

SPARTAN MOTORS, INC.

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FORWARD-LOOKING STATEMENTS

This Form 10-Q 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 adversely impacted 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 improved emissions standards could increase our research and development costs, increase the cost of components and lead to the temporary unavailability of engines.
- **Rapidly rising material and component costs and the Company's ability to mitigate such cost increases based upon our supply contracts or to recover such cost increases with increases in selling prices of its products.** Such increases in costs could have an adverse impact on our earnings.
- **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.
- **Economic, legal and other factors could impact our customers' ability to pay accounts receivable balances due from them.** In the ordinary course of business, customers are granted terms related to the sale of goods and services delivered to them. These terms typically include a period of time between when the goods and services are tendered for delivery to the customer and when the customer needs to pay for these goods and services. The amounts due under these payment terms are listed as accounts receivable on our balance sheet. Prior to collection of these accounts receivable, our customers could encounter drops in sales, large legal settlements, or other factors which could impact their ability to continue as a going concern and which could affect the collectability of these amounts. Writing off uncollectible accounts receivable could have a material adverse effect on our earnings and cash flow as the Company has major customers with material accounts receivable balances at any given time.

- **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:
 - Credit availability can impact our direct customers' and our direct customers' dealer network's ability to finance their operations, including inventory levels of our product. In addition, the condition of the housing market can cause liquidity issues for motorhome retail customers.
 - Factors that impact our attempts to expand internationally, such as the introduction of trade barriers in the United States or abroad.
 - Increasing oil prices and the availability of oil may have an adverse impact on the RV market.
- **Armed conflicts and other military actions.** The considerable political and economic uncertainties resulting from these events could adversely affect our order intake and sales.
- **Our sales of specialty chassis for military vehicles depend on U.S. government contracts awarded to our customers. Multi-year U.S. government contracts generally are not fully funded at inception and are subject to termination.** Currently, we derive a large portion of our revenue from the sale of specialty chassis for military vehicles. Our customers for these specialty chassis have prime contracts with military agencies of the U.S. government. There are unique risks associated with U.S. government contracts, and by extension, subcontracts. Changes in the congressional appropriations process, program funding levels, and unforeseen world events can interrupt, delay, or terminate the funding for any program or contract. Other risks particular to government contracts and subcontracts include:
 - U.S. government contracts generally permit the government to terminate a contract, in whole or in part, for convenience. If a contract is terminated the government will pay the prime and subcontractors for work performed and related termination costs.
 - The government may also terminate a contract for default in the event of a breach by the contractor. If a contract is terminated for default, the government in most cases pays for only the work it has accepted. The loss of anticipated funding or the termination of multiple or large programs could have an adverse effect on our future sales and earnings.
 - In general, future sales under multiyear contracts are conditioned on the continuing availability of congressional appropriations. Congress typically appropriates funds on a fiscal-year basis, even though contract performance may extend over many years. Changes in appropriations in subsequent years may impact the funding available for these programs. Delays or changes in funding can impact the timing of available funds or lead to changes in program content.

- Contracts and subcontracts for U.S. government programs are subject to various procurement laws and regulations. The government may suspend us from receiving new contracts pending resolution of alleged violations of these laws or regulations.
- U.S. defense spending has historically been cyclical. Rising budget deficits, increased military expenditures, and increasing costs for domestic programs could ultimately impact government spending on military vehicles. Changes in military strategies, tactics, and conditions on the ground in Iraq and Afghanistan may lead to the reduction, delay, or termination of the vehicle programs that we support. Reductions in our existing vehicle programs, unless offset by other programs and opportunities, could adversely affect our ability to sustain and grow our future sales and earnings.
- **Changes to the U.S. Department of Defense's Mine Resistant Ambush Protected ("MRAP") vehicle program may have an adverse effect on our earnings.** Since 2005, the Company has derived significant revenue from the sale of specialty chassis for use in the U.S. Department of Defense's MRAP vehicle program. This program began in response to the need for better armored vehicles to protect U.S. soldiers from improvised explosive devices. The Department of Defense, through the various branches of the U.S. military, is expected to complete currently planned purchases of MRAP vehicles by 2009. There is no guarantee that the U.S. government will continue the MRAP program, or that a successor program, if any, would present opportunities for the Company. Whether we receive future orders for military vehicle chassis will depend upon the military's need and funding for vehicles and whether we are successful in submitting competitive bids for our chassis to prime contractors. The Company intends to pursue other opportunities pertaining to military vehicles. These opportunities could include sales of specialty chassis to the U.S. Department of Defense or other foreign militaries. The Company also intends to pursue opportunities related to service, parts and accessories for existing and future vehicles. There can be no assurance that earnings from these opportunities will be realized.
- **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 Report. However, this list is not intended to be exhaustive; many other factors, including the risk factors disclosed in Item 1A "Risk Factors" of this Quarterly Report on Form 10-Q and of the Company's Annual Report on Form 10-K for the year ended December 31, 2007, could impact our business and it is impossible to predict with any accuracy which factors could adversely affect the Company. Although we believe that the forward-looking statements contained in this Report are reasonable, we cannot provide you with any guarantee that the anticipated results will be achieved. All forward-looking statements in this Report 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 Report. 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. FINANCIAL INFORMATION

Item 1. Financial Statements.

SPARTAN MOTORS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	June 30, 2008	December 31, 2007
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,166,002	\$ 13,527,867
Accounts receivable, less allowance for doubtful accounts of \$478,800 in 2008 and \$1,437,000 in 2007	102,640,619	132,906,559
Inventories	113,106,890	103,075,789
Deferred income tax assets	6,924,832	6,924,832
Taxes receivable	1,908,394	--
Other current assets	2,143,810	1,978,322
Total current assets	229,890,547	258,413,369
Property, plant, and equipment, net	62,042,817	56,673,215
Goodwill	2,457,028	2,457,028
Deferred income tax assets	775,000	775,000
Other assets	209,155	345,327
Total assets	\$ 295,374,547	\$ 318,663,939

See Accompanying Notes to Condensed Consolidated Financial Statements.

SPARTAN MOTORS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED) (Continued)

	June 30, 2008	December 31, 2007
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 50,808,264	\$ 90,769,512
Accrued warranty	11,339,251	10,823,532
Accrued customer rebates	2,178,939	1,962,765
Accrued compensation and related taxes	11,704,044	12,188,910
Deposits from customers	5,842,975	5,539,824
Other current liabilities and accrued expenses	4,640,492	3,366,825
Taxes on income	--	551,074
Current portion of long-term debt	523,459	522,666
	87,037,424	125,725,108
Other non-current liabilities	1,108,000	1,025,000
Long-term debt, less current portion	53,433,434	62,695,454
Shareholders' equity:		
Preferred stock, no par value: 2,000,000 shares authorized (none issued)	--	--
Common stock, \$0.01 par value; 40,000,000 shares authorized; issued 32,625,476 shares and 32,352,679 shares in 2008 and 2007, respectively	326,255	323,527
Additional paid in capital	63,644,167	62,648,429
Retained earnings	89,825,267	66,246,421
	153,795,689	129,218,377
Total shareholders' equity	153,795,689	129,218,377
Total liabilities and shareholders' equity	\$ 295,374,547	\$ 318,663,939

See Accompanying Notes to Condensed Consolidated Financial Statements.

SPARTAN MOTORS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	Three Months Ended June 30,	
	2008	2007
Sales	\$ 196,519,986	\$ 152,582,845
Cost of products sold	162,772,122	128,570,163
Gross profit	33,747,864	24,012,682
Operating expenses:		
Research and development	4,742,862	3,696,192
Selling, general and administrative	12,886,262	9,669,552
Operating income	16,118,740	10,646,938
Other income (expense):		
Interest expense	(436,227)	(436,011)
Interest and other income	199,424	192,315
Earnings before taxes on income	15,881,937	10,403,242
Taxes on income	5,466,528	3,887,740
Net earnings	\$ 10,415,409	\$ 6,515,502
Basic net earnings per share	\$ 0.33	\$ 0.20
Diluted net earnings per share	\$ 0.32	\$ 0.20
Basic weighted average common shares outstanding	32,001,000	32,073,000
Diluted weighted average common shares outstanding	32,705,000	32,947,000
Cash dividends per common share	\$ 0.05	\$ 0.05

See Accompanying Notes to Condensed Consolidated Financial Statements.

SPARTAN MOTORS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	Six Months Ended June 30,	
	2008	2007
Sales	\$ 460,614,742	\$ 295,464,909
Cost of products sold	386,237,264	246,760,668
Gross profit	74,377,478	48,704,241
Operating expenses:		
Research and development	9,430,417	7,485,771
Selling, general and administrative	25,425,843	19,151,674
Operating income	39,521,218	22,066,796
Other income (expense):		
Interest expense	(1,168,676)	(682,035)
Interest and other income	292,621	329,359
Earnings before taxes on income	38,645,163	21,714,120
Taxes on income	13,449,000	7,991,878
Net earnings	\$ 25,196,163	\$ 13,722,242
Basic net earnings per share	\$ 0.79	\$ 0.43
Diluted net earnings per share	\$ 0.77	\$ 0.42
Basic weighted average common shares outstanding	31,957,000	31,828,000
Diluted weighted average common shares outstanding	32,554,000	32,549,000
Cash dividends per common share	\$ 0.05	\$ 0.05

See Accompanying Notes to Condensed Consolidated Financial Statements.

