth due to its engineering reaction time, manufacturing expertise and flexibility. This allows the Chassis Group to profitably manufacture custom chassis with a specialized design that will serve customer needs more efficiently and economically than a standard, commercially-produced chassis. The Chassis Group employs approximately 530 associates in Charlotte, Michigan.

Fire Truck Chassis

The Chassis Group custom manufactures fire truck chassis and cabs in response to exact customer specifications. These specifications vary based on such factors as application, terrain, street configuration and the nature of the community, state or country in which the fire truck will be utilized.

The Chassis Group strives to develop innovative engineering solutions to meet customer requirements, and designs new products anticipating the future needs of the marketplace. The Chassis Group monitors the availability of new technology and works closely with its component manufacturers to apply new technology to its products. Over the past few years, there have been several examples of such innovations. The Chassis Group helped introduce to the fire truck market the Detroit Diesel Series 60 engine, which is typically used in heavy-duty commercial applications. These engines allow fire trucks to have larger cab interiors because the pistons are configured in a straight line rather than in a V-shape. The Chassis Group also worked with Cummins Engine Co. on the introduction of the N-14 and M-11 engines. This collaboration resulted in attaining higher emission standards through charged air-cooled diesel engines. The Company also implemented the MD series and HD series Allison World Transmission, an improved wholly electronic automatic transmission design that provides better performance characteristics and improved service and maintenance capabilities.

The Chassis Group believes that the percentage of fire trucks manufactured with customized chassis will continue to increase. This is primarily due to the fact that customized chassis respond to customers' demands for increased safety features and offer more options and specific configurations when compared to standard, commercially produced fire truck chassis.

The National Fire Protection Association ("NFPA") adopts safety standards for fire trucks. The mission of the international nonprofit NFPA is to reduce the worldwide burden of fire and other hazards on the quality of life by providing and advocating scientifically-based consensus codes and standards, research, training and education. Established in 1896, NFPA serves as the world's leading advocate of fire prevention and is an authoritative source on public safety. In fact, NFPA's three hundred codes and standards influence every building, process, service, design and installation in the United States, as well as many of those used in other countries. NFPA standards typically add new requirements that are intended to increase the safety of firefighters. Past NFPA standards have included the total enclosure of all crew-seating areas, establishment of maximum stepping heights on the apparatus and the provision of access hand rails. In 2003, NFPA issued Annex D Guidelines that recommend that only an apparatus that meets the 1991 or later editions of NFPA apparatus standard or that is refurbished in accordance with NFPA 1912, be permitted to operate in first line service to ensure that the latest improvements and upgrades are available for firefighters. Although NFPA standards are not mandatory, past standards have significantly impacted fire truck purchasing decisions. The Company's fire truck chassis meet current NFPA standards.

Motorhome Chassis

The Chassis Group custom manufactures chassis to the individual specifications of its motorhome chassis OEM customers. These specifications vary based on specific interior and exterior design specifications, power requirements, horsepower and electrical needs of the motorhome bodies to be attached to the Spartan chassis. The Chassis Group's motorhome chassis are separated into three major product series: (1) the "NVS" series chassis; (2) the "Mountain Master" series chassis; and (3) the "K-2" series chassis. These motorhome chassis are generally distinguished by differences in allowable vehicle weight, length, gross vehicle weight, engines, options and price. The Chassis Group designs and engineers modifications to these three basic product groups to meet customer requirements and to adapt the chassis to each OEM's specific manufacturing process. The Chassis Group continually seeks to develop innovative engineering solutions to customer requirements and strives to anticipate future market needs and trends by working closely with the OEMs and listening to the end users.

The Chassis Group recently developed a new motorhome chassis, the Me2, which is a mid-engine chassis featuring a rear-lift deck. This revolutionary design provides the OEM a significant opportunity in floor plan flexibility and provides enhanced ride and handling for the driver. The rear-lift deck, or traveling garage, provides extra storage space for bicycles, ATVs, canoes and other "toys" that complement the RV lifestyle. The innovative mid-engine design is now available on the entry-level diesel motorhome chassis.

The Chassis Group continues to refine its Independent Front Suspension (IFS) system introduced to the motorhome market in 1997. An IFS places air bags as close to the wheel as possible, utilizing full air suspension cushions and a constant axle centerline, thus creating a superior ride, improved handling and greater stability. In addition, IFS reduces over-steer and under-steer, brake dive and wheel-to-wheel transfer of road shock to passengers and the body of the vehicle.

The Company's K-2 series motorhome chassis includes a unique-to-Spartan Chassis leveling system. The predictive air leveling system automatically levels the coach, even in soft terrain campsites or parking lots that prohibit jacks, a first in the motorhome industry. This feature is available on the Company's most popular high-end custom chassis models.

Specialty Vehicle Chassis

The Chassis Group continues to develop specialized chassis and actively seeks additional applications of its existing products and technology in the specialty vehicle market. The Company believes that this specialty product group continues to have strong sales growth potential in the world marketplace. With its experience in manufacturing chassis for cement mixers, trolleys, utility trucks, crash and rescue vehicles and other specialty uses, the Company believes it is well positioned to continue to take advantage of opportunities in this market.

EVTeam

The Company's EVTeam consists of its three wholly owned subsidiaries, Crimson, Crimson Aerials and Road Rescue. Crimson and Road Rescue engineer and manufacture emergency vehicles built on chassis platforms purchased from either the Chassis Group or outside sources. Crimson Aerials engineers and manufactures aerial ladder components for fire trucks. The EVTeam members manufacture products only upon receipt of confirmed purchase orders; thus they do not have significant amounts of completed product inventory.

Crimson Fire, Inc.

Crimson engineers, manufactures and markets its custom and commercial fire apparatus products through a network of dealers throughout North America. Crimson's product lines include pumper and aerial fire apparatus, heavy- and light- duty rescue units, tankers and quick attack units. Created by the merger on January 1, 2003 of two of the Company's wholly owned subsidiaries – Luverne Fire Apparatus, Ltd. and Quality Manufacturing, Inc. (two of the industry's oldest brands) – the new Crimson Fire brand builds on more than 130 years of heritage. Crimson is recognized in the industry for its innovative design and engineering. Crimson's signature features – such as Tubular Stainless Steel body structure, Vibra-Torq™ mounting system, exclusive Trix-Max™ body frame and Smart Access pump panels – are designed to offer the safety, reliability and durability that firefighters need to get the job done again and again. As part of Crimson's growth initiative, expanding the Company's product offerings to include an aerial component line, through Crimson Aerials, was imperative to strengthening the sales ability of its existing dealers and for attracting new dealers. Crimson employs approximately 130 associates at its headquarters in Brandon, South Dakota and production facility in Talladega, Alabama.

Crimson Fire Aerials, Inc.

Crimson Aerials engineers, manufactures and markets aerial ladder components for fire trucks at its headquarters in Lancaster, Pennsylvania and employs approximately 20 associates. The Company began operations in the later half of 2003 and has developed a full line of aerial components. Crimson Aerials introduced its first models in 2004, and is poised to produce the next generation of aerial devices in terms of technology, operation and service.

Road Rescue, Inc.

Road Rescue engineers, manufactures and markets a complete line of premium, custom advanced-care ambulances and rescue vehicles at its headquarters in Marion, South Carolina. At the start of 2003, Road Rescue also had operations in St. Paul, Minnesota, but that facility was closed prior to year end and the operations were consolidated to the Marion, South Carolina facility. Road Rescue is a market leader in the design and manufacturing of Type I and Type III high-performance, modular ambulances that fit all emergency transport requirements and offer the latest in technology. These vehicles are built with safety, performance and ease-of-maintenance in mind. New concept vehicles such as the UltraMedic Type III offer a glimpse at the ambulance of the future – complete with smart displays, smart glass and a variety of other high-tech features. Road Rescue markets its products through a dealer network throughout the United States and Canada. Road Rescue employs approximately 190 associates.

Marketing

The Chassis Group markets its custom manufactured chassis primarily through the direct contact of its sales department with OEMs, dealers and end users. The EVTeam maintains dealer organizations that establish close working relationships through their sales departments with end users. These personal contacts focus on the quality of the group's custom products and allow the Company to keep customers updated on new and improved product lines and end users' needs.

In 2004, representatives from the Company attended trade shows, rallies and expositions throughout North America to promote its products. Trade shows provide the opportunity to display products and to meet directly with OEMs who purchase chassis, dealers who sell finished vehicles and consumers who buy the finished products. Participation in these events also allows the Company to better identify what customers and end users are looking for in the future. The Company uses these events to create a competitive advantage by relaying this information back to its research and development engineering groups for future development purposes.

The Company's sales and marketing team is responsible for marketing its manufactured goods and producing product literature. The sales group consists of 25 salespeople based in Company locations in Charlotte, Michigan, Brandon, South Dakota, Marion, South Carolina, Talladega, Alabama and Lancaster, Pennsylvania and 14 additional salespeople located throughout North America.

Competition

The principal methods of building competitive advantages utilized by the Company include shorter engineering reaction time, custom design capability, higher product quality, superior customer service and faster speed of delivery. The Company competes with companies that manufacture chassis for similar markets, including some divisions of large diversified organizations that have total sales and financial resources exceeding those of the Company. Certain competitors are vertically integrated and manufacture their own commercial chassis and/or apparatuses, although they generally do not sell their chassis to outside customers (other OEMs). The Company's direct competitors in the specialty chassis and emergency vehicle apparatus markets are principally smaller manufacturers.

Because of the lack of reliable published statistics, the Company is unable to state with certainty its position in the market compared to its competition. The emergency vehicle market and, to a lesser degree, the custom chassis market are fragmented. The Company believes that no one company has a dominant position in either market.

Manufacturing

The Chassis Group has four principal assembly facilities in Charlotte, Michigan for its custom chassis products. Due to the custom nature of its business, the Company's chassis cannot be manufactured efficiently on automated assembly lines. Generally, the Chassis Group designs, engineers and assembles its specialized heavy-duty truck chassis using commercially available components purchased from outside suppliers rather than producing components internally. This approach facilitates prompt serviceability of finished products, reduces production costs, expedites the development of new products and reduces the potential of costly down time for the end user.

The EVTeam products are manufactured and assembled in each of the subsidiaries' respective manufacturing facilities, represented by four plants in total. The chassis for the products are purchased from the Chassis Group and from outside commercially produced chassis manufacturers. The EVTeam facilities do not use fully automated assembly lines since each vehicle is manufactured to meet specifications of an end user customized order. The chassis is rolled down the assembly line as other components are added and connected. The body is manufactured at the facility with components such as pumps, tanks, aerial ladders and electrical control units purchased from outside suppliers.

The Company believes that the assembly facilities of its subsidiaries are sufficient to meet current production levels. Any further capacity increases can be achieved at a relatively low cost, largely by increasing the number of production associates or adding additional shifts. The Company also has the opportunity to expand its assembly facilities, as its locations have land available for this purpose.

Suppliers

The Company is dedicated to establishing long-term, mutually beneficial relationships with its suppliers. Through these relationships, the Company benefits from new innovations, higher quality, reduced lead times, smoother/faster manufacturing ramp-up of new vehicle introductions, and lower total costs of doing business. The combined buying power of the Company's subsidiaries and a corporate supply management initiative allow the Company to benefit from economies of scale and to focus on a common vision.

Components for the Company's products are generally available from a number of suppliers. The Company maintains an extensive qualification, on-site inspection, assistance, and performance measurement system to control risks associated with reliance on suppliers. The Company has not experienced any significant shortages of raw materials and normally does not carry inventories of such raw materials in excess of those reasonably required to meet production and shipping schedules. Throughout 2003 significant price or supply issues related to steel did not impact Spartan Motors, Inc. In December 2003, the U.S. government repealed certain trade protective measures that had been in place with respect to steel. During 2004, Spartan Motors, Inc. experienced net steel surcharge costs of approximately $1.9 million. The Company continues to purchase steel under a sales agreement as appropriate to help to mitigate the risk of supply and cost issues. However, there can be no assurance that there will be no steel cost or supply issues over the long-term.

Research and Development

The Company's success depends on its ability to respond quickly to changing market demands and new regulatory requirements. Thus, it emphasizes research and development and commits significant resources to develop and adapt new products and production techniques. The Company devotes a portion of its facilities to research and development projects and focuses on implementing the latest technology from component manufacturers into existing products and manufacturing prototypes of new product lines. For more information concerning the Company's expenditures on research and development, see "Management's Discussion and Analysis of Financial Condition and Results of Operations," appearing in Item 7 of this Form 10-K. New products that the Company has recently introduced or plans to introduce in the near future are discussed elsewhere in this Item 1.

Product Warranties

The Company's subsidiaries all provide limited warranties against assembly/construction defects. These warranties generally provide for the replacement or repair of defective parts or workmanship for a specified period following the date of sale. The end users also may receive limited warranties from suppliers of components that are incorporated into the Company's chassis and vehicles. For more information concerning the Company's product warranties, see Note 11, *Commitments and Contingent Liabilities*, of the Notes to Consolidated Financial Statements appearing in this Form 10-K.

Patents, Trademarks, Licenses and Franchises

The Company has five United States patents which include rights to the design and structure of chassis and certain peripheral equipment. These patents will expire from 2005 through 2022 and all are subject to payments of required maintenance fees. The Company also owns one United States copyright registration, one United States trademark registration, and two United States service mark registrations, as well as one trademark registration in each of Mexico, New Zealand, Peru and Papua New Guinea. The trademark and service mark registrations are generally renewable under applicable laws, subject to payment of required fees and the filing of affidavits of use.

The Company believes its products are identified by the Company's trademarks and that its trademarks are valuable assets. The Company is not aware of any infringing uses or any prior claims of ownership of its trademarks that could materially affect its business.

Environmental Matters

Compliance with federal, state and local environmental laws and regulations has not had, nor is it expected to have, a material effect on the Company's capital expenditures, earnings or competitive position.

Associates

The Company and its subsidiaries employed approximately 880 full-time associates as of February 11, 2005. Management presently considers its relations with associates to be positive.

Customer Base

In 2004, the Company's customer base included two major customers. Sales in 2004 to Newmar Corp. ("Newmar") were $92.1 million and sales to Fleetwood Motor Homes of Indiana, Inc. ("Fleetwood") were $68.6 million. These numbers compare to sales of $62.1 million to Newmar, $25.8 million to Fleetwood and $26.3 million to a third major customer in 2003 and $48.0 million to Newmar, $42.2 million to Fleetwood and $22.2 million to a third major customer in 2002. Sales to customers classified as major amounted to 51.5%, 48.1%, and 43.3% of total revenues in 2004, 2003 and 2002, respectively. In March of 2005, the Company announced that Fleetwood is not renewing the Company's agreement to supply entry-level chassis for its 2006 model year products, which will result in the loss of certain business beginning in the third quarter of 2005. Sales of these entry-level chassis represented approximately 10.7% of the Company's consolidated net sales in 2004. While this business will conclude, the Company will continue to supply chassis for Fleetwood's highline motor homes. Although the loss of a major customer could have a material adverse effect on the Company and its future operating results, the Company believes that it has developed strong relationships with its customers.

Sales made to external customers outside the United States were $5.2 million, $2.7 million and $1.7 million for the years ended December 31, 2004, 2003 and 2002, respectively, or 1.7%, 1.1% and 0.7%, respectively, of sales for those years. All of the Company's long-lived assets are located in the United States.

Backlog Orders

At December 31, 2004, the Company had backlog orders for the Chassis Group of approximately $61.6 million, compared with a backlog of $54.3 million at December 31, 2003. At December 31, 2004, the Company had backlog orders for the EVTeam of $56.0 million, compared with a backlog of $41.0 million at December 31, 2003. The Company expects to fill all of the backlogs orders at December 31, 2004 during 2005.

Although the backlog of unfilled orders is one of many indicators of market demand, several factors, such as changes in production rates, available capacity, new product introductions and competitive pricing actions, may affect actual sales. Accordingly, a comparison of backlog from period to period is not necessarily indicative of eventual actual shipments.

Available Information

The address of the Company's web site is www.spartanmotors.com. The Company's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other reports (and amendments thereto) filed or furnished pursuant to Section 13(a) of the Securities Exchange Act are available on its web site as soon as reasonably practicable after the Company electronically files or furnishes such materials with the Securities and Exchange Commission. In addition, paper copies of these materials are available without charge upon written request to James W. Knapp, Spartan Motors, Inc., 1165 Reynolds Road, Charlotte, Michigan 48813.

Item 2. Properties.

The following table sets forth information concerning the properties owned or leased by the Company. The Company believes that its facilities are suitable for their intended purposes and adequate to meet its requirements for the foreseeable future.

Used By	Location	Use	Owned/ Leased	Square Footage
Spartan Motors, Inc., Spartan Motors Chassis, Inc.	Plant I - 1000 Reynolds Road Charlotte, Michigan	Manufacturing, Corporate Communications and Warehousing	Owned	51,000
Spartan Motors, Inc., Spartan Motors Chassis, Inc.	Plant II - 1165 Reynolds Road Charlotte, Michigan	Headquarters, Manufacturing, Sales and Marketing	Owned	44,000
Spartan Motors, Inc., Spartan Motors Chassis, Inc.	Plant III - 1580 Mikesell Street Charlotte, Michigan	Engineering, Research & Development and Manufacturing	Owned	50,000
Spartan Motors, Inc., Spartan Motors Chassis, Inc.	Plant IV - 1549 Mikesell Street Charlotte, Michigan	Manufacturing, Accounting, Receiving, Service Parts, Purchasing, Customer Service, and Warehousing	Owned	140,000
Spartan Motors Chassis, Inc.	Plant VII - 1111 Mikesell Street Charlotte, Michigan	Warehousing and Receiving	Leased	42,000
Crimson Fire, Inc.	907 7th Ave. North Brandon, South Dakota	General Offices, Manufacturing and Warehousing	Owned	32,000
Crimson Fire, Inc.	1209 E. Birch Street Brandon, South Dakota	General Offices, Manufacturing and Warehousing	Leased	35,000
Crimson Fire, Inc.	1420 Nimitz Avenue Talladega, Alabama	General Offices, Manufacturing and Warehousing	Owned	65,000
Crimson Fire Aerials, Inc.	1828 Freedom Road Lancaster, Pennsylvania	General Offices, Manufacturing and Warehousing	Leased	33,600
Road Rescue, Inc.	2914 Spartan Place Marion, South Carolina	General Offices, Manufacturing and Warehousing	Owned	106,000

Item 3. **Legal Proceedings.**

At December 31, 2004, the Company and its subsidiaries were parties, both as plaintiff or defendant, to a number of lawsuits and claims arising out of the normal conduct of their businesses. In the opinion of management, the Company's financial position, future operating results and cash flows will not be materially affected by the final outcome of these legal proceedings.

Item 4. **Submission of Matters to a Vote of Security Holders.**

During the fourth quarter of 2004, no matters were submitted to a vote of security holders, through the solicitation of proxies or otherwise.

PART II

Item 5. **Market For Registrant's Common Stock, Related Shareholder Matters, and Issuer Purchases of Equity Securities.**

The Company's common stock is traded on The Nasdaq Stock Market under the symbol "SPAR."

The following table sets forth the high and low sale prices for the Company's common stock for the periods indicated, all as reported by The Nasdaq Stock Market:

	High	Low
Year Ended December 31, 2004:		
First Quarter	$ 11.190	$ 9.750
Second Quarter	12.480	10.580
Third Quarter	14.400	11.320
Fourth Quarter	14.850	9.670
Year Ended December 31, 2003:		
First Quarter	$ 12.050	$ 8.750
Second Quarter	9.970	8.130
Third Quarter	9.750	7.760
Fourth Quarter	10.370	9.000

In 2004, the Company declared cash dividends of $0.08 per outstanding share on April 28, 2004 to shareholders of record on May 14, 2004 and $0.14 per outstanding share on October 28, 2004 to shareholders of record on November 15, 2004. In 2003, the Company declared cash dividends of $0.05 per outstanding share on March 26, 2003 to shareholders of record on May 16, 2003 and $0.15 per outstanding share on October 22, 2003 to shareholders of record on November 14, 2003.

The number of shareholders of record (excluding participants in security position listings) of the Company's common stock on February 21, 2005 was 602.

See Item 12 below for information concerning the Company's equity compensation plans.

Item 6. Selected Financial Data.

The selected financial data shown below for the Company for each of the five years in the period ended December 31, 2004 has been derived from the Consolidated Financial Statements of the Company. The following data should be read in conjunction with the Consolidated Financial Statements and related Notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this Form 10-K.

Five-Year Operating and Financial Summary
(In Thousands, Except Per Share Data)

	2004	2003	2002	2001	2000
Sales	$ 312,270	$ 237,372	$ 259,527	$ 226,263	$ 251,406
Cost of products sold	270,891	202,524	213,530	189,478	218,114
Gross profit	41,379	34,848	45,997	36,785	33,292
Operating expenses:					
Research and development	7,943	7,070	7,152	6,210	6,341
Selling, general & administrative	24,451	21,604	21,531	19,637	19,010
Operating income	8,985	6,174	17,314	10,938	7,941
Other, net	209	(429)	90	(1,038)	(889)
Earnings from continuing operations before taxes on income	9,194	5,745	17,404	9,900	7,052
Taxes on income	3,312	1,305	5,969	3,885	2,142
Net earnings from continuing operations (a)	5,882	4,440	11,435	6,015	4,910
Discontinued operations:					
Loss from operations of Carpenter	--	--	--	--	(3,901)
Gain (loss) on disposal of Carpenter	--	1,609	269	116	(6,619)
Net earnings (loss) (a)	$ 5,882	$ 6,049	$ 11,704	$ 6,131	$ (5,610)
Basic earnings (loss) per share (a):					
Net earnings from continuing operations	$ 0.48	$ 0.37	$ 1.00	$ 0.57	$ 0.43
Discontinued operations	--	0.13	0.02	0.01	(0.92)
Basic earnings (loss) per share	$ 0.48	$ 0.50	$ 1.02	$ 0.58	$ (0.49)
Diluted earnings (loss) per share (a):					
Net earnings from continuing operations	$ 0.46	$ 0.36	$ 0.95	$ 0.57	$ 0.43
Discontinued operations	--	0.13	0.02	0.01	(0.92)
Diluted earnings (loss) per share	$ 0.46	$ 0.49	$ 0.97	$ 0.58	$ (0.49)
Cash dividends per common share	$ 0.22	$ 0.20	$ 0.16	$ 0.07	$ 0.07
Basic weighted average common shares outstanding	12,351	12,123	11,492	10,561	11,493
Diluted weighted average common shares outstanding	12,743	12,434	12,013	10,616	11,496
Balance Sheet Data:					
Net working capital	$ 43,953	$ 40,136	$ 35,290	$ 29,190	$ 38,057
Total assets	106,913	91,382	88,312	77,612	98,305
Long-term debt, continuing operations	140	--	--	9,400	24,504
Shareholders' equity	67,511	61,120	56,434	36,912	30,653

(a) In 2002, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 142, *Goodwill and Other Intangible Assets*. The nonamortization provisions of SFAS No. 142 related to goodwill would have increased net earnings from continuing operations by $0.4 million and increased basic and diluted earnings per share by $0.04 in 2001 and 2000, if applied in those years.

The five-year summary above should be read in conjunction with Note 12, *Discontinued Operations,* of the Notes to Consolidated Financial Statements appearing in Item 8 of this Form 10-K.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following section provides a narrative discussion about the Company's financial condition and results of operations. The comments that follow should be read in conjunction with the Company's Consolidated Financial Statements and related Notes thereto appearing in this Form 10-K.