SPARTAN MOTORS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

Six Months Ended June 30,

	2008	2007
Cash flows from operating activities:		
Net earnings	\$ 25,196,163	\$ 13,722,242
Adjustments to reconcile net earnings to net cash Provided (used) in operating activities:		
Depreciation	2,736,352	1,691,884
Loss on disposal of assets	62,302	2,407
Tax expense (benefit) from stock incentive plan transactions	109,329	(3,056,283)
Deferred income taxes	--	(70,000)
Stock based compensation related to restricted stock	1,016,037	352,721
Decrease (increase) in operating assets:		
Accounts receivable	30,265,940	(14,285,637)
Inventories	(10,031,101)	(14,575,171)
Taxes receivable	(1,908,394)	(2,974,282)
Other assets	(29,316)	8,717,890
Increase (decrease) in operating liabilities:		
Accounts payable	(39,961,248)	9,764,861
Accrued warranty	515,719	1,741,231
Accrued compensation and related taxes	(484,866)	(1,598,149)
Accrued customer rebates	216,174	(1,213,181)
Deposits from customers	303,151	(2,085,421)
Other current liabilities and accrued expenses	1,273,667	282,956
Taxes on income	(577,403)	2,167,654
Total adjustments	(16,493,657)	(15,136,520)
Net cash provided (used) in operating activities	8,702,506	(1,414,278)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(8,221,479)	(14,490,713)
Proceeds from sale of property, plant and equipment	53,223	9,500
Net cash used in investing activities	(8,168,256)	(14,481,213)
Cash flows from financing activities:		
Proceeds from long-term debt	126,500,000	54,000,000
Payments on long-term debt	(135,761,227)	(54,260,396)
Proceeds from the exercise of stock options and stock appreciation rights	91,758	2,547,466
Cash retained (used) in taxes due to stock incentive plan transactions	(109,329)	3,056,283
Payment of dividends	(1,617,317)	(1,698,822)
Net cash provided (used) in financing activities	(10,896,115)	3,644,531
Net decrease in cash and cash equivalents	(10,361,865)	(12,250,960)
Cash and cash equivalents at beginning of period	13,527,867	13,834,892
Cash and cash equivalents at end of period	\$ 3,166,002	\$ 1,583,932

See Accompanying Notes to Condensed Consolidated Financial Statements.

SPARTAN MOTORS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(UNAUDITED)

	Number of Shares	Common Stock	Additional Paid In Capital	Retained Earnings	Total Shareholders' Equity
Balance at December 31, 2007	32,352,679	\$323,527	\$62,648,429	\$66,246,421	\$129,218,377
Issuance of common stock and the tax benefit of stock incentive plan transactions	67,905	679	(18,250)	--	(17,571)
Issuance of restricted stock, net of cancellation	204,892	2,049	(2,049)	--	--
Stock based compensation expense related to restricted stock	--	--	1,016,037	--	1,016,037
Dividends paid	--	--	--	(1,617,317)	(1,617,317)
Net earnings	--	--	--	25,196,163	25,196,163
Balance at June 30, 2008	32,625,476	326,255	63,644,167	89,825,267	153,795,689

See Accompanying Notes to Condensed Consolidated Financial Statements.

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

Note 1 - GENERAL AND SUMMARY OF ACCOUNTING POLICIES

For a description of key accounting policies followed refer to the notes to the Spartan Motors, Inc. (the "Company") consolidated financial statements for the year ended December 31, 2007, included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 14, 2008. There have been no changes in such accounting policies.

The accompanying unaudited interim condensed consolidated financial statements reflect all normal and recurring adjustments that are necessary for the fair presentation of the Company's financial position as of June 30, 2008, the results of operations for the three- and six-month periods ended June 30, 2008 and 2007 and the cash flows for the six-month period ended June 30, 2008.

The results of operations for the three- and six-month periods ended June 30, 2008 are not necessarily indicative of the results to be expected for the full year.

Note 2 - INVENTORIES

Inventories are summarized as follows:

	June 30, 2008		December 31, 2007
Finished goods	\$ 12,059,786	\$	18,346,128
Work in process	25,663,721		21,426,663
Raw materials and purchased components	77,749,974		65,459,415
Obsolescence reserve	(2,366,591)		(2,156,417)
	<u>\$ 113,106,890</u>	<u>\$</u>	<u>103,075,789</u>

Note 3 - WARRANTIES

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

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 and labor 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. The estimates for military vehicles are based upon experience with commercial vehicles.

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 were as follows for the six months ended June 30:

	2008	2007
Balance of accrued warranty at January 1	\$ 10,823,532	\$ 6,380,740
Warranties accrued during the period	2,969,886	3,167,518
Cash settlements made during the period	(2,808,681)	(3,735,771)
Changes in liability for pre-existing warranties during the period, including expirations	354,514	2,309,484
Balance of accrued warranty at June 30	\$ 11,339,251	\$ 8,121,971

Note 4 - COMMITMENTS AND CONTINGENT LIABILITIES

At June 30, 2008, 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.

Note 5 - BUSINESS SEGMENTS

Sales and other financial information by business segment are as follows:

Three Months Ended June 30, 2008
(amounts in thousands)

	Business Segments			Consolidated
	Chassis	EVTeam	Other	
Motorhome chassis sales	\$ 30,206	\$ --	\$ --	\$ 30,206
Fire truck chassis sales	25,627	--	(6,259)	19,368
EVTeam product sales	--	22,007	--	22,007
Other sales	124,939	--	--	124,939
Total Sales	\$ 180,772	\$ 22,007	\$ (6,259)	\$ 196,520
Interest expense	\$ 64	\$ 372	\$ --	\$ 436
Depreciation expense	649	297	463	1,409
Taxes (credit) on income	6,935	(393)	(1,075)	5,467
Segment earnings (loss)	12,433	(714)	(1,304)	10,415
Segment assets	200,445	54,795	40,135	295,375

Three Months Ended June 30, 2007
(amounts in thousands)

Business Segments

	Chassis	EVTeam	Other	Consolidated
Motorhome chassis sales	\$ 60,390	\$ --	\$ --	\$ 60,390
Fire truck chassis sales	28,868	--	(5,585)	23,283
EVTeam product sales	--	20,770	--	20,770
Other sales	48,140	--	--	48,140
Total Sales	\$ 137,398	\$ 20,770	\$ (5,585)	\$ 152,583
Interest expense	\$ 2	\$ 370	\$ 64	\$ 436
Depreciation expense	407	299	160	866
Taxes (credit) on income	4,988	(525)	(575)	3,888
Segment earnings (loss)	8,078	(955)	(607)	6,516
Segment assets	137,184	53,326	23,594	214,104

Six Months Ended June 30, 2008
(amounts in thousands)

Business Segments

	Chassis	EVTeam	Other	Consolidated
Motorhome chassis sales	\$ 68,351	\$ --	\$ --	\$ 68,351
Fire truck chassis sales	55,364	--	(11,708)	43,656
EVTeam product sales	--	46,259	--	46,259
Other sales	302,349	--	--	302,349
Total Sales	\$ 426,064	\$ 46,259	\$ (11,708)	\$ 460,615
Interest expense	\$ 13	\$ 769	\$ 387	\$ 1,169
Depreciation expense	1,238	578	920	2,736
Taxes (credit) on income	15,754	(626)	(1,679)	13,449
Segment earnings (loss)	29,077	(1,150)	(2,731)	25,196
Segment assets	200,445	54,795	40,135	295,375

Six Months Ended June 30, 2007
(amounts in thousands)

Business Segments

	Chassis	EVTeam	Other	Consolidated
Motorhome chassis sales	\$ 116,544	\$ --	\$ --	\$ 116,544
Fire truck chassis sales	59,492	--	(12,116)	47,376
EVTeam product sales	--	42,170	--	42,170
Other sales	89,375	--	--	89,375

Total Sales	\$ 265,411	\$ 42,170	\$ (12,116)	\$ 295,465
Interest expense	\$ 2	\$ 678	\$ 2	\$ 682
Depreciation expense	792	608	292	1,692
Taxes (credit) on income	9,689	(884)	(813)	7,992
Segment earnings (loss)	16,438	(1,677)	(1,039)	13,722
Segment assets	137,184	53,326	23,594	214,104

Note 6 - NEW AND PENDING ACCOUNTING STANDARDS

In May 2008, the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles." SFAS No. 162 is intended to improve financial reporting by identifying a consistent framework, or hierarchy, for selecting accounting principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with U.S. generally accepted accounting principles (GAAP). SFAS No. 162 directs the GAAP hierarchy to the entity, not the independent auditors, as the entity is responsible for selecting accounting principles for financial statements that are presented in conformity with GAAP. SFAS No. 162 is effective 60 days following the Securities and Exchange Commission's approval of the Public Company Accounting Oversight Board amendments to remove the GAAP hierarchy from the auditing standards. The Company does not expect SFAS No. 162 to have a material impact on its future consolidated results of operations or its financial position.

In June 2007, the Financial Accounting Standards Board (FASB) ratified the consensus reached by the Emerging Issues Task Force (EITF) on EITF issue 06-11, "Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards." EITF 06-11 requires companies to recognize the income tax benefit realized from dividends or dividend equivalents that are charged to retained earnings and paid to employees for non-vested equity-classified employee share-based payment awards as an increase in additional paid-in capital. The EITF should be applied prospectively to the income tax benefits of dividends on equity-classified employee share-based payment awards that are declared in fiscal years beginning after December 15, 2007, and interim periods within those fiscal years. For the second quarter of 2008, EITF 06-11 did not have a material effect on the Company's consolidated results of operations or its financial position. The Company does not expect this EITF to have a material impact on its future consolidated results of operation or its financial position.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities," which permits entities to choose to measure eligible financial instruments at fair value. The objective of this statement is to provide entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. SFAS No. 159 was effective for the Company beginning January 1, 2008. The Company does not expect the adoption of this statement to have a material impact on its consolidated results of operations or its financial position. Through June 30, 2008, the Company had not elected the fair value option for any of its financial assets or liabilities.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." This statement clarifies the definition of fair value, establishes a framework for measuring fair value and expands the disclosures on fair value measurements. SFAS No. 157 was initially effective for the Company beginning January 1, 2008. In February 2008, the FASB approved the issuance of FASB Staff Position (FSP) FAS 157-2. FSP FAS 157-2 allows entities to electively defer the effective date of SFAS No. 157 until January 1, 2009 for nonfinancial assets and nonfinancial liabilities except those items recognized or disclosed at fair value on an annual or more frequently recurring basis. Through June 30, 2008, SFAS No. 157 had no effect on the Company's consolidated results of operations or financial position with respect to its financial assets and liabilities. Effective January 1, 2009, the Company will apply the fair value measurement and disclosure provisions of SFAS No. 157 to its nonfinancial assets and liabilities

measured on a nonrecurring basis. Such is not expected to have a material impact on the Company's consolidated results of operations or financial position. The Company measures the fair value of the following on a nonrecurring basis: (1) long-lived assets and (2) the reporting unit under step one of the Company's goodwill impairment test.