Results of Operations

The following table sets forth, for the periods indicated, the components of the Company's consolidated statements of income, on an actual basis, as a percentage of revenues:

	Year Ended December 31,		
	2004	2003	2002
Sales	100.0%	100.0%	100.0%
Cost of products sold	86.7%	85.3%	82.3%
Gross profit	13.3%	14.7%	17.7%
Operating expenses:			
Research and development	2.5%	3.0%	2.8%
Selling, general & administrative	7.9%	9.1%	8.2%
Operating income	2.9%	2.6%	6.7%
Other, net	0.0%	(0.2%)	0.0%
Earnings from continuing operations before taxes on income	2.9%	2.4%	6.7%
Taxes on income	1.0%	0.5%	2.3%
Net earnings from continuing operations	1.9%	1.9%	4.4%
Discontinued operations:			
Gain on disposal of Carpenter	--	0.6%	0.1%
Net earnings	1.9%	2.5%	4.5%

Year Ended December 31, 2004 compared to Year Ended December 31, 2003

Continuing Operations

For the year ended December 31, 2004, consolidated sales increased $74.9 million (31.6%) over the amount reported for the previous year. This increase is due to a $76.2 million (38.6%) increase in Chassis Group sales coupled with $3.0 million (6.0%) increase in EVTeam sales. Increased sales from the Chassis Group to the EVTeam caused intercompany sales to increase $4.3 million (44.2%) over the prior year. Intercompany sales are eliminated from the consolidated sales totals.

Within the Chassis Group, the motorhome chassis line had a sales increase of $65.8 million (52.2%) over the 2003 fiscal year. The increase was due primarily to an increase in volume, resulting from additional business secured by the Chassis Group from two of its top three customers. Production related to the majority of this additional business began in the middle of the third quarter of 2004. Offsetting some of this market share gain was a softening in motorhome industry sales that began late in the year. Crude oil prices hit record levels, contributing to a drop in consumer confidence levels resulting in lower consumer spending.

The Chassis Group's other primary product line, fire truck chassis, had an increase of $10.0 million (15.5%) in sales for the year ended December 31, 2004 over the year ended December 31, 2003. As the increase in sales indicates, the fire truck market continues to be strong in 2004, with a focus by fire departments on making sure their equipment is sufficient to respond to the variety of emergencies that are on their growing list of responsibilities.

The increase in EVTeam sales for 2004 was a result of increases at Road Rescue and Crimson Fire Aerial, offset by lower sales at Crimson Fire. The increase at Road Rescue was due to the production ramp up at Road Rescue to a higher run rate. Crimson Fire Aerials sold its first units in 2004, as it was a newly formed corporation in 2003. Crimson Fire's sales were temporarily affected during 2004 by its decision to move production of its E-series product from its Alabama facility to South Dakota and the construction and set-up of its new, more efficient plant in South Dakota.

Gross margin decreased from 14.7% in 2003 to 13.3% in 2004. This decrease is due to a combination of events. The primary driver was increased material costs due to steel surcharges. Steel surcharges were $2.8 million in 2004, though approximately $0.9 million was recovered through price increases to customers In addition, lower margins were recorded by the Chassis Group resulting from favorable pricing given in conjunction with the additional business from two of its customers. Also contributing to the decrease in gross margin were production inefficiencies at Crimson Fire and production ramp-up at Crimson Fire Aerials.

Operating expenses increased by $3.7 million between years to support the increase in sales discussed earlier. However, operating expenses as a percentage of sales decreased from 12.1% for the year ended December 31, 2003 to 10.4% for the year ended December 31, 2004. The percentage decrease was due primarily to the increase in sales levels coupled with a Company focus on keeping the base operating expense level low.

The increase in the Company's income taxes is primarily due to increased earnings before taxes in 2004 when compared to 2003. See Note 6, *Taxes on Income*, of the Notes to Consolidated Financial Statements for further information regarding income taxes.

Net earnings from continuing operations increased from $4.4 million ($0.36 per diluted share) in 2003 to $5.9 million ($0.46 per diluted share) in 2004 as a result of the factors discussed above.

Discontinued Operations

On September 28, 2000, the Company's Board of Directors passed a resolution to cease funding of the Company's majority-owned subsidiary, Carpenter. Carpenter's Board of Directors then voted on September 29, 2000 to begin the orderly liquidation of Carpenter. Because Carpenter was a separate segment of the Company's business, the disposition of Carpenter's net assets was accounted for as a discontinued operation. There was no activity related to Carpenter in 2004. The $1.6 million gain on disposal of Carpenter in 2003 is a result of the Company's revision of its estimated loss to dispose of the business, based upon final resolution of certain accrued items related to the disposal.

Year Ended December 31, 2003 compared to Year Ended December 31, 2002

Continuing Operations

For the year ended December 31, 2003, consolidated sales decreased $22.2 million (8.5%) over the amount reported for the previous year. This decrease is due to a $10.9 million (5.2%) decrease in Chassis Group sales coupled with a $14.0 million (22.1%) decrease in EVTeam sales. Lower sales from the Chassis Group to the EVTeam caused intercompany sales to decrease $2.7 million (21.8%) over the prior year. Intercompany sales are eliminated from the consolidated sales totals.

The decrease in EVTeam sales is primarily due to transitions at Road Rescue and Crimson. The Company closed Road Rescue's St. Paul, Minnesota facility and consolidated its ambulance operations at its new Marion, South Carolina facility. The Marion plant ramped up more slowly than anticipated, resulting in lower sales in 2003. In addition, the merger of Luverne and Quality into Crimson slowed production as staff was consolidated and production efforts were aligned. This resulted in lower fire apparatus deliveries at the start of 2003 than in the previous year.

Within the Chassis Group, the motorhome chassis line had sales decrease $21.2 million (14.4%) over the 2002 fiscal year. Several economic uncertainties at the start of 2003 and related economic developments associated with the war in Iraq had a negative impact on the volume of motorhome sales in 2003, which was the primary reason for the sales decrease.

The Chassis Group's other primary product line, fire truck chassis, had an increase of $9.2 million (16.5%) in sales for the year ended December 31, 2003 over the year ended December 31, 2002. The Chassis Group received orders for more than 500 fire truck chassis, the most ever in a single year. The increase in volume of orders was the primary cause of the sales increase. The fire truck market continued to be strong in 2003, with a focus by fire departments on making sure their equipment is sufficient to respond to the variety of emergencies that are on their growing list of responsibilities.

Gross margin decreased from 17.7% in 2002 to 14.7% in 2003. This decrease is due to a combination of events. The primary driver was an unfavorable physical inventory and other costing adjustments totaling $1.3 million made at an EVTeam location. Initial operating inefficiencies at the EVTeam's Marion plant and $0.7 million of costs incurred in connection with the transfer of operations from St. Paul to the Marion plant also contributed to the decrease. In addition, the lower sales volumes noted earlier played a role as fixed overhead costs were spread over a lower production volume. Lastly, a higher cost of certain components, including engines meeting the more stringent federally mandated emissions standards, were a factor in the decrease in margins.

Operating expenses decreased minimally between years, but as a percentage of sales grew from 11.0% for the year ended December 31, 2002 to 12.1% for the year ended December 31, 2003, primarily as a result of lower sales volumes. Operating expenses include $0.4 million in operating expenses related to the start up of the Company's new subsidiary, Crimson Aerials.

The decrease in the Company's income taxes is primarily due to lower earnings before taxes in 2003 when compared to 2002. See Note 6, *Taxes on Income*, of the Notes to Consolidated Financial Statements for further information regarding income taxes.

Net earnings from continuing operations decreased from $11.4 million ($0.95 per diluted share) in 2002 to $4.4 million ($0.36 per diluted share) in 2003 as a result of the factors discussed above.

Discontinued Operations

On September 28, 2000, the Company's Board of Directors passed a resolution to cease funding of the Company's majority-owned subsidiary, Carpenter. Carpenter's Board of Directors then voted on September 29, 2000 to begin the orderly liquidation of Carpenter. Because Carpenter was a separate segment of the Company's business, the disposition of Carpenter's net assets was accounted for as a discontinued operation. The $1.6 million and $0.3 million gains on disposal of Carpenter in 2003 and 2002, respectively, are a result of the Company's revision of its estimated loss to dispose of the business, based upon final resolution of certain accrued items related to the disposal.

Quarterly Results

The Company's rate of sales growth has varied historically from quarter to quarter. For a description of quarterly financial data, see Note 14, *Quarterly Financial Data (Unaudited)*, of the Notes to Consolidated Financial Statements appearing in this Form 10-K.

Liquidity and Capital Resources

For the year ended December 31, 2004, cash used in continuing operating activities was approximately $0.7 million, which was a $13.1 million (105.6%) change from the $12.4 million of cash provided by continuing operating activities for the year ended December 31, 2003. The increase in sales during 2004 over 2003 resulted in higher working capital demands and a use of cash during 2004. The cash on hand at December 31, 2003, $2.8 million in proceeds from sales of marketable securities, cash provided from the exercise of stock options of $3.6 million and proceeds from long-term debt of $0.2 million allowed the Company to fund $5.9 million in property, plant and equipment purchases, working capital needs of $0.7 million, $4.3 million in purchases of marketable securities, dividends paid of $2.7 million and $1.0 million in the repurchase of Company stock. The Company's working capital increased by $3.9 million from $40.1 million in 2003 to $44.0 million in 2004. See the "Consolidated Statements of Cash Flows" contained in this Form 10-K for further information regarding the decrease in cash and cash equivalents, from $18.5 million as of December 31, 2003, to $10.5 million as of December 31, 2004. See "Item 6—Selected Financial Data" for a five-year comparison of net working capital.

Shareholders' equity increased approximately $6.4 million to $67.5 million as of December 31, 2004. This change resulted from the $5.9 million in net comprehensive income of the Company and the receipt of $4.2 million from the exercise of stock options including the corresponding tax benefit offset by $2.7 million in dividends paid and $1.0 million for the purchase of Company stock. See the "Consolidated Statements of Shareholders' Equity" contained in this Form 10-K for further information regarding the changes in shareholders' equity.

On April 24, 2003, the Board of Directors authorized management to repurchase up to a total of 500,000 shares of its common stock in open market transactions. The Company repurchased 137,065 shares through December 31, 2004. Repurchase of common stock is contingent upon market conditions. The Company has not set an expiration date for the completion of this repurchase program. If the Company were to repurchase at current prices the 362,935 shares of stock remaining under the repurchase program, this would cost the Company approximately $3.9 million. The Company believes that it has sufficient cash reserves to fund this stock buyback.

The Company's primary line of credit is a $15.0 million revolving note payable to a bank that expires on October 31, 2005. This line carries an interest rate equal to the Eurodollar rate (applicable Eurodollar rate at December 31, 2004 was 2.39%) plus an applicable margin ranging from 1.00% to 2.50% depending on the level of leverage maintained by the Company. The Company expects to extend or refinance this line of credit in 2005. There were no borrowings under this line at December 31, 2004 and 2003. Under the terms of the line of credit agreement, the Company is required to maintain certain financial ratios and other financial conditions. The agreement also prohibits the Company from incurring additional indebtedness, limits certain acquisitions, investments, advances or loans and restricts substantial asset sales. At December 31, 2004, the Company was in compliance with all debt covenants.

The Company also has a secured line of credit of $0.2 million that carries an interest rate of 1% above the bank's prime rate (prime rate at December 31, 2004 was 5.25%) and has an expiration date of May 31, 2005. This line of credit is secured by accounts receivable, inventory and equipment. There were no borrowings under this line at December 31, 2004 and 2003.

The Company also has a secured mortgage note for $150,000. The mortgage note carries an interest rate of 3.00% and is payable in monthly installments of $834 with the balance due March 1, 2009. This mortgage note is secured by land.