In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations," to further enhance the accounting and financial reporting related to business combinations. SFAS No. 141(R) establishes principles and requirements for how the acquirer in a business combination (1) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree, (2) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase, and (3) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS No. 141(R) applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. Therefore, the effects of the Company's adoption of SFAS No. 141(R) will depend upon the extent and magnitude of acquisitions after December 31, 2008.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

OVERVIEW

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 leading, niche market engineer and manufacturer in the heavy-duty, custom vehicles marketplace. The Company has 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 ("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. Spartan Chassis customers are original equipment manufacturers ("OEMs") who complete their heavy-duty vehicle product by either mounting the body or apparatus on the Company's chassis or integrating the drive train with the armored body. 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 and waterway 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. 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 remains 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. 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 motorhome chassis sales are more sensitive to economic swings 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 continued diversification into the specialty chassis market.

The Company expects future growth and earnings to come from:

- The growing strength of the Spartan brands, including Spartan Chassis, Crimson Fire and Road Rescue.
- EVTeam operational improvements as processes are reengineered to lower costs by eliminating non-value added activities
- Further market share gain in the Class A motorhome market as the Company's chassis continue to lead the way in design features such as stability, ride, durability and dependability.
- Recent additions to manufacturing capacity for fire truck chassis cabs, specialty vehicles, and motorhome chassis, expanded our capability to fulfill current and future market needs.
- In 2007, the Company unveiled the Furion which is the entry-level fire truck cab and chassis in the Spartan Chassis product line. The Furion is designed to bridge the market between custom and commercial vehicles.
- Opportunities in the areas of specialty vehicles and micro-niche markets. The Company has received subcontract orders under the Mine Resistant Ambush Protected (MRAP) program, the Iraqi Light Armored Vehicle (ILAV) program, the Joint IED-Defeat Organization (JIEDDO) program, the Yemen Light Armored Vehicle (YLAV) program and the Special Operations Command (SOCOM) program. The Company's current backlog for these specialty vehicles will support production through most of 2008. The Company believes it is well positioned to seek additional military business, but this business is subject to unique risks and uncertainties identified in the "Forward Looking Statements" section of this Form 10-Q and disclosed in Item 1A "Risk Factors" of the Company's Annual Report on Form 10-K for the year ended December 31, 2007.
- There is an opportunity for increased service, parts and accessory sales as the number of military vehicles containing the Company's components in the field grows.

- Potential for increased sales from our EVTeam due to the introduction of new technology such as the "Boomer", an innovative, low cost product that will provide an aerial waterway for fire departments looking for a cost effective solution.
- The Company believes the major strength of its business model is market diversity and customization, with a growing foundation in emergency rescue. The emergency rescue market is relatively less affected by geopolitical events compared to the recreational vehicle market.

The following is a discussion of the major elements impacting the Company's financial and operating results for the three- and six-month periods ended June 30, 2008 compared to the three- and six-month periods ended June 30, 2007. The comments that follow should be read in conjunction with the Company's condensed consolidated financial statements and related notes contained in this Form 10-Q and in conjunction with the Company's annual report on Form 10-K filed with the Securities and exchange Commission on March 14, 2008.

RESULTS OF OPERATIONS

The following tables set forth, for the periods indicated, the components of the Company's business segment statements of operations, on an actual basis, as a percentage of sales:

Three months ended:

	June 30, 2008			June 30, 2007		
	Business Segments			Business Segments		
	Chassis	EVTeam	Consolidated	Chassis	EVTeam	Consolidated
Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of product sold	82.2%	93.5%	82.8%	83.4%	94.7%	84.3%
Gross profit	17.8%	6.5%	17.2%	16.6%	5.3%	15.7%
Operating expenses:						
Research and development	2.4%	2.2%	2.4%	2.2%	2.9%	2.4%
Selling, general, and administrative	4.7%	7.9%	6.6%	5.0%	8.2%	6.3%
Operating income	10.7%	-3.6%	8.2%	9.4%	-5.8%	7.0%
Other income (expense)	0.0%	-1.4%	-0.1%	0.0%	-1.3%	-0.3%
Earnings before taxes on income	10.7%	-5.0%	8.1%	9.4%	-7.1%	6.7%
Taxes on income	3.8%	-1.8%	2.8%	3.5%	-2.5%	2.4%
Net earnings	6.9%	-3.2%	5.3%	5.9%	-4.6%	4.3%

Six months ended:

	June 30, 2008			June 30, 2007		
	Business Segments			Business Segments		
	Chassis	EVTeam	Consolidated	Chassis	EVTeam	Consolidated
Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of product sold	83.3%	93.4%	83.9%	82.6%	94.2%	83.5%
Gross profit	16.7%	6.6%	16.1%	17.4%	5.8%	16.5%
Operating expenses:						
Research and development	2.0%	2.1%	2.0%	2.4%	2.8%	2.5%
Selling, general, and administrative	4.2%	7.0%	5.5%	5.2%	7.9%	6.5%

Operating income	10.5%	-2.5%	8.6%	9.8%	-4.9%	7.5%
Other income (expense)	0.0%	-1.4%	-0.2%	0.0%	-1.2%	-0.1%
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Earnings before taxes on income	10.5%	-3.9%	8.4%	9.8%	-6.1%	7.4%
Taxes on income	3.7%	-1.4%	2.9%	3.6%	-2.1%	2.7%
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net earnings	6.8%	-2.5%	5.5%	6.2%	-4.0%	4.7%
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Quarter Ended June 30, 2008, Compared to the Quarter Ended June 30, 2007

For the three months ended June 30, 2008, consolidated sales increased \$43.9 million (28.8%) to \$196.5 million, from \$152.6 million in the second quarter of 2007. The increase was primarily due to the \$43.4 million (31.6%) increase in Spartan Chassis sales. Other sales at Spartan Chassis drove the majority of this increase, with a \$76.8 million (159.5%) increase over the prior year's quarter. The increase in other sales was partially offset by the decline in motorhome chassis sales of \$30.2 million (50.0%) and the decline in fire truck chassis sales of \$3.2 million (11.2%).

The increase in other sales at Spartan Chassis was primarily due to an increase of military chassis of \$59.3 million (146.1%) coupled with an increase in service parts sales of \$17.6 million (250.2%). The increase in military chassis sales was due to an increase in volume, mainly as a result of orders received under the Mine Resistant Ambush Protected (MRAP) program. See Item 1A "Risk Factors" relating to governmental contracts and the information regarding the MRAP program below for more details. The increase in service parts sales was due to an increase in volume of sales and corresponds to increased military vehicles in the field, principally as a result of the MRAP program mentioned above. The decrease in motorhome chassis sales was due to lower order volume, as a result of weakened economic conditions impacting the motorhome market as a whole.

The EVTeam also contributed to the overall sales increase. Compared to the same period in 2007, sales increased \$1.2 million (6.0%). This increase was primarily due to an increase in sales of ambulances of \$2.3 million (59.2%) offset by lower fire truck sales of \$1.5 million (-9.9%). These fluctuations were due to changes in sales volumes due to timing of deliveries.

Gross margin as a percent of sales increased to 17.2% from 15.7% for June 30, 2008 and 2007, respectively. The increase is due primarily to a change in the product sales mix, higher absorption of overhead and more favorable warranty and rework costs. The product mix shifted toward higher margin fire truck chassis and other product sales which include specialty chassis and service parts.

Operating expenses as a percentage of sales increased slightly from 8.7% in the second quarter of 2007 to 9.0% in the second quarter of 2008. This increase was driven primarily by higher bonus compensation accruals due to higher profitability.

Interest expense remained flat at \$0.4 million for the three-months ended June 30, 2008 and 2007.

The effective income tax rate was 34.4% in the second quarter of 2008 and 37.4% for the same quarter of 2007. The Company's effective tax rate fluctuates based upon the states where sales occur and with the level of export sales. In addition, the Company experienced lower state taxes during the second quarter of 2008 as a result of tax credits received in connection with plant expansion and job creation in the state of Michigan. The effective tax rates for 2008 and 2007 are consistent with the applicable federal and state statutory tax rates.

Net earnings increased \$3.9 million (\$0.12 per diluted share) from \$6.5 million (\$0.20 per diluted share) in 2007 to \$10.4 million (\$0.32 per diluted share) in 2008 as a result of the factors discussed above.

Total chassis unit orders received during the second quarter of 2008 decreased slightly by 2.4% compared to the same period in 2007. This is the net result of increases from fire truck and military chassis offset by a decrease in motorhome chassis for reasons noted above.

The U.S. Department of Defense launched the MRAP program in response to the need to protect U.S. troops in Iraq from roadside bombs and other improvised explosive devices. By mid-2007, the Department of Defense considered the MRAP program its highest priority, and the program received significant appropriations. As the Department of Defense completes its planned purchases, MRAP purchases will decline significantly, and the Company expects that chassis sales attributable to the MRAP program will experience a corresponding decline. The Company's largest customer during 2007, a producer of blast-protected vehicles, has publicly disclosed that it has no MRAP orders currently in place for 2009, and the Company's third largest customer of 2007 has publicly stated that it expects its MRAP sales to end by 2009.

While the expected ramping down of the MRAP program will likely affect our revenue and earnings, the Company believes that revenue opportunities exist in parts, refurbishment and replacement of MRAP vehicle chassis, and in the sale of specialty chassis for military use in non-U.S. military forces and chassis for future armored vehicle programs.

At June 30, 2008, the Company had \$320.2 million in backlog, compared with a backlog of \$290.4 million at June 30, 2007. This reflects an increase in Spartan Chassis backlog of \$49.4 million, partially offset by a decrease in EVTeam backlog of \$19.6 million. The Company anticipates filling its current backlog orders by May 2009.

While orders in the backlog are subject to modification, cancellation or rescheduling by customers, this has not been a major factor in the past. 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.

Six Months Ended June 30, 2008, Compared to the Six Months Ended June 30, 2007

For the six months ended June 30, 2008, consolidated sales increased \$165.1 million (55.9%) to \$460.6 million, from \$295.5 million in the first six months of 2007. This increase in sales is mainly due to an increase in sales of \$160.7 million (60.5%) at Spartan Chassis. A large decline in motorhome chassis sales of \$48.2 million (-41.4%) and a slight decrease in fire truck chassis sales of \$4.1 million (-6.9%) were more than offset by higher sales of other product of \$213.0 million (238.3%).

The increase in other sales at Spartan Chassis was primarily due to an increase of military chassis of \$183.0 million (239.5%) paired with an increase in service parts sales of \$31.2 million (279.8%). The increase in military chassis sales was due to an increase in volume, mainly as a result of orders received under the MRAP program. See Item 1A "Risk Factors" relating to governmental contracts for more details. The increase in service parts sales was due to an

increase in volume of sales and corresponds to increased military vehicles in the field, principally as a result of the MRAP program mentioned above. The decrease in motorhome chassis sales was due to lower order volume, as a result of weakened economic conditions impacting the motorhome market as a whole.