The Company believes it has sufficient resources from cash flows from operating activities and, if necessary, from additional borrowings under its lines of credit to satisfy ongoing cash requirements for the next 12 months. Proceeds from existing credit facilities and anticipated renewals, along with cash flows from operations, are expected to be sufficient to meet capital needs in the foreseeable future.

Contractual Obligations, Commercial Commitments and Off-Balance Sheet Arrangements

The Company's future contractual obligations for agreements with initial terms greater than one year, including agreements to purchase materials in the normal course of business, are summarized as follows:

	Payments Due by Period (in thousands):				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Long-term Debt	$ 145	$ 6	$ 12	$ 127	$ --
Leases:					
Capital	--	--	--	--	--
Operating	2,053	481	883	557	132
Purchase obligations	36,073	36,073	--	--	--
Other long-term liabilities	--	--	--	--	--
Total contractual obligations	$ 38,271	$ 36,560	$ 895	$ 684	$ 132

The Company has no off-balance sheet arrangements.

Critical Accounting Policies

The following discussion of accounting policies is intended to supplement Note 1, *General and Summary of Accounting Policies*, of the Notes to Consolidated Financial Statements. These policies were selected because they are broadly applicable within the Company's operating units and they involve additional management judgment due to the sensitivity of the methods, assumptions and estimates necessary in determining the related statement of operations, asset and/or liability amounts.

Revenue Recognition - The Company recognizes revenue in accordance with SEC Staff Accounting Bulletin (SAB) No. 104, *Revenue Recognition*. Accordingly, revenue is recognized when title to the product and risk of ownership passes to the buyer. This occurs when the unit has been completed in accordance with purchase order specifications and has been tendered for delivery to the customer. Sales are shown net of returns, discounts and sales incentives, which historically have not been significant. The collectibility of any related receivable is reasonably assured before revenue is recognized.

Inventory - Estimated inventory allowances for slow-moving and obsolete inventory are based upon current assessments about future demands, market conditions and related management initiatives. If market conditions are less favorable than those projected by management, additional inventory allowances may be required.

Warranties - The Company's policy is to record a provision for the estimated cost of warranty-related claims at the time of the sale and periodically adjust the provision to reflect actual experience. The amount of warranty liability accrued reflects management's best estimate of the expected future cost of honoring the Company's obligations under the warranty agreements. Historically, the cost of fulfilling the Company's warranty obligations has principally involved replacement parts, labor and sometimes travel for field retrofit campaigns. The Company's estimates are based on historical experience, the number of units involved and the extent of features and components included in product models. See also Note 11, *Commitments and Contingent Liabilities*, of the Notes to Consolidated Financial Statements included in this 10-K for further information regarding warranties.

New and Pending Accounting Policies

See "New and Pending Accounting Pronouncements" in Note 1, *General and Summary of Accounting Policies*, of the Notes to Consolidated Financial Statements included in this Form 10-K.

Effect of Inflation

Inflation affects the Company in two principal ways. First, the Company's debt, if any, is generally tied to the prime and LIBOR rates so that increases affecting interest rates may be translated into additional interest expense. Second, general inflation impacts prices paid for labor, parts and supplies. Whenever possible, the Company attempts to cover increased costs of production and capital by adjusting the prices of its products. However, the Company generally does not attempt to negotiate inflation-based price adjustment provisions into its contracts. Since order lead times can be as much as six months, the Company has limited ability to pass on cost increases to its customers on a short-term basis. In addition, the markets served by the Company are competitive in nature, and competition limits the pass through of cost increases in many cases. The Company strives to minimize the effect of inflation through cost reductions and improved productivity.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

The Company's primary market risk exposure is a change in interest rates in connection with its outstanding variable rate short-term and long-term debt. However, at December 31, 2004, the Company had no debt outstanding under its variable rate short-term and long-term debt agreements. The Company does not enter into market risk sensitive instruments for trading purposes.

Item 8. **Financial Statements and Supplementary Data.**

SPARTAN MOTORS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31,	
	2004	**2003**
ASSETS		
Current assets:		
Cash and cash equivalents	$ 10,463,454	$ 18,480,770
Marketable securities	1,506,570	--
Accounts receivable, less allowance for doubtful accounts of $400,000 in 2004 and $408,000 in 2003	32,358,950	19,604,058
Inventories	32,441,712	26,588,065
Deferred tax assets	2,939,456	3,326,847
Taxes receivable	1,956,535	957,879
Other current assets	1,548,806	1,440,744
Total current assets	83,215,483	70,398,363
Property, plant and equipment, net	18,238,884	14,783,965
Goodwill	4,543,422	4,543,422
Deferred tax assets	870,000	1,617,000
Other assets	44,921	39,344
TOTAL ASSETS	$ 106,912,710	$ 91,382,094
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 19,247,899	$ 15,066,541
Accrued warranty	3,670,761	2,538,204
Accrued compensation and related taxes	3,264,737	2,746,117
Accrued vacation	1,087,414	1,020,437
Deposits from customers	8,588,134	6,796,949
Other current liabilities and accrued expenses	3,397,389	2,093,642
Current portion of long-term debt	5,713	--
Total current liabilities	39,262,047	30,261,890
Long-term debt, less current portion	139,545	--
Shareholders' equity:		
Preferred stock, no par value; 2,000,000 shares authorized (none issued)	--	--
Common stock, $0.01 par value; 23,900,000 shares authorized; issued 12,532,909 shares and 12,198,112 shares as of December 31, 2004 and 2003, respectively	125,329	121,981
Additional paid in capital	36,210,602	32,228,967
Retained earnings	31,182,253	28,769,256
Accumulated other comprehensive loss	(7,066)	--
Total shareholders' equity	67,511,118	61,120,204
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 106,912,710	$ 91,382,094

See Accompanying Notes to Consolidated Financial Statements.

SPARTAN MOTORS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Year Ended December 31,		
	2004	2003	2002
Sales	$ 312,270,384	$ 237,371,906	$ 259,527,274
Cost of products sold	270,891,827	202,523,597	213,529,881
Gross profit	41,378,557	34,848,309	45,997,393
Operating expenses:			
Research and development	7,943,487	7,069,784	7,151,688
Selling, general and administrative	24,450,503	21,604,659	21,532,148
Operating income	8,984,567	6,173,866	17,313,557
Other income (expense):			
Interest expense	(366,183)	(330,346)	(347,803)
Miscellaneous, net	575,340	(98,973)	438,404
Earnings from continuing operations before taxes on income	9,193,724	5,744,547	17,404,158
Taxes on income	3,312,000	1,304,500	5,969,000
Net earnings from continuing operations	5,881,724	4,440,047	11,435,158
Discontinued operations:			
Gain on disposal of Carpenter, (including applicable income tax benefit of $1,668,000 and $185,000 in 2003 and 2002, respectively)	--	1,609,068	269,314
Net earnings	$ 5,881,724	$ 6,049,115	$ 11,704,472
Basic net earnings per share:			
Net earnings from continuing operations	$ 0.48	$ 0.37	$ 1.00
Gain from discontinued operations:			
Gain on disposal of Carpenter	--	0.13	0.02
Basic net earnings per share	$ 0.48	$ 0.50	$ 1.02
Diluted net earnings per share:			
Net earnings from continuing operations	$ 0.46	$ 0.36	$ 0.95
Gain from discontinued operations:			
Gain on disposal of Carpenter	--	0.13	0.02
Diluted net earnings per share	$ 0.46	$ 0.49	$ 0.97
Basic weighted average common shares outstanding	12,351,000	12,123,000	11,492,000
Diluted weighted average common shares outstanding	12,743,000	12,434,000	12,013,000

See Accompanying Notes to Consolidated Financial Statements.

SPARTAN MOTORS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
YEAR ENDED DECEMBER 31, 2004, 2003 AND 2002

	Number of Shares	Common Stock	Additional Paid In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance at January 1, 2002	10,722,142	$ 107,221	$ 21,133,937	$ 15,670,885	$ --	$ 36,912,043
Stock options exercised and related tax benefit	1,303,700	13,037	9,589,390	--		9,602,427
Dividends paid ($0.16 per share)	--	--	--	(1,837,481)		(1,837,481)
Other	--	--	53,000	--		53,000
Net earnings	--	--	--	11,704,472		11,704,472
Balance at December 31, 2002	12,025,842	120,258	30,776,327	25,537,876	--	56,434,461
Purchase and constructive retirement of stock	(57,065)	(571)	(148,940)	(348,635)		(498,146)
Stock options exercised and related tax benefit	229,335	2,294	1,601,580	--		1,603,874
Dividends paid ($0.20 per share)	--	--	--	(2,469,100)		(2,469,100)
Net earnings	--	--	--	6,049,115		6,049,115
Balance at December 31, 2003	12,198,112	121,981	32,228,967	28,769,256	--	61,120,204
Purchase and constructive retirement of stock	(80,000)	(800)	(215,222)	(731,830)		(947,852)
Stock options exercised and related tax benefit	414,797	4,148	4,196,857	--		4,201,005
Dividends paid ($0.22 per share)	--	--	--	(2,736,897)		(2,736,897)
Comprehensive income:						
Net earnings	--	--	--	5,881,724		5,881,724
Other comprehensive items:						
Unrealized loss on marketable securities	--	--	--	--	(7,066)	(7,066)
Total comprehensive income						5,874,658
Balance at December 31, 2004	12,532,909	$ 125,329	$ 36,210,602	$ 31,182,253	$ (7,066)	$ 67,511,118

See Accompanying Notes to Consolidated Financial Statements.

SPARTAN MOTORS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2004	**2003**	**2002**
Cash flows from operating activities:			
Net earnings from continuing operations	$ 5,881,724	$ 4,440,047	$ 11,435,158
Adjustments to reconcile net earnings from continuing operations to net cash provided by (used in) operating activities:			
Depreciation	2,309,569	2,022,583	1,884,711
Loss on disposal of assets	76,527	494,400	4,022
Tax benefit from stock options exercised	588,000	384,000	2,413,000
Deferred taxes (credit)	1,134,391	(178,522)	195,780
Other	--	--	53,000
Decrease (increase) in operating assets:			
Accounts receivable	(12,754,892)	9,219,127	(3,048,308)
Inventories	(5,853,647)	(1,382,615)	(1,617,637)
Taxes receivable	(998,656)	(957,879)	--
Other assets	(113,639)	(49,333)	294,924
Increase (decrease) in operating liabilities:			
Accounts payable	4,181,358	(873,323)	2,089,682
Accrued warranty	1,132,557	(230,185)	(741,927)
Taxes on income	--	(1,412,210)	170,885
Accrued compensation and related taxes	518,620	(1,485,896)	2,491,450
Accrued vacation	66,977	(196,750)	98,987
Deposits from customers	1,791,185	2,698,738	291,026
Other current liabilities and accrued expenses	1,303,747	(107,831)	(29,897)
Total adjustments	(6,617,903)	7,944,304	4,549,698
Net cash provided by (used in) continuing operating activities	(736,179)	12,384,351	15,984,856
Net cash provided by (used in) discontinued operating activities	--	1,907,664	(286,923)
Net cash provided by (used in) operating activities	(736,179)	14,292,015	15,697,933
Cash flows from investing activities:			
Purchases of property, plant and equipment	(5,862,739)	(2,151,612)	(5,758,029)
Proceeds from sale of property, plant and equipment	21,724	6,100	2,083
Purchases of investments	(4,313,636)	--	--
Proceeds from sale of investments	2,800,000	--	--
Net cash used in investing activities	(7,354,651)	(2,145,512)	(5,755,946)
Cash flows from financing activities:			
Proceeds from long-term debt	150,000	--	--
Payments on long-term debt	(4,742)	--	(11,405,079)
Net proceeds from exercise of stock options	3,613,005	1,219,874	7,189,427
Purchase of treasury stock	(947,852)	(498,146)	--
Payment of dividends	(2,736,897)	(2,469,100)	(1,837,481)
Net cash provided by (used in) financing activities	73,514	(1,747,372)	(6,053,133)
Net increase (decrease) in cash and cash equivalents	(8,017,316)	10,399,131	3,888,854
Cash and cash equivalents at beginning of year	18,480,770	8,081,639	4,192,785
Cash and cash equivalents at end of year	$ 10,463,454	$ 18,480,770	$ 8,081,639

Supplemental disclosures: Cash paid for interest was $366,000, $329,000 and $322,000 for 2004, 2003 and 2002, respectively. Cash paid for income taxes was $2,758,000, $1,968,000 and $2,884,000 for 2004, 2003 and 2002, respectively.

See Accompanying Notes to Consolidated Financial Statements.

SPARTAN MOTORS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – GENERAL AND SUMMARY OF ACCOUNTING POLICIES

Nature of Operations. Spartan Motors, Inc. (the "Company") is an international engineer and manufacturer of custom motor vehicle chassis and bodies. The Company's principal chassis markets are fire trucks, motorhomes and specialty vehicles. The Company has additional subsidiaries included in its consolidated financial statements that are manufacturers of bodies for various markets including fire trucks and ambulances.

Principles of Consolidation. The consolidated financial statements include the accounts of the Company and its four wholly owned subsidiaries: Spartan Chassis, Inc., Crimson Fire, Inc., Crimson Fire Aerials, Inc. and Road Rescue, Inc. Crimson Fire, Inc. was created via the merger of the Company's wholly owned subsidiaries, Luverne Fire Apparatus, Ltd. and Quality Manufacturing, Inc., on January 1, 2003. Carpenter Industries, Inc. ("Carpenter") was formerly a 57.6% owned subsidiary that, effective September 29, 2000, was accounted for as a discontinued operation (see Note 12). All intercompany transactions have been eliminated.

Financial Instruments. The Company values financial instruments as required by Statement of Financial Accounting Standards ("SFAS") No. 107, *Disclosures about Fair Values of Financial Instruments.* The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and long-term debt approximate fair value. The Company does not utilize derivative instruments.

Revenue Recognition. The Company recognizes revenue when title to its product passes to the customer. This occurs when production and testing of the product has been completed and the product has been tendered for delivery. Any related receivable is also evaluated for collectibility before revenue is recognized.

Shipping and Handling of Products. Costs incurred related to the shipment and handling of products are classified in cost of products sold. Amounts billed to customers for shipping and handling of products are included in net sales.

Use of Estimates. The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents include cash on hand, cash on deposit and money market funds. The Company considers all investments purchased with a maturity of three months or less to be cash equivalents.

Marketable Securities are classified as available-for-sale securities and are reported at fair value, with offsetting adjustments to shareholders' equity, net of tax, in accordance with SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities.* The fair value of marketable securities is determined based on quoted market prices.

Accounts Receivable. The Company performs periodic credit evaluations of its customers' financial condition and generally requires a security interest in the products sold. Receivables generally are due within 30 days and allowances are maintained for potential credit losses. Historically, such losses consistently have been within management's expectations.

Inventories are stated at the lower of first-in, first-out (FIFO) cost or market. Estimated inventory allowances for slow-moving and obsolete inventory are based upon current assessments about future demands, market conditions and related management initiatives. If market conditions are less favorable than those projected by management, additional inventory allowances may be required.

During the third quarter of 2004, the Company modified its methodology for recognizing reserves for excess and obsolete inventory to better match required reserves with its specific inventory components. Prior to this change, the Company primarily utilized a general write-off percentage applied to total inventories to calculate required reserves. This methodology had become outdated based on changes in business circumstances that now resulted in a greater proportion of inventory being assigned to specific orders in a current production period. The change in methodology decreased recorded inventory reserves by $645,000 at the date of revision.

NOTE 1 – GENERAL AND SUMMARY OF ACCOUNTING POLICIES (Continued)

Property, Plant and Equipment are stated at cost and are depreciated over their estimated useful lives using principally an accelerated method for both financial statement and income tax purposes. Estimated useful lives range from 20 to 31.5 years for buildings and improvements, 3 to 7 years for plant machinery and equipment, 3 to 7 years for furniture and fixtures and 3 to 5 years for vehicles.

Goodwill. As of January 1, 2002, the Company adopted the provisions of SFAS No. 142, *Goodwill and Other Intangible Assets.* SFAS No. 142 prohibits the amortization of goodwill and intangible assets with indefinite lives and requires the Company to evaluate these intangibles for impairment on an annual basis. In the first quarter of 2002, the Company completed the initial impairment test of goodwill and completed the required annual impairment test as of October 1, thereafter. Based upon the estimated fair values of the Company's reporting units using a discounted cash flows valuation, no goodwill was evaluated as impaired. The goodwill of the Company all relates to the EVTeam business segment.

Warranties. - The Company's policy is to record a provision for the estimated cost of warranty-related claims at the time of the sale, and periodically adjust the provision to reflect actual experience. The amount of warranty liability accrued reflects management's best estimate of the expected future cost of honoring the Company's obligations under the warranty agreements. The Company's estimates are based on historical experience, the number of units involved and the extent of features and components included in product models. See Note 11, *Commitments and Contingent Liabilities*, for further information regarding warranties.

Taxes on Income. The Company recognizes income tax expense in accordance with SFAS No. 109, *Accounting for Income Taxes.* A deferred tax liability or asset is recognized for the estimated future tax effects attributable to temporary differences as measured by provisions of enacted tax laws, and is subject to ongoing assessment of realizability.

Earnings Per Share. Basic earnings (loss) per share represents net earnings (loss) divided by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share represents net earnings (loss) outstanding divided by the weighted average number of common shares outstanding plus the average dilutive effect of the Company's stock options outstanding during the period. The effect of dilutive stock options was 392,000, 311,000 and 521,000 shares in 2004, 2003 and 2002, respectively. For 2004, 2003 and 2002, 52,000, 612,000 and 285,000 shares related to stock option plans were not included in diluted weighted average common shares outstanding because their inclusion would be antidilutive.

Stock Options. At December 31, 2004, the Company has key employee, director and outside market advisor stock option plans, which are described in more detail in Note 10. The Company follows Accounting Principles Board (APB) Opinion No. 25, *Accounting for Stock Issued to Employees*, in accounting for its stock option plans. Under APB Opinion No. 25, no compensation expense is recognized because the exercise price of the Company's stock options equals the market price of the underlying stock on the date of grant. Had compensation cost for the Company's stock-based compensation plans been determined based on the fair value at the grant dates for awards under those plans consistent with the method of SFAS No. 123, *Accounting for Stock-Based Compensation*, the Company's net earnings and net earnings per share for the years ended December 31, 2004, 2003 and 2002, would have been the *pro forma* amounts indicated below.

	Year Ended December 31,		
	2004	2003	2002
Net earnings			
As reported	$ 5,881,724	$ 6,049,115	$ 11,704,472
Deduct: Compensation expense – fair value method	(2,747,275)	(2,414,899)	(2,635,493)
Add: Income tax benefit for disqualifying dispositions associated with incentive stock options previously expensed	534,633	185,444	1,149,669
Pro forma	$ 3,669,082	$ 3,819,660	$ 10,218,648

NOTE 1 – GENERAL AND SUMMARY OF ACCOUNTING POLICIES (Continued)

Stock Options (continued).

	Year Ended December 31,		
	2004	2003	2002
Basic net earnings per share			
As reported	$ 0.48	$ 0.50	$ 1.02
Pro forma	0.30	0.32	0.89
Diluted net earnings per share			
As reported	$ 0.46	$ 0.49	$ 0.97
Pro forma	0.29	0.31	0.84

The estimated fair value of options granted was $5.18, $4.88 and $5.52 per share in 2004, 2003 and 2002, respectively. The fair market value of options granted under the Company's stock option plans was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used:

	Dividend Yield	Expected Volatility	Risk Free Interest Rate	Expected Lives
2004	2%	54.4%	3.60%	5 years
2003	1%	58.3%	3.23%	5 years
2002	1%	57.7%	3.12%	5 years

New and Pending Accounting Pronouncements. In December 2004, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 123 (revised 2004), *Share-Based Payment* (SFAS No. 123R), which replaces SFAS No. 123 and supersedes APB Opinion No. 25, *Accounting for Stock Issued to Employees.* SFAS No. 123R requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. The pro forma disclosures previously permitted under SFAS No. 123 no longer will be an alternative. The Company is required to adopt SFAS No. 123R no later than July 1, 2005. Under SFAS No. 123R, the Company must determine the appropriate fair value model to be used for valuing share-based payments, the amortization method for compensation cost and the transition method to be used at date of adoption. The permitted transition methods include either retrospective or prospective adoption. Under the retrospective option, prior periods may be restated either as of the beginning of the year of adoption or for all periods presented. The prospective method requires that compensation expense be recorded for all unvested stock options at the beginning of the first quarter of adoption of SFAS No. 123R, while the retrospective methods would record compensation expense for all unvested stock options beginning with the first period presented. The Company is currently evaluating the requirements of SFAS No. 123R and expects that adoption of SFAS No. 123R will have a material impact on the Company's consolidated results of operations, but will not affect the Company's consolidated financial position. The Company has not yet determined the method of adoption or the effect of adopting SFAS No. 123R, and expects that the adoption will result in amounts that are similar to the current pro forma disclosures under SFAS No. 123 disclosed in the *Stock Options* section above.

In November 2004, the FASB issued SFAS No. 151, *Inventory Costs an amendment of ARB No. 43, Chapter 4.* SFAS No. 151 amends the guidance in ARB No. 43, Chapter 4, *Inventory Pricing*, to clarify the accounting for abnormal amounts of idle facility expense, handling costs and wasted material (spoilage). Among other provisions, the new rule requires that such items be recognized as current-period charges, regardless of whether they meet the criterion of "so abnormal" as stated in ARB No. 43. SFAS No. 151 is effective for fiscal years beginning after June 15, 2005. The Company does not expect that adoption of SFAS No. 151 will have a material effect on its consolidated financial position, consolidated results of operations, or liquidity.

NOTE 2 – MARKETABLE SECURITIES

A summary of the Company's marketable securities is presented in the table below.

	December 31, 2004		
	Cost	Gross Unrealized Loss	Fair Value
U.S. Treasury	$ 1,513,636	$ (7,066)	$ 1,506,570
TOTAL	$ 1,513,636	$ (7,066)	$ 1,506,570

The marketable security held at December 31, 2004 matures in 2007 and can be sold at any time without restriction. The Company computes gains and losses on dispositions of marketable securities using the specific identification method. There were no realized gains or losses during 2004, 2003 and 2002, respectively. The Company recognized investment income from marketable securities of approximately $26,000 during 2004. No marketable securities were held at December 31, 2003.

NOTE 3 – INVENTORIES

Inventories are summarized as follows:	December 31,	
	2004	2003
Finished goods	$ 6,079,748	$ 5,902,783
Work in process	6,494,250	5,203,881
Raw materials and purchased components	22,107,721	17,715,999
Obsolescence reserve	(2,240,007)	(2,234,598)
TOTAL	$ 32,441,712	$ 26,588,065

NOTE 4 – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is summarized by major classifications as follows:

	December 31,	
	2004	2003
Land and improvements	$ 1,450,762	$ 1,181,343
Buildings and improvements	18,340,447	15,868,732
Plant machinery and equipment	7,672,816	6,254,505
Furniture and fixtures	9,367,324	8,245,688
Vehicles	1,715,351	1,477,478
Construction in process	--	119,487
TOTAL	38,546,700	33,147,233
Less accumulated depreciation	(20,307,816)	(18,363,268)
PROPERTY, PLANT AND EQUIPMENT, NET	$ 18,238,884	$ 14,783,965

NOTE 5 – LEASES

The Company leases office equipment and manufacturing and warehouse space under operating lease agreements. Leases generally provide that the Company shall pay the cost of utilities, insurance, taxes and maintenance. Rent expense for the years ended December 31, 2004, 2003 and 2002 was $744,000, $960,000 and $1,087,000, respectively. Future minimum lease commitments under non-cancelable leases are as follows: $481,000 in 2005; $466,000 in 2006; $417,000 in 2007; $363,000 in 2008; $194,000 in 2009; and $132,000 thereafter.