EVTeam contributed to the sales increase by \$4.1 million (9.7%) to \$46.3 million during the first six months of 2008 compared with the prior year's first six months. The majority of this increase is due to higher ambulance sales, which were up \$3.8 million (41.5%) over the prior year, due to higher sales order levels.

Gross margin as a percent of sales decreased from 16.5% to 16.1% for these same time periods, due primarily to a change in the product sales mix. The decline was expected due to a shift in product mix and margin pressures on military chassis due to increased competition. In the first half of 2007, the military chassis in production at Spartan Chassis were a part of lower volume military programs with higher margins versus the military chassis produced to date in 2008 under the higher volume MRAP program.

Operating expenses decreased as a percentage of sales to 7.5% for the six month period ended June 30, 2008 compared to 9.0% for the same period of 2007. This is a result of increased efficiencies gained from higher sales volumes. Operating expense dollars increased \$8.2 million primarily due to higher compensation accruals for incentive plans reflecting the improved results year to date combined with greater wages and benefits related to higher staffing levels to support the sales increases.

The effective income tax rate was 34.8% in the first six months of 2008 and 36.8% in the same period of 2007. The Company's effective tax rate fluctuates based upon the states where sales occur and with the level of export sales. In addition, the Company experienced lower state taxes during 2008 as a result of tax credits received in connection with plant expansion and job creation in the state of Michigan. The effective tax rates for 2008 and 2007 are consistent with the applicable federal and state statutory tax rates.

Net earnings increased by \$11.5 million (\$0.35 per diluted share) to \$25.2 million (\$0.77 per diluted share) in the first six months of 2008 from \$13.7 million (\$0.42 per diluted share) in the same period of 2007 as a result of the factors discussed above.

Total chassis orders received during the first six months of 2008 increased 16.9% compared to the same period in 2007. This reflects increases in specialty chassis orders (78.1%), due to the MRAP program, and fire truck orders (49.1%), due to an increase in market share by fire truck customers. These were partially offset by a decrease in motorhome chassis orders (-51.7%) which were down due to poor economic conditions.

FINANCIAL CONDITION

Balance Sheet at June 30, 2008 compared to December 31, 2007

Accounts receivable decreased approximately \$30.3 million, or 22.8%, at June 30, 2008 when compared to the balance at December 31, 2007. This decrease is primarily a result of a decrease in sales in the second quarter of 2008 when compared to the fourth quarter of 2007. Sales in the second quarter of 2008 were \$196.5 million versus sales of \$237.6 million in the fourth quarter of 2007.

Accounts payable at June 30, 2008 was \$50.8 million compared to \$90.8 million at December 31, 2007. The decrease of approximately \$40.0 million is a result of a payment timing difference coupled with a shift in the production schedule of a significant customer order under the MRAP program from the second quarter to the third quarter of 2008, due to customer requested engineering changes. The payment timing difference is due to the fact that the Company's offices are closed during the holiday period between Christmas Eve and New Years day. Consequently, there were no check runs during the period and this drove a higher balance at December 31, 2007. The shift in MRAP production schedule moved production out from the second quarter and into the third quarter. The inventory related to these units was on hand in time for the original schedule, resulting in payments being made prior to the inventory being able to be used. As a result, inventory deliveries were slowed in the last month of the quarter ended June 30, 2008, also contributing to the decrease in accounts payable at the end of that period.

LIQUIDITY AND CAPITAL RESOURCES

The Company generated an estimated annualized return on invested capital (ROIC) of 27.7% in the second quarter of 2008, a 23.1% increase compared to the ROIC of 22.5% for the same period in 2007. The Company defines ROIC as operating income, less taxes, on an annualized basis, divided by total shareholders' equity.

For the six months ended June 30, 2008, cash provided by operating activities was \$8.7 million, which was a \$10.1 million increase from the \$1.4 million of cash used in operating activities for the six months ended June 30, 2007. The \$10.1 million of additional cash generated was primarily due to an increase in net earnings between the two periods of \$11.5 million. This was partially offset by a net increase in use of cash by the largest drivers of working capital changes, accounts receivable, inventory and accounts payable. The net of these drivers was \$19.7 million of cash use in the first half of 2008 versus \$19.1 million of cash use during the first half of 2007, resulting in \$0.6 million more cash used in the current period. See the "Financial Condition" section in Item 2 of this Form 10-Q for further discussion regarding the accounts receivable and accounts payable balances at June 30, 2008. See the "Condensed Consolidated Statements of Cash Flows" contained in Item 1 of this Form 10-Q for the other various factors that represented the remaining fluctuation of cash from operations of \$0.8 million between the periods.

The cash provided from operating activities of \$8.7 million in 2008, combined with the cash on hand of \$13.5 million at December 31, 2007, allowed the Company to have a net pay off of \$9.2 million in long-term debt, pay dividends of \$1.6 million and fund purchases of property, plant of equipment of \$8.2 million.

Shareholders' equity increased \$24.6 million, from \$129.2 million as of December 31, 2007 to \$153.8 million as of June 30, 2008. The increase was driven by \$25.2 million in net income of the Company and \$1.0 million from compensation related to restricted stock. These were partially offset by \$1.6 million paid out in dividends.

On July 24, 2007, the Board of Directors authorized management to repurchase, over the course of the subsequent 12-month period, up to a total of 1,000,000 shares of its common stock in open market transactions. That authorization expired on July 24, 2008 with 300,000 shares being repurchased with an average price of \$9.23 per share. On July 22, 2008, the Board of Directors

authorized management to repurchase, over the course of the subsequent 12-month period, up to a total of 1,000,000 shares of its common stock in open market transactions. That authorization will expire on July 22, 2009.

During its April 22, 2008 meeting, the Board of Directors approved an additional \$10.0 million revolving note payable with JP Morgan Chase Bank, increasing the total unsecured borrowings available to \$75.0 million. The Company had borrowings of \$26.5 million under this debt agreement in the form of a line of credit as of June 30, 2008. The Company also had a \$10.0 million term note, which carried an interest rate of 4.70%, as of June 30, 2008 under the same debt agreement. The line of credit includes three one-year automatic extensions unless the bank provides notice of non-renewal 14 months in advance of the expiration date. Working capital and capital expenditures created the need for the additional borrowings. Under the terms of the line of credit and term note 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 June 30, 2008, the Company was in compliance with all debt covenants.

The Company has a private shelf agreement with Prudential Investment Management, Inc. This agreement allows the Company to borrow up to an additional \$40 million to be issued in \$5 million minimum increments. The interest rate is determined based on applicable rates at time of issuance. The Company had a \$10.0 million term note issued under this shelf agreement as of June 30, 2008, which carried an interest rate of 4.93%.

The Company has an unsecured fixed rate long term note which bears interest at 4.99%. The loan is repayable in equal monthly installments and matures in October 2011. At June 30, 2008, the total outstanding amount on this note was \$6.2 million of which \$466,667 is payable in 2008.

The Company has a secured line of credit for \$0.2 million, which had an expiration date of July 5, 2008. The Company is in the process of renewing this secured line of credit in the same amount of \$0.2 million. This line of credit was, and may continue to be, secured by accounts receivable, inventory and equipment. There were no borrowings under this line at June 30, 2008.

The Company has secured mortgage notes of which \$1.1 million and \$0.1 million were outstanding as of June 30, 2008. The mortgage notes carry an interest rate of 3.00% payable in monthly installments (for principal and interest) of \$6,933 and \$834, respectively, with balances due July 1, 2010 and March 1, 2009, respectively. These mortgage notes are secured by real estate and buildings.

The Company had construction in process as of June 30, 2008 for the site development and building construction for a new office building and renovations to manufacturing facilities. Total estimated construction costs for these projects are \$13.9 million of which \$7.9 million has been spent as of June 30, 2008. The related construction projects are expected to be completed by September 2008.

On April 22, 2008, the Board of Directors approved regular dividends of \$0.10 per share payable in the amount of \$0.05 per share on June 16, 2008 and \$0.05 per share on December 17, 2008 to shareholders of record on May 16, 2008 and November 17, 2008, respectively. The amount paid out on June 16, 2008 was \$1.6 million.

The Company believes it has sufficient resources from cash flows from operating activities and, if necessary, from additional borrowings under its lines of credit and anticipated renewals to satisfy ongoing cash requirements for the next 12 months.

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 included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 14, 2008. 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 income statement, 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. In certain instances, risk of ownership and title passes 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 collectability of any related receivable is reasonably assured before revenue is recognized.

Accounts Receivable - The Company maintains an allowance for customer accounts that reduces receivables to amounts that are expected to be collected. In estimating the allowance, management considers factors such as current overall economic conditions, industry-specific economic conditions, historical and anticipated customer performance, historical experience with write-offs and the level of past-due amounts. Changes in these conditions may result in additional allowances.

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.

Impairment of Goodwill - Goodwill represents the difference between the purchase price and the related underlying tangible and identifiable intangible net asset values resulting from business acquisitions. Annually, or if conditions indicate an earlier review is necessary, the carrying value of the reporting unit is compared to an estimate of its fair value. If the estimated fair value is less than the carrying value, goodwill is impaired and will be written down to its estimated fair value. Goodwill is allocated to the reporting unit from which it was created.

Based upon the estimated fair value of the Company's reporting unit using a discounted cash flow valuation, the goodwill at its Crimson Fire subsidiary which is included in the Company's EVTeam reportable segment was not impaired as of October 1, 2007, the most recent annual impairment test date.

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. For military vehicles with limited historical data, estimates were based upon historical experience of commercial vehicles. See also Note 3 to the condensed consolidated financial statements included in Item 1 of this Form 10-Q.

Equity Compensation - SFAS 123(R), "Share-Based Payment", addresses the accounting for share-based employee compensation and was adopted by the Company on January 1, 2006 utilizing the modified prospective approach. SFAS 123(R) requires that share options and stock appreciation rights (SARs) awarded to employees are recognized as compensation expense based on their fair value at grant date. The fair market value of options and SARs granted under the Company's stock compensation plans was estimated on the date of grant using the Black-Scholes option-pricing model using assumptions for inputs such as interest rates, expected dividends, volatility measures and specific employee exercise behavior patterns based on historical statistical data. Some of the inputs we use are not market-observable and have to be estimated or derived from available data. Use of different estimates would produce different values, which in turn would result in higher or lower compensation expense recognized. We have not run the model with alternative inputs to quantify their effects on the fair value of the options or SARs.