NOTE 6 – TAXES ON INCOME

Income tax expense (credit) attributable to continuing operations is summarized as follows:

	Year Ended December 31,		
	2004	2003	2002
Current:			
Federal	$ 2,166,000	$ 1,802,522	$ 5,867,570
State	11,609	(319,500)	(94,350)
Total current	2,177,609	1,483,022	5,773,220
Deferred (credit):			
Federal	1,100,000	(244,522)	183,430
State	34,391	66,000	12,350
Total deferred	1,134,391	(178,522)	195,780
TOTAL PROVISION FOR INCOME TAXES	$ 3,312,000	$ 1,304,500	$ 5,969,000

Current taxes on income are further reduced by tax benefits associated with the exercise of stock options under the plans described in Note 10. This reduction totaled $0.6 million in 2004, $0.4 million in 2003 and $2.4 million in 2002 and was recognized as an adjustment of additional paid in capital.

Differences between the expected income tax expense attributable to continuing operations, derived from applying the federal statutory income tax rate to earnings before taxes on income from continuing operations and the actual tax expense, are as follows:

	Year Ended December 31,					
	2004		2003		2002	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Federal income taxes at the statutory rate	$3,126,000	34.00%	$ 1,953,000	34.00%	$ 5,917,000	34.00%
Increase (decrease) in income taxes resulting from:						
Nondeductible expenses	76,000	0.83	68,000	1.18	53,000	0.30
State tax expense	(243,000)	(2.64)	(167,000)	(2.91)	(54,000)	(0.31)
Adjustment of valuation allowance on state net operating loss carryforward	274,000	2.98				
Adjustment of valuation allowance on charitable contribution carryforward	566,000	6.16	--	--	--	--
Reversal of prior year tax accruals	(409,000)	(4.45)	(150,000)	(2.61)	--	--
Adjustment of valuation allowance on capital loss carryforward	(103,000)	(1.12)	(500,500)	(8.71)	--	--
Other	25,000	0.26	101,000	1.76	53,000	0.31
TOTAL	$3,312,000	36.02%	$ 1,304,500	22.71%	$ 5,969,000	34.30%

NOTE 6 – TAXES ON INCOME (Continued)

Temporary differences which give rise to deferred tax assets (liabilities) are as follows:

	December 31, 2004	December 31, 2003
Current asset (liability):		
Additional capitalized inventory costs	$ 134,000	$ 133,000
Vacation accrual	385,000	358,000
Warranty reserve	1,341,000	927,000
Inventory allowance	781,000	770,000
Allowance for doubtful accounts	132,000	136,000
Charitable contribution carryover	821,000	569,000
Valuation allowance for charitable contribution carryover	(566,000)	--
Capital loss carryforward	9,494,000	10,097,000
Valuation allowance for capital loss carryforward	(9,494,000)	(9,596,500)
State tax net operating loss carryforward	274,000	--
Valuation allowance for state tax net operating loss carryforward	(274,000)	--
Other	(88,544)	(66,653)
TOTAL	$ 2,939,456	$ 3,326,847
Noncurrent asset (liability):		
Charitable contribution carryover	$ 1,000,000	$ 1,517,000
Other	(130,000)	100,000
TOTAL	$ 870,000	$ 1,617,000

In 2000, the Company's loss on its investment in the stock of Carpenter generated a capital loss of $29.7 million. Since the Company had no capital gains to offset against the capital loss, the Company recorded a valuation allowance that reserved in full the deferred tax asset related to this loss carryforward. In 2004, the Company entered into an agreement to dispose of a building in Mexico, which generated a capital gain. Therefore, the Company reduced its valuation allowance for the amount that was realized on that gain. The remaining capital losses can be carried forward through 2005 and during that time future capital gains, up to $27.9 million, would be offset by them.

At December 31, 2004, the Company had charitable contribution carryovers of $5.0 million and state tax net operating loss carryforwards of $0.4 million that begin expiring in 2005 and 2017, respectively. In 2004, the Company adjusted its valuation allowances for two of its deferred tax assets in accordance with SFAS No. 109. First, the Company adjusted its valuation allowance for $0.6 million for a charitable contribution carryover expiring in 2005. In addition, the Company also adjusted its valuation allowance for $0.3 million for state tax net operating loss carryforwards.

NOTE 7 – DEBT

Long-term debt consists of the following:

	December 31, 2004
Mortgage note payable to Brandon Revolving Loan Foundation, which requires monthly installments of $834 including interest at 3%; due March 1, 2009; collateralized by land	$ 145,258
	145,258
Less current portion of long-term debt	(5,713)
TOTAL	$ 139,545

The Company's primary line of credit is a $15.0 million revolving note payable to a bank that expires on October 31, 2005. This line carries an interest rate equal to the Eurodollar rate (applicable Eurodollar rate at December 31, 2004 was 2.39%) plus an applicable margin ranging from 1.00% to 2.50% depending on the level of leverage maintained by the Company. There were no borrowings under this line at December 31, 2004 and 2003. Under the terms of the credit agreement for the line of credit, the Company is required to maintain certain financial ratios and other financial conditions. The agreement also prohibits the Company from incurring additional indebtedness, limits certain acquisitions, investments, advances or loans and restricts substantial asset sales. At December 31, 2004 and 2003, the Company was in compliance with all debt covenants.

The Company also has a secured line of credit of $0.2 million. This line carries an interest rate of 1% above the bank's prime rate (5.25% at December 31, 2004) and has an expiration date of May 31, 2005. This line of credit is secured by accounts receivable, inventory and equipment. There were no borrowings on this line at December 31, 2004 and 2003.

NOTE 8 – TRANSACTIONS WITH MAJOR CUSTOMERS

The Company had two Chassis customers classified as major customers in 2004 and three in 2003 and 2002, as follows:

	2004		2003		2002	
Customer	Sales	Accounts Receivable	Sales	Accounts Receivable	Sales	Accounts Receivable
A	$ 92,139,000	$ 5,196,000	$ 62,093,000	$ 2,138,000	$ 47,973,000	$ 2,506,000
B	$ 68,624,000	$ 9,697,000	$ 25,794,000	$ 2,303,000	$ 42,234,000	$ 4,019,000
C	--	--	$ 26,307,000	$ 4,313,000	$ 22,240,000	$ 4,057,000

NOTE 9 – PROFIT-SHARING PLAN

The Spartan Motors, Inc. Profit-Sharing Plan and Trust covers all employees who meet length of service and minimum age requirements. Contributions to the plan are determined annually by the Board of Directors and were $561,000, $396,000 and $390,000 in 2004, 2003 and 2002, respectively. The Company's policy is to fund plan costs accrued.

NOTE 10 – STOCK OPTIONS

The Company has stock option plans covering certain employees, non-employee directors and outside market advisors. Shares reserved for options under these plans total 5,400,000. The options granted are exercisable for a period of 10 years from the grant date. The exercise price for all options is equal to the market price at the date of grant. Stock options issued to employees and non-employee directors do not result in compensation expense under the Company's policy of accounting for such options under APB Opinion No. 25.

Activity for the years ended December 31, 2004, 2003 and 2002 is as follows for all plans:

	Price Range	Weighted-Average Exercise Price	Option Shares
Balance at January 1, 2002	$1.69 - $14.50	$6.82	2,805,410
Options granted	$5.91 - $15.32	$11.42	498,980
Options exercised	$1.69 - $14.50	$5.52	(1,303,700)
Options expired	$3.95 - $14.50	$11.51	(99,760)
Balance at December 31, 2002	$1.69 - $15.32	$8.57	1,900,930
Options granted	$8.25 - $11.14	$9.99	517,445
Options exercised	$2.06 - $8.80	$5.32	(229,335)
Options expired	$3.95 - $14.50	$13.68	(156,125)
Balance at December 31, 2003	$1.69 - $15.32	$8.90	2,032,915
Options granted	$9.95 - $14.09	$11.93	544,005
Options exercised	$3.95 - $13.25	$8.71	(414,797)
Options expired	$3.95 - $13.25	$12.60	(135,820)
Balance at December 31, 2004	$1.69 - $15.32	$9.51	2,026,303

The following table summarizes information regarding stock options outstanding at December 31, 2004 under the plans:

	Options Outstanding			Options Exercisable	
Exercise Price Range	Number Outstanding at 12/31/04	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable at 12/31/04	Weighted-Average Exercise Price
$1.69 - $1.69	10,500	6.0	$1.69	10,500	$1.69
$3.95 - $5.75	254,295	5.3	$4.72	254,295	$4.72
$6.13 - $9.18	454,784	2.7	$7.29	454,784	$7.29
$9.24 - $13.25	1,285,724	8.9	$11.25	1,285,724	$11.25
$14.09 - $15.32	21,000	7.9	$15.11	21,000	$15.11
	2,026,303	7.1	$9.53	2,026,303	$9.53

NOTE 11 – COMMITMENTS AND CONTINGENT LIABILITIES

Under the terms of its credit agreement with its bank, the Company has the ability to issue letters of credit totaling $2.5 million. At December 31, 2004 and 2003, the Company had outstanding letters of credit totaling $0.2 million.

At December 31, 2004, the Company and its subsidiaries were parties, both as plaintiff and defendant, to a number of lawsuits and claims arising out of the normal course of their businesses. In the opinion of management, the financial position, future operating results or cash flows of the Company will not be materially affected by the final outcome of these legal proceedings.

The Company has repurchase agreements with third-party lending institutions, which have provided floor plan financing to customers. These agreements provide for the repurchase of products from the lending institution in the event of the customer's default. The total contingent liability on December 31, 2004 was approximately $0.2 million. Historically, losses under these agreements have not been significant and it is management's opinion that any future losses will not have a material effect on the Company's financial position or future operating results and cash flows.

The Company's products generally carry limited warranties, based on terms that are generally accepted in the marketplace. Selected components included in the Company's end products (such as engines, transmissions, tires, etc.) may include manufacturers' warranties. These manufacturers' warranties are generally passed on to the end customer of the Company's products.

Certain warranty and other related claims involve matters of dispute that ultimately are resolved by negotiation, arbitration or litigation. Infrequently, a material warranty issue can arise which is beyond the scope of the Company's historical experience. The Company provides for any such warranty issues as they become known and are estimable. It is reasonably possible that additional warranty and other related claims could arise from disputes or other matters beyond the scope of the Company's historical experience.

Changes in the Company's warranty liability during the years ended December 31, 2004 and 2003 were as follows:

	2004	2003
Balance of accrued warranty at January 1	$ 2,538,204	$ 2,768,389
Warranties issued during the period	2,472,418	1,538,118
Cash settlements made during the period	(3,116,234)	(2,664,373)
Changes in liability for pre-existing warranties during the period, including expirations	1,776,373	896,070
Balance of accrued warranty at December 31	$ 3,670,761	2,538,204

As a result of a study completed in the third quarter of 2004, the Company adjusted its methodology of recognizing warranty accruals to incorporate historical lag experience for such costs into the calculation to better match expenses with related revenues. The prior methodology only considered average warranty costs per known claims and did not consider the timing of claims over the warranty period. The change in methodology increased recorded accruals by $515,000 at the date of revision.

NOTE 12 – DISCONTINUED OPERATIONS

On September 28, 2000, the Company's Board of Directors passed a resolution to cease funding of Carpenter. Carpenter's Board of Directors then voted on September 29, 2000 to begin the orderly liquidation of Carpenter. Because Carpenter was a separate segment of the Company's business, the operating results and the disposition of Carpenter's net assets were accounted for as a discontinued operation. Accordingly, previously reported financial results for all periods presented were restated to reflect this business as a discontinued operation. The $1.6 million and $0.3 million gains on disposal of Carpenter in 2003 and 2002, respectively, are a result of the Company's revision of its estimated loss to dispose of the business, based upon final resolution of certain accrued items related to the disposal.