To value options and SARs, several recognized valuation models exist. None of these models can be singled out as being the best or most correct one. The model we apply is able to handle some of the specific features included in the awards we grant, which is the reason for its use. If we were to use a different model, the values would differ despite using the same inputs. Accordingly, using different assumptions coupled with using a different valuation model could have a significant impact on the fair value of employee stock options and SARs. Fair value could be either higher or lower than the ones produced by the model we apply and the inputs we used.

NEW AND PENDING ACCOUNTING POLICIES

See note 6 to the condensed consolidated financial statements included in Item 1 of this Form 10-Q.

EFFECT OF INFLATION

Inflation affects the Company in two principal ways. First, the Company's revolving notes payable are generally tied to the prime and LIBOR interest rates so that increases in those interest rates would result in 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 Company's ability to pass through cost increases in many cases. The Company strives to minimize the effect of inflation through cost reductions and improved productivity.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes to our exposures to market risk since December 31, 2007. 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. At June 30, 2008, the Company had no debt outstanding under its variable rate short-term and \$26.5 million outstanding under its variable rate long-term debt agreements. The Company does not enter into market risk sensitive instruments for trading purposes.

Item 4. 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 design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) as of June 30, 2008. Based on and as of the time of such evaluation, the Company's management, including the Chief Executive Officer and Chief Financial Officer, concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report to ensure that information required to be disclosed by us in the reports that we file or submit is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. In addition, there has been no change in the Company's internal controls over financial reporting during the quarter ended June 30, 2008 that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1A. Risk Factors

Changes to the U.S. Department of Defense's Mine Resistant Ambush Protected ("MRAP") vehicle program may have an adverse effect on our earnings.

Since 2005, the Company has derived significant revenue from the sale of specialty chassis for use in the U.S. Department of Defense's MRAP vehicle program. This program began in response to the need for better armored vehicles to protect U.S. soldiers from improvised explosive devices. The Department of Defense, through the various branches of the U.S. military, is expected to complete currently planned purchases of MRAP vehicles by 2009. There is no guarantee that the U.S. government will continue the MRAP program, or that a successor program, if any, would present opportunities for the Company. Whether we receive future orders for military vehicle chassis will depend upon the military's need and funding for vehicles and whether we are successful in submitting competitive bids for our chassis to prime contractors. The Company intends to pursue other opportunities pertaining to military vehicles, including service to existing vehicles and sales for foreign military use, but there can be no assurance that earnings from these opportunities will be realized.

Economic, legal and other factors could impact our customers' ability to pay accounts receivable balances due from them.

In the ordinary course of business, customers are granted terms related to the sale of goods and services delivered to them. These terms typically include a period of time between when the goods and services are tendered for delivery to the customer and when the customer needs to pay for these goods and services. The amounts due under these payment terms are listed as accounts receivable on our balance sheet. Prior to collection of these accounts receivable, our customers could encounter drops in sales, large legal settlements, or other factors which could impact their ability to continue as a going concern and which could affect the collectability of these amounts. Writing off uncollectible accounts receivable could have a material adverse effect on our earnings and cash flow as the company has major customers with material accounts receivable balances at any given time.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

A summary of the Company's purchases of its common stock during the second quarter of fiscal year 2008 is as follows:

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Number of Shares that May Yet Be Purchased Under the Plans or Programs (2)
April 1 to April 30	--	--	--	700,000
May 1 to May 31	--	--	--	700,000
June 1 to June 30	35,591	\$7.47	--	700,000
Total	35,591	\$7.47	300,000	700,000

- (1) Shares reported in this column include those delivered by associates in satisfaction of tax withholding obligations that occur upon the vesting of restricted shares.
- (2) On July 24, 2007, the Board of Directors authorized management to repurchase, over the course of the subsequent 12-month period, up to a total of 1,000,000 shares of its common stock in open market transactions. The program expired July 23, 2008. The Company had repurchased 300,000 shares under that program as previously disclosed. On July 22, 2008, the Board of Directors reauthorized management to repurchase, over the course of the subsequent 12-month period, up to a total of 1,000,000 shares of its common stock in open market transactions. Repurchase of common stock is contingent upon market conditions. If the Company were to repurchase the full 1,000,000 shares of stock under the repurchase program, they would cost the Company approximately \$5,110,000 million based on the closing price of the Company's stock on August 1, 2008. The Company believes that it has sufficient resources to fund this potential stock buyback.

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

The annual meeting of shareholders of Spartan Motors, Inc. was held on May 21, 2008. The purpose of the meeting was to elect directors, to ratify the appointment of BDO Seidman, LLP as the Company's independent registered public accounting firm for the current fiscal year, and to transact any other business that properly came before the meeting.

The name of each director elected to a term expiring in 2011 (along with the number of votes cast for or authority withheld) is as follows:

Elected Directors	For	Authority Withheld / Against
Hugh W. Sloan, Jr.	26,962,562	1,508,972
William F. Foster	22,095,770	6,375,764

The following persons continue to serve as directors: John E. Szykiel, Charles E. Nihart, Kenneth Kaczmarek, George Tesseris, and David R. Wilson. In addition, on July 22, 2008 the Board of Directors appointed Richard R. Current to the Board.

The following proposals were acted on:

<u>Proposal</u>	<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Broker Non-Vote</u>
To ratify the Audit Committee's appointment of BDO Seidman, LLP as the Company's independent registered public accounting firm for the current fiscal year	28,193,771	208,494	69,264	0

Item 6. Exhibits.

(a) Exhibits. The following documents are filed as exhibits to this report on Form 10-Q:

<u>Exhibit No.</u>	<u>Document</u>
3.1	Spartan Motors, Inc. Restated Articles of Incorporation, as amended to date. Previously filed as an exhibit to the Company's Form 10-Q Quarterly Report for the period ended March 31, 2005, and incorporated herein by reference.
3.2	Spartan Motors, Inc. Bylaws, as amended to date.
10.1	Form of Restricted Stock Agreement.*
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.

*Management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements 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.

Date: August 7, 2008

SPARTAN MOTORS, INC.

By /s/ James W. Knapp

James W. Knapp
Senior Vice President, Chief Financial Officer,
Secretary and Treasurer
(Principal Accounting and Financial Officer and
duly authorized signatory for the registrant)

EXHIBIT INDEX

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SPARTAN MOTORS, INC.
(A Michigan Corporation)

AMENDED AND RESTATED BYLAWS

SPARTAN MOTORS, INC.

(A Michigan Corporation)

BYLAWS

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AMENDED AND RESTATED BYLAWS
OF
SPARTAN MOTORS, INC.

ARTICLE I
OFFICES

 The corporation may have offices at such places, both within and without of the State of Michigan, as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
MEETINGS OF SHAREHOLDERS

 Section 1. Times and Places of Meetings. All meetings of the shareholders shall be held, except as otherwise provided by statute, the Restated Articles of Incorporation, or these Bylaws, at such time and place as may be fixed from time to time by the board of directors. Meetings of shareholders may be held within or without the State of Michigan as shall be stated in the notice of the meeting or in a duly executed waiver of notice.

 Section 2. Annual Meetings. Annual meetings of the shareholders shall be held each year at such time and on such day as may be designated by the board of directors. Annual meetings shall be held to elect, by a plurality vote, successors to those members of the board of director whose terms expire at the meeting and to transact such other business as may be properly brought before the meeting.

 Section 3. Special Meetings. Special meetings of the shareholders may be called by the board of directors, the Chairman, an executive officer whenever directed by the board of directors, or by the Chief Executive Officer. The request shall state the purpose or purposes of the proposed meeting.

 Section 4. Notice of Meetings. Written notice of the date, time, place, if any, and purposes of a shareholder meeting shall be given not less than 10 nor more than 60 days before the date of the meeting, either personally, by mail, or, if authorized by the board of directors, by a form of electronic transmission to which the shareholder has consented, to each shareholder of record entitled to vote at the meeting. For the purposes of these Bylaws, "electronic transmission" means any form of communication that does not directly involve the physical transmission of paper, that creates a record that may be retained and retrieved by the recipient, and that may be reproduced in paper form by the recipient through an automated process. If, as authorized by the board of directors, a shareholder or proxy holder may be present and vote at

the meeting by remote communication, the means of remote communication allowed shall be specified in the notice of the meeting. Notice of the purposes of the meeting shall include notice of any shareholder proposals that are proper subjects for shareholder action and are intended to be presented by shareholders who have notified the corporation in writing of their intention to present the proposals at the meeting in accordance with these Bylaws.

 Section 5. Waiver of Notice. Notice of any meeting need not be given to any shareholder who signs a waiver of notice before or after the meeting. Attendance of a shareholder at a meeting shall constitute a waiver of notice of such meeting, except when the shareholder attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the holding of the meeting or the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any meeting of the shareholders need be specified in any written waiver of notice unless so required by the Restated Articles of Incorporation or these Bylaws.

 Section 6. Shareholder List. The officer or agent having charge of the stock transfer books for shares of the corporation shall make and certify a complete list of the shareholders entitled to vote at a shareholder meeting or any adjournment thereof. The list shall be:

- (i) arranged alphabetically within each class and series, with the address of, and the number of shares held by, each shareholder;
- (ii) produced at the time and place of the meeting;
- (iii) subject to inspection by any shareholder at any time during the meeting; and
- (iv) prima facie evidence as to who are the shareholders entitled to examine the list or to vote at the meeting.

 If the meeting is held solely by means of remote communication, then the list shall be open to the examination of any shareholder during the entire meeting by posting the list on a reasonably accessible electronic network and the information required to access the list shall be provided with the notice of the meeting. Failure to comply with the requirements of this Section shall not affect the validity of an action taken at the meeting before a shareholder makes a demand to comply with the requirements.

 Section 7. Quorum. The holders of a majority of the stock issued and outstanding and entitled to vote at a meeting, present in person or represented by proxy, shall constitute a quorum at all shareholder meetings for the transaction of business, except as otherwise provided by statute or by the Restated Articles of Incorporation. The shareholders present in person or by proxy at the meeting may continue to do business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum. Whether or not a quorum is present, a meeting may be adjourned by a vote of the shares present.

 Section 8. Vote Required. An action, other than the election of directors, to be taken by shareholder vote shall be authorized by a majority of the votes cast by shareholders entitled to vote on the action, unless a greater vote is required by statute or the Articles of Incorporation, in which case the express provision shall govern and control the decision of such question.

 Section 9. Voting Rights. Except as otherwise provided by the Restated Articles of Incorporation or resolution or resolutions of the board of directors creating any class or series of stock, each shareholder shall at every shareholder meeting be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by the shareholder.

 Section 10. Conduct of Meetings. Meetings of shareholders generally shall follow accepted rules of parliamentary procedure, subject to the following:

 (i) The Chairman of the meeting shall have absolute authority over matters of procedure, and there shall be no appeal from the ruling of the Chairman. If, in his or her absolute discretion, the Chairman deems it advisable to dispense with the rules of parliamentary procedure as to any one meeting of shareholders or part thereof, the Chairman shall so state and shall clearly state the rules under which the meeting or appropriate part thereof shall be conducted.

 (ii) If disorder should arise which prevents the continuation of the legitimate business of the meeting, the Chairman may quit the chair and announce the adjournment of the meeting. Upon so doing, the meeting is immediately adjourned without the necessity of any vote or further action of the shareholders.

 (iii) The Chairman may ask or require that any person who is not a shareholder of record or holding a proxy to leave the meeting.

 (iv) The Chairman may introduce nominations, resolutions, or motions submitted by the board of directors for consideration by the shareholders without a motion or a second. Except as the Chairman shall direct, a resolution or motion not submitted by the board of directors shall be considered for vote only if proposed by a shareholder of record or a duly authorized proxy of such a shareholder and seconded by an individual who is a shareholder or a duly authorized proxy other than the individual who proposed the resolution or motion.

 Section 11. Inspectors of Election. The board of directors or, if they shall not have so acted, the Chief Executive Officer, may appoint, at or prior to any meeting of shareholders, one or more persons (who may be directors and/or employees of the corporation) to serve as inspectors of election. The corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of shareholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting.

 Section 12. Shareholder Proposals. Except as otherwise provided by statute, the Restated Articles of Incorporation, or these Bylaws:

 (i) No matter may be presented for shareholder action at an annual or special meeting of shareholders unless such matter is: (a) specified in the notice of the meeting (or any supplement to the notice) given by or at the direction of the board of directors; (b) otherwise presented at the meeting by or at the direction of the board of directors; (c) properly presented for action at the meeting by a shareholder in accordance with the notice provisions set forth in this Section and any other applicable requirements; or (d) a procedural matter presented, or accepted for presentation, by the Chairman in his or her sole discretion.

 (ii) For a matter to be properly presented by a shareholder, the shareholder must have given timely notice of the matter in writing to the Secretary of the corporation. To be timely, the notice must be delivered to or mailed to and received at the principal executive offices of the corporation not less than 120 calendar days prior to the date corresponding to the date of the corporation's proxy statement or notice of meeting released to shareholders in connection with the last preceding annual meeting of shareholders in the case of an annual meeting (unless the corporation did not hold an annual meeting within the last year, or if the date of the upcoming annual meeting changed by more than 30 days from the date of the last preceding meeting, then the notice must be delivered or mailed and received not more than 10 days after the earlier of the date of the notice of the meeting or public disclosure of the date of the meeting), and not more than 10 days after the earlier of the date of the notice of the meeting or public disclosure of the date of the meeting in the case of a special meeting. The notice by the shareholder must set forth: (a) a brief description of the matter the shareholder desires to present for shareholder action; (b) the name and record address of the shareholder proposing the matter for shareholder action; (c) the class and number of shares of capital stock of the corporation that are beneficially owned by the shareholder; and (d) any material interest of the shareholder in the matter proposed for shareholder action. For purposes of this Section, "public disclosure" means disclosure in a press release reported by the Dow Jones News Service, Associated Press or other comparable national financial news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Sections 13, 14, or 15 of the Securities Exchange Act of 1934, as amended.

 (iii) Except to the extent that a shareholder proposal submitted pursuant to this Section is not made available at the time of mailing, the notice of the purposes of the meeting shall include the name and address of and the number of shares of the voting security held by the proponent of each shareholder proposal.

 (iv) Notwithstanding the above, if the shareholder desires to require the corporation to include the shareholder's proposal in the corporation's proxy materials, matters and proposals submitted for inclusion in the corporation's proxy materials shall be governed by the solicitation rules and regulations of the Securities Exchange Act of 1934, as amended, including without limitation Rule 14a-8.

 Section 13. Proxies. A shareholder entitled to vote at a shareholder meeting or to express consent or dissent without a meeting may authorize one or more other persons to act for the shareholder by proxy only by one of the following methods:

 (i) The execution of a writing authorizing another person or persons to act for the shareholder as proxy. Execution may be accomplished by the shareholder or by an authorized officer, director, employee, or agent of the shareholder by either signing the writing or causing his or her signature to be affixed to the writing by any reasonable means including, but not limited to, facsimile signature; or

 (ii) Transmitting or authorizing the transmission of a telegram, cablegram, or other means of electronic transmission to the person who will hold the proxy or to a proxy solicitation firm, proxy support service organization, or similar agent fully authorized by the person who will hold the proxy to receive that transmission. Any telegram, cablegram, or other means of electronic transmission must either set forth or be submitted with information from which it can be determined that the telegram, cablegram, or other electronic transmission was authorized by the shareholder. If a telegram, cablegram, or other electronic transmission is determined to be valid, the inspectors, or, if there are no inspectors, the persons making the determination shall specify the information upon which they relied.

 A copy, facsimile telecommunication, or other reliable reproduction of the writing or transmission created pursuant to subsections (i) or (ii) may be substituted or used in lieu of the original writing or transmission for any purpose for which the original writing or transmission could be used, if the copy, facsimile telecommunication, or other reproduction is a complete reproduction of the entire original writing or transmission.

 A proxy is not valid after the expiration of three years from its date unless otherwise provided in the proxy. A proxy must be filed with the corporation at or before the meeting. A proxy shall be valid only with respect to the particular meeting, or any adjournment or adjournments thereof, to which it specifically relates.

 Section 14. Participation in Meeting by Remote Communication. A shareholder may participate in a shareholder meeting by a conference telephone or by other means of remote communication through which all persons participating in the meeting may communicate with the other participants, if (i) the board of directors authorizes such participation; (ii) all participants are advised of the means of remote communication and the names of the participants in the meeting; (iii) the corporation implements reasonable measures to verify that each person considered present and permitted to vote at the meeting by means of remote communication is a shareholder or proxy holder; (iv) the corporation implements reasonable measures to provide each shareholder and proxy holder a reasonable opportunity to participate in the meeting and to vote on matters submitted to the shareholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with the proceedings; and (v) if any shareholder or proxy holder votes or takes other action at the meeting by means of remote

communication, a record of the vote or other action is maintained by the corporation. Such participation in a meeting constitutes presence in person at the meeting.

 Section 15. Electronic Meeting. Unless otherwise restricted by the Restated Articles of Incorporation or these Bylaws, the board of directors may hold a meeting of shareholders solely by means of remote communication if the requirements of Article II, Section 15 are met.

ARTICLE III

RECORD DATE

 Section 1. Fixing of Record Date by Board of Directors.

 (i) For the purpose of determining shareholders entitled to notice of and to vote at a shareholder meeting or an adjournment of a meeting, the board of directors shall fix a record date, which shall not precede the date on which the board adopts the resolution fixing the record date. The date shall not be more than 60 nor less than 10 days before the date of the meeting. If a record date is not fixed, the record date for determination of shareholders entitled to notice of or to vote at a shareholder meeting shall be the close of business on the day next preceding the day on which notice is given or, if no notice is given, the day next preceding the day on which the meeting is held. When a determination of shareholders of record entitled to notice of or to vote at a shareholder meeting is made as provided in this Section, the determination applies to any adjournment of the meeting, unless the board of directors fixes a new record date under this Section for the adjourned meeting.

 (ii) For the purpose of determining shareholders entitled to express consent to or to dissent from a proposal without a meeting, the board of directors shall fix a record date, which shall not precede the date on which the board adopts the resolution fixing the record date and shall not be more than 10 days after the board resolution. If a record date is not fixed and prior action by the board of directors is required with respect to the corporate action to be taken without a meeting, the record date is the close of business on the day on which the board resolution is adopted. If a record date is not fixed and prior board action is not required, the record date is the first date on which a signed written consent is delivered to the corporation as provided in these Bylaws.

 (iii) For the purpose of determining shareholders entitled to receive payment of a share dividend or distribution, or allotment of a right, or for the purpose of any other action, the board of directors shall fix a record date, which shall not precede the date on which the board adopts the resolution fixing the record date. The date shall not be more than 60 days before the payment of the share dividend or distribution, allotment of a right, or other action. If a record date is not fixed, the record date is the close of business on the day on which the board resolution relating to the corporate action is adopted.

 Section 5. Nominations of Director Candidates.

 (i) Nominations of candidates for the election of directors of the corporation at any meeting of shareholders called for the election of directors (an "Election Meeting") may be made by the board of directors or by any shareholder entitled to vote at the Election Meeting.

 (ii) Nominations made by the board of directors shall be made at a meeting of the board of directors, or by written consent of directors in lieu of a meeting, not less than 30 days prior to the date of the Election Meeting, and such nominations shall be reflected in the minute books of the corporation as of the date made.

 (iii) Any shareholder who intends to make a nomination at the Election Meeting shall deliver, not less than 120 days prior to the date of notice of the Election Meeting in the case of an annual meeting, and not more than seven days following the date of notice of the meeting in the case of a special meeting, a notice to the Secretary of the corporation setting forth: (a) the name, age, business address, and residence address of each nominee proposed in the notice; (b) the principal occupation or employment of each nominee; (c) the number of shares of capital stock of the corporation which are beneficially owned by each nominee; (d) a statement that the nominee is willing to be nominated; and (e) such other information concerning each nominee as would be required under the rules of the Securities and Exchange Commission in a proxy statement soliciting proxies for the election of such nominees.

 (iv) If the chairman of the Election Meeting determines that a nomination was not made in accordance with the foregoing procedures, such nomination shall be void.