NOTE 13 – BUSINESS SEGMENTS

The Company segregates its operations into two reportable business segments: Chassis and EVTeam. The Chassis segment is an international engineer and manufacturer of custom motor vehicle chassis. The segment's principal markets are fire truck, motorhome and specialty vehicle chassis. The Company's EVTeam consists of three subsidiaries that are manufacturers of emergency vehicle bodies. Sales in the column labeled "other" represent sales from the Chassis segment to the EVTeam segment, which are eliminated from the consolidated sales totals.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Sales and other financial information by business segment is as follows (amounts in thousands):

Year Ended December 31, 2004

	Business Segments			
	Chassis	EVTeam	Other	Consolidated
Motorhome chassis sales	$ 191,843			$ 191,843
Fire truck chassis sales	74,752		$ (13,950)	60,802
EVTeam product sales	--	$ 52,281	--	52,281
Other sales	7,344	--	--	7,344
Total Net Sales	$ 273,939	$ 52,281	$ (13,950)	$ 312,270
Interest expense	$ 9	$ 883	$ (526)	$ 366
Depreciation expense	896	988	426	2,310
Income tax expense	6,170	(2,467)	(391)	3,312
Segment earnings (loss) from continuing operations	11,345	(5,290)	(173)	5,882
Segment assets	45,545	41,130	20,238	106,913

Year Ended December 31, 2003

	Business Segments			
	Chassis	EVTeam	Other	Consolidated
Motorhome chassis sales	$ 126,048			$ 126,048
Fire truck chassis sales	64,721		$ (9,673)	55,048
EVTeam product sales	--	$ 49,332	--	49,332
Other sales	6,944	--	--	6,944
Total Net Sales	$ 197,713	$ 49,332	$ (9,673)	$ 237,372
Interest expense	$ 106	$ 624	$ (400)	$ 330
Depreciation expense	840	749	434	2,023
Income tax expense	4,800	(2,493)	(1,002)	1,305
Segment earnings (loss) from continuing operations	8,432	(4,137)	145	4,440
Discontinued operations	--	--	1,609	1,609
Segment earnings (loss)	8,432	(4,137)	1,754	6,049
Segment assets	30,521	33,982	26,879	91,382

NOTE 13 – BUSINESS SEGMENTS (Continued)

Year Ended December 31, 2002

	Business Segments			
	Chassis	EVTeam	Other	Consolidated
Motorhome chassis sales	$ 147,257			$ 147,257
Fire truck chassis sales	55,567		$ (12,363)	43,204
EVTeam product sales	--	$ 63,305	--	63,305
Other sales	5,761	--	--	5,761
Total Net Sales	$ 208,585	$ 63,305	$ (12,363)	$ 259,527
Interest expense	$ 148	$ 513	$ (313)	$ 348
Depreciation expense	781	640	464	1,885
Income tax expense	6,086	201	(318)	5,969
Segment earnings (loss) from continuing operations	11,523	523	(611)	11,435
Discontinued operations	--	--	269	269
Segment earnings (loss)	11,523	523	(342)	11,704
Segment assets	40,309	33,572	14,432	88,313

Foreign sales are not significant.

NOTE 14 – QUARTERLY FINANCIAL DATA (UNAUDITED)

Summarized quarterly financial data for the year ended December 31, 2004 is as follows:

	Quarter Ended			
	March 31	**June 30**	**September 30**	**December 31**
Sales	$ 62,105,099	$ 78,205,924	$ 91,667,562	$ 80,291,799
Gross profit	9,258,724	11,412,678	11,160,413	9,546,742
Net earnings from continuing operations	1,326,075	2,266,809	1,894,140	394,700
Basic net earnings per share	0.11	0.18	0.15	0.03
Diluted net earnings per share	0.11	0.18	0.15	0.03

During the three-month period ended September 30, 2004, the Company decreased its allowance for obsolete inventory by $645,000 and increased its liability for outstanding warranties by $515,000 as a result of a study of current production requirements and historical warranty experience related to these items.

SPARTAN MOTORS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 14 – QUARTERLY FINANCIAL DATA (UNAUDITED) (Continued)

Summarized quarterly financial data for the year ended December 31, 2003 is as follows:

	Quarter Ended			
	March 31	**June 30**	**September 30**	**December 31**
Sales	$ 60,417,440	$ 55,116,986	$ 60,780,385	$ 61,057,095
Gross profit	9,583,629	7,028,716	9,150,947	9,085,017
Net earnings (loss) from continuing operations	$ 2,089,503	$ (221,120)	$ 1,462,315	$ 1,109,349
Gain from discontinued operations	510,128	955,178	--	143,762
Net earnings	$ 2,599,631	$ 734,058	$ 1,462,315	$ 1,253,111
Basic net earnings per share:				
Net earnings (loss) from continuing operations	$ 0.18	$ (0.02)	$ 0.12	$ 0.09
Gain from discontinued operations	0.04	0.08	--	0.01
Basic net earnings per share	$ 0.22	$ 0.06	$ 0.12	$ 0.10
Diluted net earnings per share:				
Net earnings (loss) from continuing operations	$ 0.17	$ (0.02)	$ 0.12	$ 0.09
Gain from discontinued operations	0.04	0.08	--	0.01
Diluted net earnings per share	$ 0.21	$ 0.06	$ 0.12	$ 0.10

Basic and diluted net earnings per share is computed separately for each quarter and, therefore, the sum of the quarterly per share amounts may differ from the total for the year as a result of rounding and of the averaging thoughout the year of basic and diluted weighted average common shares outstanding.

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
Spartan Motors, Inc.

We have audited the accompanying consolidated balance sheets of Spartan Motors, Inc. and subsidiaries as of December 31, 2004 and 2003, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2004. Our audits also included the financial statement schedule listed in the Index at Item 15(a)(2). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Spartan Motors, Inc. and subsidiaries at December 31, 2004 and 2003, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2004, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ Ernst & Young LLP

Grand Rapids, Michigan
February 17, 2005

Exhibit 23 – Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements (Form S-8 Nos. 333-69028, 333-98083, 333-111887 and 333-111888, and Form S-3 No. 333-25357) pertaining to various stock option and incentive plans of Spartan Motors, Inc. of our report dated February 17, 2005, with respect to the consolidated financial statements and schedule of Spartan Motors, Inc. and subsidiaries, included in the Annual Report (Form 10-K) for the year ended December 31, 2004.

/s/ Ernst & Young LLP

Grand Rapids, Michigan
March 11, 2005

Item 9. **Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.**

No disclosure required.

Item 9A. **Controls and Procedures.**

An evaluation was performed under the supervision and with the participation of the Company's Management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) as of December 31, 2004. Based on the evaluation required by Rule 13a-15(b), the Company's management, including the CEO and CFO, concluded that the Company's disclosure controls and procedures were adequate and effective as of December 31, 2004. During the Company's last fiscal quarter, there was no change in the Company's internal controls over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

As permitted under SEC Release No. 34-50754 of November 30, 2004, the Company has not filed with this annual report the *Management's annual report on internal control over financial reporting* required by Item 308(a) of Regulation S-K and the related *Attestation report of the registered public accounting firm*, required by Item 308(b) of Regulation S-K. The Company intends to file an amendment to this annual report not later than 45 days after the date of this report to include the *Management's annual report on internal control over financial reporting* required by Item 308(a) of Regulation S-K and the related *Attestation report of the registered public accounting firm*, required by Item 308(b) of Regulation S-K.

PART III

Item 10. **Directors and Executive Officers of the Registrant.**

The information required by this item, with respect to directors, executive officers, audit committee, and audit committee financial experts of the Company and Section 16(a) beneficial ownership reporting compliance is contained under the captions "Spartan Motors' Board of Directors and Executive Officers," "Audit Committee Report" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the Company's definitive proxy statement for its annual meeting of shareholders to be held on May 24, 2005, and is herein incorporated by reference.

The Company has adopted a Code of Ethics applicable to its Chief Executive Officer and financial officers, including its Chief Financial Officer. This Code of Ethics is posted on the Company's website at www.spartanmotors.com. Any amendment to or waiver from this Code of Ethics will be disclosed on the Company's website.

Item 11. **Executive Compensation.**

The information required by this item is contained under the captions "Compensation of Directors" and "Executive Compensation" in the Company's definitive proxy statement for its annual meeting of shareholders to be held on May 24, 2005, and is herein incorporated by reference.

Item 12. **Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters.**

The information required by this item (other than that set forth below) is contained under the caption "Ownership of Spartan Motors Stock" in the definitive proxy statement for the Company's annual meeting of shareholders to be held on May 24, 2005, and is herein incorporated by reference.

The following table provides information about the Company's equity compensation plans regarding the number of securities to be issued under these plans, the weighted-average exercise prices of options outstanding under these plans and the number of securities available for future issuance as of December 31, 2004.

Equity Compensation Plan Information

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance
	(a)	(b)	(c)
Equity compensation plans approved by security holders(1)	2,026,303	$9.50	206,875(4)
Equity compensation plans not approved by security holders(2)	--	N/A	25,000
Total (3)	2,026,303	$9.50	231,875(4)

(1) Consists of the Spartan Motors, Inc. Stock Option and Restricted Stock Plan of 2003 (the "2003 Plan"), the Spartan Motors, Inc. Stock Option and Restricted Stock Plan of 1998 (the "1998 Plan"), the Spartan Motors, Inc. 1996 Stock Option and Restricted Stock Plan for Outside Market Advisors (the "1996 Plan"), the Spartan Motors, Inc. 1994 Incentive Stock Option Plan (the "1994 Plan") and the Spartan Motors, Inc. 1988 Non-Qualified Stock Option Plan (the "1988 Plan").

(2) Consists of the Spartan Motors, Inc. Directors' Stock Purchase Plan. This plan provides that non-employee directors of the Company may elect to receive at least 25% and up to 100% of their "director's fees" in the form of the Company's common stock. The term "director's fees" means the amount of income payable to a non-employee director for his or her service as a director of the Company, including payments for attendance at meetings of the Company's Board of Directors or meetings of committees of the board, and any retainer fee paid to such persons as members of the board. A non-employee director who elects to receive Company common stock in lieu of some or all of his or her director's fees will, on or shortly after each "applicable date," receive a number of shares of common stock (rounded down to the nearest whole share) determined by dividing (1) the dollar amount of the director's fees payable to him or her on the applicable date that he or she has elected to receive in common stock by (2) the market value of common stock on the applicable date. The term "applicable date" means any date on which a director's fee is payable to the participant. To date, no shares have been issued under this plan.

(3) Each of the plans reflected in the above chart contains customary anti-dilution provisions that are applicable in the event of a stock split or certain other changes in the Company's capitalization. Furthermore, each of the 2003 Plan, the 1998 Plan, the 1996 Plan, the 1994 Plan and the 1988 Plan provides that if a stock option is canceled, surrendered, modified, expires or is terminated during the term of the plan but before the exercise of the option, the shares subject to the option will be available for other awards under the plan.

(4) Of this amount, 84,500 shares could be issued as restricted stock awards under the 1996 Plan.

Item 13. **Certain Relationships and Related Transactions.**

The information required by this item, if any, is contained under the caption "Spartan Motors' Board of Directors and Executive Officers" in the definitive proxy statement for the Company's annual meeting of shareholders to be held on May 24, 2005, and is herein incorporated by reference.

Item 14. **Principal Accountant Fees and Services.**

The information required by this item, is contained under the caption "Ernst & Young's Fees" in the definitive proxy statement for the Company's annual meeting of shareholders to be held on May 24, 2005, and is herein incorporated by reference.