 Section 6. Compensation of Directors. The board of directors, by affirmative vote of a majority of directors in office and irrespective of any personal interest of any of them, may establish reasonable compensation for services to the corporation as a director or officer. Directors may also be reimbursed for their expenses, if any, of attendance at each board of directors or committee meeting. Nothing in this section shall be construed to preclude any director from serving the corporation in any other capacity and receiving compensation for that service.

 Section 7. Regular Meetings. Regular meetings of the board of directors may be held at the times, dates, and places as determined by the board of directors. A notice to directors is not required for a regular meeting, except that, when the board of directors establishes or changes the schedule of regular meetings, or changes the time, date, or place of a previously scheduled regular meeting, notice of the action shall be given to each director who was absent from the meeting at which the action was taken.

 Section 8. Special Meetings. Subject to the provisions of Section 9 of this Article IV, special meetings of the board of directors may be called by the Chairman, President, or directors constituting at least one-third of the directors then in office by giving notice to each director.

 Section 9. Notice of Meetings. Except as otherwise provided by these Bylaws, notice of the time, date, and place of each meeting of the board of directors shall be given to each director by either of the following methods:

 (i) by mailing a written notice of the meeting to the address that the director designates or, in the absence of designation, to the last known address of the director, at least three days before the date of the meeting; or

 (ii) by delivering a written notice of the meeting to the director at least one full business day before the meeting, personally or by a form of electronic transmission to which the director has consented, to the director's last known office or home.

 Section 10. Waiver of Notice. Whenever notice is required to be given under the provisions of the statutes or of the Restated Articles of Incorporation or by these Bylaws, a written waiver signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. The attendance of a director at a meeting shall constitute a waiver of notice of the meeting, unless, at the beginning of the meeting, the director objects to holding the meeting or transacting business at the meeting and does not vote for or assent to any action taken at the meeting.

 Section 11. Purpose Need Not be Stated. Neither the business to be transacted at nor the purpose of any regular or special meeting of the board of directors need be specified in the notice of such meeting unless so required by the Restated Articles of Incorporation or by these Bylaws.

 Section 12. Quorum. At all meetings of the board of directors a majority of the directors shall constitute a quorum for the transaction of business, and the acts of a majority of the directors present at any meeting at which there is a quorum shall be acts of the board of directors except as may be otherwise specifically provided by statute or by the Restated Articles of Incorporation. If a quorum shall not be present at any meeting of the board of directors, the directors who are present may adjourn the meeting without notice, other than announcement at the meeting, until a quorum shall be present.

 Section 13. Action Without a Meeting. Unless otherwise restricted by the Restated Articles of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the board of directors or of any committee of the board may be taken without a meeting if, before or after the action, all members of the board of directors or of such committee, as the case may be, consent in writing or by electronic transmission and the consent is filed with the minutes or proceedings of the board of directors or committee.

plea of nolo contendere or its equivalent, shall not, of itself, create any presumption that the person did not act in good faith nor in a manner which he or she reasonably believed to be in or not opposed to the best interests of the corporation or its shareholders, or, with respect to any criminal action or proceeding, that he or she had reasonable cause to believe that his conduct was unlawful. Persons who are not directors or executive officers of the corporation may be indemnified in respect of such service to the extent authorized at any time by the board of directors, except as otherwise provided by statute or the Restated Articles of Incorporation.

Section 2. Indemnification in Actions by or in the Right of the Corporation. Any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he or she is or was a director or executive officer of the corporation, or, while serving as such a director or executive officer, is or was serving at the request of the corporation as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, whether for profit or not, shall be indemnified by the corporation against expenses, including attorneys' fees and amounts paid in settlement actually and reasonably incurred by the person in connection with the defense or settlement of such action, suit, or proceeding if the person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation or its shareholders. No indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been found liable to the corporation unless and only to the extent that the court in which such action, suit, or proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper. Persons who are not directors or executive officers of the corporation may be indemnified in respect of such service to the extent authorized at any time by the board of directors, except as otherwise provided by statute or the Restated Articles of Incorporation.

Section 3. Expenses. To the extent that a director or officer of the corporation or any other person entitled to mandatory indemnification under Section 1 of this Article has been successful on the merits or otherwise in defense of an action, suit, or proceeding referred to in Section 1 or 2 of this Article, or in defense of a claim, issue, or matter in the action, suit, or proceeding, the corporation shall indemnify that person against actual and reasonable expenses (including attorneys' fees), incurred by the person in connection with the action, suit, or proceeding and an action, suit, or proceeding brought to enforce the mandatory indemnification provided in this Section. The corporation may indemnify any other employee, agent or person who may be indemnified under Section 1 or 2 to the extent that person has been successful on the merits or otherwise against actual and reasonable expenses (including attorneys' fees) incurred by the person in connection with the action, suit, or proceeding and an action, suit, or proceeding brought to enforce the mandatory indemnification provided in this Section.

Section 4. Determination, Evaluation, and Authorization of Indemnification.

 (i) Except as otherwise provided in Subsection (iv) or unless ordered by a court, the corporation shall make an indemnification under Section 1 or 2 of this Article only upon a determination that indemnification of the director, officer, employee, or

(B) By a majority of the members of a committee of two or more directors who are not parties or threatened to be made parties to the action, suit, or proceeding.

 (C) If the corporation has one or more independent directors who are not parties or threatened to be made parties to the action, suit, or proceeding, by a majority vote of all independent directors who are not parties or are threatened to be made parties, a majority of whom shall constitute a quorum for this purpose.

 (D) If there are no independent directors and less than two directors who are not parties or threatened to be made parties to the action, suit, or proceedings, by the vote necessary for action by the board in accordance with Section 523 of the Michigan Business Corporation Act, in which authorization all directors may participate.

 (2) By the shareholders, but shares held by directors, officers, employees, or agents who are parties or threatened to be made parties to the action, suit, or proceeding may not be voted on the authorization.

 (iv) To the extent that the Restated Articles of Incorporation include a provision eliminating or limiting the liability of a director pursuant to Section 209(1)(c) of the Michigan Business Corporation Act, the corporation may indemnify a director for the expenses and liabilities described in this subparagraph without a determination that the director has met the standard of conduct set forth in Sections 1 or 2 of this Article, but no indemnification shall be made except to the extent authorized in Section 564c of the Michigan Business Corporation Act if the director received a financial benefit to which he or she was not entitled, intentionally inflicted harm on the corporation or its shareholders, violated Section 551 of the Michigan Business Corporation Act, or intentionally committed a criminal act. In connection with an action or suit by or in the right of the corporation as described in Section 2 of this Article, indemnification under this subparagraph shall be for expenses, including attorneys' fees, actually and reasonably incurred. In connection with an action, suit, or proceeding other than an action, suit, or proceeding by or in the right of the corporation, as described in Section 1 of this Article, indemnification under this subparagraph shall be for expenses, including attorneys' fees, actually and reasonably incurred, and for judgments, penalties, fines, and amounts paid in settlement actually and reasonably incurred.

Section 5. Advances.

 (i) The corporation may pay or reimburse the reasonable expenses incurred by a director, officer, employee, or agent who is a party or threatened to be made a party to an action, suit, or proceeding before final disposition of the proceeding if the person furnishes the corporation a written undertaking, executed personally or on the person's behalf, to repay the advance if it is ultimately determined that the person did not meet the

applicable standard of conduct, if any, required by statute for the indemnification of a person under the circumstances.

(ii) The undertaking required by subparagraph (i) above must be an unlimited general obligation of the person, but need not be secured and may be accepted without reference to the financial ability of the person to make repayment.

(iii) An evaluation of reasonableness under this Section shall be made in the manner specified in Section 4(i) above, and authorizations shall be made in the manner specified in Section 4(iii) above.

(iv) A provision in the Restated Articles of Incorporation or Bylaws, a resolution of the board or shareholders, or an agreement making indemnification mandatory also shall make the advancement of expenses mandatory unless the provision, resolution, or agreement specifically provides otherwise.

Section 6. Partial Indemnification. If an individual is entitled to indemnification under Sections 1 or 2 of this Article VII for a portion of expenses, including attorneys' fees, judgments, penalties, fines, and amounts paid in settlement, but not for the total amount thereof, the corporation may indemnify the individual for the portion of the expenses, judgments, penalties, fines, or amounts paid in settlement for which the individual is entitled to be indemnified.

Section 7. Indemnification Hereunder Not Exclusive. The indemnification and advancement of expenses provided by this Article VII shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under the Restated Articles of Incorporation, any Bylaw, agreement, vote of shareholders or disinterested directors, or otherwise. The indemnification provided in this Article VII shall continue as to an individual who ceases to be a director or executive officer or serve in any other capacity, and shall inure to the benefit of the heirs, executors, and administrators of such an individual. Notwithstanding the foregoing, the total amount of actual expenses advanced or indemnified from all sources combined shall not exceed the amount of actual expenses incurred by the individual seeking indemnification or advancement of expenses.

Section 8. Insurance. The corporation may purchase and maintain insurance on behalf of any individual who is or was a director, officer, employee, or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, whether for profit or not, against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his other status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article VII.

Section 9. Mergers. For the purposes of this Article VII, references to the "corporation" include all constituent corporations absorbed in a consolidation or merger, as well as the resulting or surviving corporation, so that any person who is or was a director, officer,

ARTICLE X

GENERAL PROVISIONS

 Section 1. Dividends. Dividends upon the capital stock of the corporation, subject to the provisions of the Restated Articles of Incorporation, if any, may be declared by the board of directors at any regular or special meeting pursuant to law in such amounts as, in its opinion, the condition of the affairs of the corporation shall render advisable. Dividends may be paid in cash, in property, or in shares of capital stock, subject to the provisions of the Restated Articles of Incorporation.

 Section 2. Reserves. Before payment of any dividends, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purposes as the board shall deem conducive to the interests of the corporation. The directors may modify or abolish any such reserve in the manner in which it was created.

 Section 3. Execution of Contracts. The board of directors may authorize any officer or officers, agent or agents, in the name and on behalf of the corporation, to enter into any contract or execute and deliver any instrument, and such authority may be general or confined to specific instances. No officer or agent or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it pecuniarily liable for any purpose or to any amount.

 Section 4. Loans. No loans shall be contracted on behalf of the corporation and no negotiable papers shall be issued in its name unless authorized by resolution of the board of directors, except that the President of the corporation is authorized to contract loans or issue negotiable paper on behalf of the corporation and in its name to the extent of \$10,000. When authorized by the board of directors, any authorized officer or agent of the corporation may affect loans and advances at any time for the corporation from any bank, trust company, other institution, or from any firm, corporation, or individual, and for such loans and advances may make, execute, and deliver promissory notes, bonds, or other certificates or evidences of indebtedness of the corporation and may pledge, hypothecate, or transfer any securities or other property of the corporation as security for any such loans or advances. Such authority may be general or confined to specific instances.

 Section 5. Checks. All checks, drafts, and other demands for money and notes of the corporation shall be signed on behalf of the corporation, by such officer or officers or such other person or persons as the board of directors may from time to time designate.

 Section 6. Deposits. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such bank, trust company, or other depositories as the board of directors may select or may be selected by any officer or officers, or agent or agents of the corporation to whom such power may from time to time be delegated by the board. For the purpose of a deposit, the President, any Vice President, the Treasurer, the

Secretary, or any other officer or agent or employee of the corporation to whom such power may be delegated by the board may endorse, assign, and deliver checks, drafts, and other demands for the payment of monies which are payable to the order of the corporation.

 Section 7. Books. There shall be kept at the office of the corporation in the State of Michigan correct books of the business and transactions of the corporation, a copy of these Bylaws, and the stock book of the corporation, which shall contain the names, alphabetically arranged, of all persons who are shareholders of the corporation, showing their respective places of residence, the number of shares held by them respectively, the time when they became the owners of the shares, and the amount paid for the shares.

 Section 8. Fiscal Year. The fiscal year of the corporation shall be determined by a resolution of the board of directors.

 Section 9. Seal. The corporate seal shall have inscribed thereon the name of the corporation, and the words "Corporate Seal, Michigan." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE XI

AMENDMENTS

Subject to any provisions of the Restated Articles of Incorporation, these Bylaws may be altered, amended, changed, or repealed at any regular or special meeting of the board of directors by a majority vote of directors. Subject to any provisions of the Restated Articles of Incorporation, these Bylaws also may be altered, amended, changed, or repealed at any regular or special meeting of shareholders by a majority vote of the shares present or represented by proxy, unless a greater vote is required by law or the Restated Articles of Incorporation.

EXHIBIT 10.1

"Grant Date": June 30, 2008 or July 1, 2008 (as applicable)

RESTRICTED STOCK AGREEMENT

This Restricted Stock Agreement ("**Agreement**") is made as of the Grant Date set forth above between SPARTAN MOTORS, INC., a Michigan corporation ("**Spartan**"), and the grantee as awarded.

The Spartan Motors, Inc. Stock Incentive Plan of 2007 (the "**Plan**") is administered by the Compensation Committee of Spartan's Board of Directors (the "**Committee**"). The Committee has determined that Grantee is eligible to participate in the Plan. The Committee agrees to award restricted stock to Grantee, subject to the terms and conditions contained in this Agreement and in the Plan. This Agreement is intended to comply with the provisions governing restricted stock under Internal Revenue Service Regulation 26 C.F.R. § 1.409A-1(b)(6) in order to exempt the restricted stock from application of Section 409A of the Internal Revenue Code ("**Section 409A**").

Grantee acknowledges receipt of a copy of the Plan and the Plan Description, and accepts this restricted stock award subject to all of the terms, conditions, and provisions of this Agreement and the Plan.

1. Award. Spartan hereby awards to Grantee, as of the Date of Award, shares of Spartan's common stock, \$.01 par value, subject to conditions and restrictions imposed under this Agreement and the Plan (the "**Restricted Stock**"). Spartan may issue share certificates with respect to the Restricted Stock or may deposit the Restricted Stock into an electronic account maintained by a third party, in which case the share certificates with respect to the Restricted Stock may, in Spartan's discretion, not be issued until the restrictions imposed on the Restricted Stock have lapsed.

2. Transferability. Until the restrictions lapse as set forth in paragraph 3 below, the Plan provides that Restricted Stock granted under this Agreement is generally not transferable by Grantee except by will or according to the laws of descent and distribution, and further provides that all rights with respect to the Restricted Stock are exercisable during Grantee's lifetime only by Grantee, Grantee's guardian, or legal representative. Spartan shall place an appropriate legend upon any certificate representing shares of Restricted Stock awarded under this Agreement and may also issue appropriate stop transfer instructions to its transfer agent with respect to such shares.

3. Lapsing of Restrictions. Except as otherwise provided in this Agreement, the restrictions imposed on the Restricted Stock awarded pursuant to this Agreement shall lapse equally in annual increments on each anniversary of the Grant Date over three years for non-officers and over five years for Officers. The periods during which Restricted Stock is subject to restrictions imposed by the Plan and under this Agreement shall be known as "**Restricted Periods.**"

4. Acceleration. All restrictions imposed on the Restricted Stock awarded pursuant to this Agreement shall lapse immediately in the event of any Change in Control (as defined in the Plan) of Spartan.

5. Securities Laws. The Restricted Stock award under this Agreement is conditional upon (i) the effective registration of the Plan and the Restricted Stock granted thereunder under the Securities Act of 1933 and the effective registration or exemption of the Plan and the Restricted Stock granted thereunder under applicable state or foreign securities laws, and (ii) the effective listing of the stock on any applicable securities exchange or quotation system. Grantee shall not resell or distribute the Restricted Stock after any Restricted Period except in compliance with such conditions as Spartan may reasonably specify to ensure compliance with federal and state securities laws.

6. Termination of Employment, Directorship or Officer Status. If Grantee's employment, directorship and/or officer status (each as applicable) with Spartan or any of its subsidiaries terminates for any reason other than Retirement, such termination shall affect the Restricted Stock, and Grantee's rights with respect to the Restricted Stock, as set forth in the Plan. If Grantee's employment, directorship and/or officer status (each as applicable) with Spartan or any of its subsidiaries terminates due to Retirement, then the restrictions imposed on the Restricted Stock awarded pursuant to this Agreement shall lapse effective as of date of Retirement.

7. Employment by Spartan. To the extent Grantee is or becomes an employee of Spartan or any of its subsidiaries, the award of Restricted Stock under this Agreement shall not impose upon Spartan or any of its subsidiaries any obligation to retain Grantee in its employ for any given period or upon any specific terms of employment. Spartan or any of its subsidiaries, as appropriate, may at any time dismiss Grantee from employment, free from any liability or claim under the Plan or this Agreement, except as otherwise expressly provided in any written agreement with Grantee.

8. Shareholder Rights. During the Restricted Period, Grantee shall have all voting, dividend, liquidation, and other rights with respect to the Restricted Stock held of record by Grantee as if Grantee held unrestricted common stock; *provided, however*, that the unvested portion of any Restricted Stock award shall be subject to any restrictions on transferability or risks of forfeiture imposed pursuant to this Agreement or the Plan. Any noncash dividends or distributions paid with respect to shares of unvested Restricted Stock shall be subject to the same restrictions as the shares to which such dividends or distributions relate. Any dividend payment with respect to Restricted Stock and Restricted Stock Units shall be made no later than the end of the calendar year in which the dividends are paid to shareholders, or, if later, the 15th day of the third month following the date the dividends are paid to shareholders. After the restrictions applicable to the Restricted Stock lapse, Grantee shall have all shareholder rights, including the right to transfer the shares, subject to such conditions as Spartan may reasonably specify to ensure compliance with federal and state securities laws.

9. Withholding. Spartan and its subsidiaries shall be entitled to (a) withhold and deduct from Grantee's future wages (or from other amounts that may be due and owing to Grantee from Spartan and/or its subsidiaries), or make other arrangements for the collection of, all legally required amounts necessary to satisfy any and all federal, state, and local withholding and employment-related tax requirements attributable to the Restricted Stock award under this Agreement, including, without limitation, the award or vesting of, or payments of dividends with respect to, the Restricted Stock; or (b) require Grantee promptly to remit the amount of such withholding to Spartan before taking any action with respect to the Restricted Stock. Unless the Committee provides otherwise, Grantees who are employees may satisfy withholding obligations by having shares to be received withheld. Non-employee Grantees may not satisfy withholding obligations by withholding shares of stock to be received or by delivery to Spartan of previously owned Common Stock.

10. Effective Date. This Agreement shall be effective as of the Date of Award.

11. Amendment. This Agreement shall not be modified except in a writing executed by the parties to this Agreement and except as Spartan, upon advice of legal counsel, determines is necessary or advisable because of the promulgation of, or change in or of the interpretation of, any law or governmental rule or regulation, including without limitation, Section 409A and any applicable federal or state securities laws.

12. Agreement Controls. The Plan is incorporated in this Agreement by reference. Capitalized terms not defined in this Agreement will have those meanings provided in the Plan. In the event of any conflict between the terms of this Agreement and the terms of the Plan, the provisions of this Agreement will control as long as the provision of this Agreement does not violate a limitation of the Plan or the law. If any provision of this Agreement does violate a limitation of the Plan or the law, that limitation will control.

13. Governing Law. This Agreement will be governed by, and construed in accordance with, the internal laws of the State of Michigan, without regard to conflict of law principles. Each party irrevocably submits to the general jurisdiction of the state and federal courts located in the State of Michigan in the counties of Kent and Eaton, in any action to interpret or enforce this Agreement and irrevocably waives any objection to jurisdiction that such party may have based on inconvenience of forum.

SPARTAN MOTORS, INC.

By

James W. Knapp
Chief Financial Officer

EXHIBIT 31.1
CERTIFICATION

I, John E. Szykiel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Spartan Motors, Inc.;
 2. Based on my knowledge, this 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 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) 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
 - d) 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
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5. The registrant's other certifying officer 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 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: August 7, 2008

/s/ John E. Szykiel

John E. Szykiel
President and Chief Executive Officer
Spartan Motors, Inc.

EXHIBIT 31.2
CERTIFICATION

I, James W. Knapp, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Spartan Motors, Inc.;
 2. Based on my knowledge, this 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 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) 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
 - d) 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
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5. The registrant's other certifying officer 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 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: August 7, 2008

/s/ James W. Knapp

James W. Knapp
Chief Financial Officer, Secretary and Treasurer
Spartan Motors, Inc.

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 Quarterly Report on Form 10-Q of the Company for the three month period ended June 30, 2008 (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 at the end of such period and results of operations of the Company for such period.

Dated: August 7, 2008

/s/ John E. Szykiel

John E. Szykiel
President and Chief Executive Officer

Dated: August 7, 2008

/s/ James W. Knapp

James W. Knapp
Chief Financial Officer, Secretary and Treasurer