PART IV

Item 15. **Exhibits, Financial Statement Schedules and Reports on Form 8-K.**

Item 15(a)(1). **List of Financial Statements.**

The following consolidated financial statements of the Company and its subsidiaries are filed as a part of this report under Item 8 – Financial Statements and Supplementary Data:

Consolidated Balance Sheets - December 31, 2004 and December 31, 2003

Consolidated Statements of Income - Years Ended December 31, 2004, 2003 and 2002

Consolidated Statements of Shareholders' Equity - Years Ended December 31, 2004, 2003 and 2002

Consolidated Statements of Cash Flows - Years Ended December 31, 2004, 2003 and 2002

Notes to Consolidated Financial Statements - December 31, 2004

Report of Independent Auditors

Item 15(a)(2). **Financial Statement Schedules. Attached as Appendix A.**

The following consolidated financial statement schedule of the Company and its subsidiaries is filed as part of this report:

Schedule II-Valuation and Qualifying Accounts

All other financial statement schedules are not required under the related instructions or are inapplicable and therefore have been omitted.

Item 15(a)(3). **List of Exhibits. The following exhibits are filed as a part of this report:**

Exhibit Number	Document
3.1	Spartan Motors, Inc. Restated Articles of Incorporation, as amended to date. Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 2000, and incorporated herein by reference.
3.2	Spartan Motors, Inc. Bylaws, as amended to date. Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2003, and incorporated herein by reference.
4.1	Spartan Motors, Inc. Restated Articles of Incorporation. See Exhibit 3.1 above.
4.2	Spartan Motors, Inc. Bylaws. See Exhibit 3.2 above.
4.3	Form of Stock Certificate. Previously filed as an exhibit to the Registration Statement on Form S-18 (Registration No. 2-90021-C) filed on March 19, 1984, and incorporated herein by reference.
4.4	Rights Agreement dated June 4, 1997, between Spartan Motors, Inc. and American Stock Transfer and Trust Company. Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 2002, and incorporated herein by reference.
10.1	Restated Spartan Motors, Inc. 1988 Non-Qualified Stock Option Plan, as amended to date. Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 2002, and incorporated herein by reference. *
10.2	Restated Spartan Motors, Inc. 1994 Incentive Stock Option Plan, as amended to date. Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 2002, and incorporated herein by reference. *
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10.5	Spartan Motors, Inc. Directors' Stock Purchase Plan. Previously filed as an exhibit to the Company's Form S-8 Registration Statement (Registration No. 333-98083) filed on August 14, 2002, and incorporated herein by reference.*
18	Preferability Letter for Change in Accounting Method. Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 2002, and incorporated herein by reference.
21	Subsidiaries of Registrant.
23	Consent of Independent Auditors.
24	Limited Powers of Attorney
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act.
32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act.

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*Management contract or compensatory plan or arrangement.

The Company will furnish a copy of any exhibit listed above to any shareholder of the Company without charge upon written request to James W. Knapp, Spartan Motors, Inc., 1165 Reynolds Road, Charlotte, Michigan 48813.

Item 15(b). **Reports on Form 8-K.**

The Company filed the following Current Reports on Form 8-K during the fourth quarter of 2004:

Date of Report	Filing Date	Item(s) Reported
October 28, 2004	October 28, 2004	Under Items 7.01 and 9.01, this Form 8-K included a press release that announced the Company's regular dividend and special dividend to be paid on December 15, 2004 to shareholders of record as of November 15, 2004.
October 28, 2004	October 28, 2004	Under Items 2.02 and 9.01, this Form 8-K included a press release that announced the Company's financial results for the third quarter and first nine months of 2004 and included condensed income statements for the three-month and nine-month periods ended September 30, 2004 and 2003.
December 20, 2004	December 21, 2004	Under Items 7.01 and 9.01, this Form 8-K included a press release introducing the Company's life-like computerized video presentation for investors.

These Forms 8-K are considered to have been "furnished" but not "filed" with the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SPARTAN MOTORS, INC.

March 16, 2005

By /s/ James W. Knapp
James W. Knapp
Chief Financial Officer, Secretary and Treasurer
(Principal Financial and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

March 16, 2005	By /s/ John E. Sztykiel John E. Sztykiel, Director, President and Chief Executive Officer (Principal Executive Officer)
March 16, 2005	By /s/ Richard J. Schalter Richard J. Schalter, Director
March 16, 2005	By /s/ William F. Foster* William F. Foster, Director
March 16, 2005	By George Tesseris, Director
March 16, 2005	By /s/ David R. Wilson* David R. Wilson, Director
March 16, 2005	By /s/ Charles E. Nihart* Charles E. Nihart, Director
March 16, 2005	By /s/ Kenneth Kaczmarek* Kenneth Kaczmarek, Director

*By /s/ James W. Knapp
James W. Knapp
Attorney-in-Fact

APPENDIX A

SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS
SPARTAN MOTORS, INC. AND SUBSIDIARIES

Column A	Column B	Column C		Column D	Column E
Description	Balance at Beginning of Period	Additions Charges to Costs and Expenses	Additions Charged to Other Accounts (Acquisition)	Deductions	Balance at End of Period
Year ended December 31, 2004:					
Allowance for doubtful accounts	$ 408,000	$ 32,324	$ --	$ 40,324	$ 400,000
Obsolescence reserve	2,234,598	1,372,768	--	1,367,359	2,240,007
Accrued warranty	2,538,204	4,248,791	--	3,116,234	3,670,761
Valuation allowance for deferred tax assets	9,596,500	840,000	--	102,500	10,334,000
Year ended December 31, 2003:					
Allowance for doubtful accounts	$ 365,000	$ 318,000	$ --	$ 275,000	$ 408,000
Obsolescence reserve	1,912,573	2,345,948	--	2,023,923	2,234,598
Accrued warranty	2,768,389	2,434,188	--	2,664,373	2,538,204
Valuation allowance for deferred tax assets	10,097,000	--	--	500,500	9,596,500
Year ended December 31, 2002:					
Allowance for doubtful accounts	$ 446,000	$ 176,000	$ --	$ 257,000	$ 365,000
Obsolescence reserve	1,512,274	1,224,508	--	824,209	1,912,573
Accrued warranty	3,510,316	2,090,612	--	2,832,539	2,768,389
Valuation allowance for deferred tax assets	10,097,000	--	--	--	10,097,000

EXHIBIT INDEX

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*Management contract or compensatory plan or arrangement.

EXHIBIT 21

SUBSIDIARIES OF SPARTAN MOTORS, INC.

Name of Subsidiary	Jurisdiction of Incorporation
Spartan Motors Chassis, Inc.	Michigan, United States
Crimson Fire, Inc.*	South Dakota, United States
Road Rescue, Inc.	South Carolina, United States
Crimson Fire Aerials, Inc.	Pennsylvania, United States
Spartan de Mexico S.A. de C.V.	Mexico

*Formerly also did business under the names Luverne Fire Apparatus Co., Ltd. and Quality Manufacturing Inc.

Exhibit 23 -- Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements (Form S-8 Nos. 333-69028, 333-98083, 333-111887 and 333-111888, and Form S-3 No. 333-25357) pertaining to various stock option and incentive plans of Spartan Motors, Inc. of our report dated February 17, 2005, with respect to the consolidated financial statements and schedule of Spartan Motors, Inc. and subsidiaries, included in the Annual Report (Form 10-K) for the year ended December 31, 2004.

/s/ Ernst & Young LLP

Grand Rapids, Michigan
March 11, 2005

EXHIBIT 31.1

CEO CERTIFICATION

I, John E. Sztykiel, certify that:

1. I have reviewed this annual report on Form 10-K of Spartan Motors, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

> a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
>
> b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
>
> c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

> a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
>
> b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 16, 2005

/s/ John E. Sztykiel
John E. Sztykiel
President and Chief Executive Officer

EXHIBIT 31.2

CFO CERTIFICATION

I, James W. Knapp, certify that:

1. I have reviewed this annual report on Form 10-K of Spartan Motors, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 16, 2005

/s/ James W. Knapp
James W. Knapp
Chief Financial Officer,
Secretary and Treasurer

EXHIBIT 32

CERTIFICATION

Each of the undersigned hereby certifies in his capacity as an officer of Spartan Motors, Inc. (the "Company"), pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350 that:

1. The Annual Report on Form 10-K of the Company for the fiscal year ended December 31, 2004 (the "Report") fully complies with the requirements of Section 13(a) of the Securities and Exchange Act of 1934 (15 U.S.C. 78m); and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for such period.

Dated: March 16, 2005

/s/ John E. Sztykiel
John E. Sztykiel
President and Chief Executive Officer

Dated: March 16, 2005

/s/ James W. Knapp
James W. Knapp
Chief Financial Officer,
Secretary and Treasurer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Board of Directors:

David R. Wilson
Chairman of the Board
Consultant, Automotive, Heavy Truck Industry

Charles E. Nihart, CPA
Retired Accountant, Entrepreneur

George Tesseris
Managing Partner, Tesseris, P.C. (Law Firm)

Kenneth Kaczmarek
Former President, COO, Volvo Truck Finance

John E. Sztykiel
Chief Executive Officer, Spartan Motors, Inc.

Richard J. Schalter
Executive Vice President, Spartan Motors, Inc.

William F. Foster
Vice President, Spartan Motors, Inc.

Corporate Officers:

John E. Sztykiel
Chief Executive Officer

James W. Knapp
Senior Vice President,
Chief Financial Officer and Secretary/Treasurer

Richard J. Schalter
Executive Vice President

William F. Foster
Vice President

Annual Shareholders' Meeting:

The Annual Meeting of Spartan Motors, Inc. will be held at 5 p.m. on May 24, 2005 at Spartan Motors' Headquarters in Charlotte, Michigan.

Transfer Agent:

American Stock Transfer & Trust Co. serves as the transfer agent for the Corporation. Inquiries relating to stock transfers, changes of ownership, lost or stolen stock certificates, changes of address and dividend payments should be addressed to:

American Stock Transfer & Trust Co.
59 Maiden Lane
Plaza Level
New York, New York 10038
Phone: (800) 937-5449

Independent Auditors:

Ernst & Young LLP
171 Monroe Avenue NW, Suite 1000
Grand Rapids, Michigan 49503

Shareholder Information:

Shares of the Company's stock are traded on The Nasdaq Stock Market® under the ticker symbol SPAR. **The Company's 10-K report filed with the Securities and Exchange Commission will be provided free of charge to any shareholder upon written request, and is available at the Spartan Motors website (www.spartanmotors.com). For more information, contact:**

Spartan Motors, Inc.
James W. Knapp
1165 Reynolds Road
Charlotte, Michigan 48813
Phone: (517) 543-6400

or the Company's outside investor relations firm:
Lambert, Edwards & Associates, Inc.
171 Monroe Avenue, NW, Suite 500
Grand Rapids, Michigan 49503
Phone: (616) 233-0500

The Spartan Mission:

To become the Most-Desired Brand and Lowest-Total-Cost Producer in our industry niches.

The Spartan Strategic Vision:

ASSOCIATES
Spartan aims to develop and expand the capabilities of all associates and support the communities in which our associates live and work.

PRODUCT
Spartan Motors puts a premium on delivering innovative, performance-oriented products that solidify it as the Most-Desired Brand.

MARKET
Spartan continually strives to build an image and network that drive demand for our profitable products and services.

PROCESS
Spartan's goals include designing and implementing business processes that eliminate variation and waste, allowing us to become the Lowest-Total-Cost Producer.

FINANCIAL
Spartan is driven to generate outstanding financial performance that will ensure the long-term health of all Spartan Motors' companies.

INVESTMENT COMMUNITY
Through a process that demonstrates our integrity, Spartan Motors can continue to achieve superior stakeholder value.

Back Row: Charles Nihart, William Foster, George Tesseris, Richard Schalter
Front Row: Kenneth Kaczmarek, David Wilson, John Sztykiel

SPARTAN

SPARTAN MOTORS, INC.

Corporate Headquarters:
[illegible]55 Reynolds Rd. • Charlotte, MI 48813 • (517) 543-6400

www.spartanmotors.com