SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1995

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ____________ to _____________.

Commission File Number 0-13611

SPARTAN MOTORS, INC.
(Exact name of registrant as specified in its charter)

Michigan	38-2078923
(State of incorporation)	(I.R.S. Employer Identification No.)

1000 Reynolds Road Charlotte, Michigan	48813
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (517) 543-6400

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

Common Stock
(Title of Class)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

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

Aggregate market value of voting stock of Registrant held by non-affiliates as of March 15, 1996, was $82,728,000.

Number of shares outstanding of the Registrant's Common Stock, no par value, as of March 15, 1996, was 12,633,572 shares.

DOCUMENTS AND INFORMATION INCORPORATED BY REFERENCE

Portions of the definitive proxy statement for the registrant's annual shareholders' meeting to be held June 5, 1996, are incorporated by reference into Part III of this report.

SPARTAN MOTORS, INC.

INDEX TO ANNUAL REPORT ON FORM 10-K

YEAR ENDED DECEMBER 31, 1995

PART I

ITEM 1. BUSINESS.

GENERAL

Spartan Motors, Inc. ("Spartan" or the "Company") is a Michigan corporation organized 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 truck chassis in October 1975.

Spartan is a leading designer, engineer and manufacturer of custom heavy-duty chassis. The Company's chassis consist of a frame assembly, engine, transmission, electrical systems, running gear (wheels, tires, axles, suspension and brakes) and, for some applications, a cab. The Company's customers are original equipment manufacturers ("OEMs") who complete their vehicle product by mounting the body or apparatus on a Spartan chassis.

The Company's business strategy is to further diversify its product lines and develop its design, engineering and manufacturing expertise to continue to be the best value producer of custom chassis to the national and international markets. The Company sells its chassis to three principal markets fire truck, motorhome and bus/specialty. Spartan does not manufacture and sell standard mass-produced commercial truck chassis, but instead focuses on certain custom niches within its three principal markets. Spartan believes that opportunities for growth remain in each of its principal markets for custom built chassis.

In the fire truck market, the Company believes that standards adopted by the National Fire Protection Association ("NFPA"), along with new products and technologies that have become available from component suppliers, will result in a continued increase in the percentage of fire trucks manufactured with custom chassis of the type produced by Spartan over the typical commercially mass produced chassis without custom options.

Spartan believes that its innovative custom engineered line of chassis will enable it to continue to develop chassis applications for larger portions of the motorhome, school bus and transit bus markets. The Company recognizes that annual motorhome unit sales are substantially greater than fire truck unit sales. Thus, in 1995 Company management began placing special emphasis on further diversification into the school bus and transit bus chassis business, markets in which the Company believes it can expand its presence.

Spartan manufactures its chassis with commercially available components purchased from outside suppliers. This purchasing strategy allows the Company to service finished products with more ease, reduces production costs and expedites the development of new products. The Company manufactures chassis only upon receipt of confirmed orders, and, thus, does not have significant amounts of inventory.

The Company prides itself on the "Spartan" method of conducting business, which features frugality, limited corporate bureaucracy and proactive employee involvement. The Company believes that it can best carry out its long-term business plan and obtain optimal financial flexibility by using internally or externally generated equity capital as its primary source of expansion capital.

PRODUCTS

The Company has extensive engineering experience in creating chassis for vehicles that perform specialized tasks. The Company engineers, manufactures and markets chassis for fire trucks, motorhomes, school buses, transit buses and specialty applications such as airport sweepers, utility trucks, crash-rescue apparatus, trams and trolleys. As a specialized chassis producer, the Company believes that it holds a unique position, due to its engineering reaction time, manufacturing expertise and flexibility, to profitably manufacture chassis with a specialized design which will serve customer needs better than a standard commercial chassis.

FIRE TRUCKS

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

Spartan strives to develop innovative engineering solutions to meet customer requirements, and concentrates on anticipating the needs of the marketplace. An example of this progressive approach is the new ADVANTAGE fire truck chassis and cab introduced in the first quarter of 1996, at the Fire Department Instructors Conference in Indianapolis, Indiana. The Company engineered this entry-level product to directly compete with the $80 million commercial fire truck chassis market. The ADVANTAGE fire truck chassis and cab is competitively priced without sacrificing the added flexibility, quality and end-user orientation of a custom-built fire truck. Spartan's decision to compete with commercial fire truck chassis is based on the growth potential of the market, which represents approximately 50% of all fire truck chassis, and the Company's confidence that it can manufacture a better, more desirable product than the competition. Based on positive initial feedback from OEMs and other consumers and anticipated market demand for the product, Spartan expects to commence manufacturing the ADVANTAGE fire truck chassis and cab in the second quarter of 1996. Spartan's Dealer Council, consisting of 16 fire truck industry leaders throughout the United States and Canada, praised the ADVANTAGE chassis when compared with commercial chassis based on its roomier interior and headroom, forward-facing seating and the distinctive custom chassis look desired by fire fighters. The new ADVANTAGE chassis also includes standard features such as a Cummins 300 horsepower engine, an Allison World Transmission and a four-door, six-man tilt cab.

In the fire apparatus market, Spartan manufactured the Metro Star, Diamond Gladiator, Charger, Silent Knight and Baron custom chassis for 45 OEMs during 1995.

Spartan continually monitors new technology and works closely with component manufacturers to apply this technology to its products. For example, the Company helped introduce the Detroit Diesel Series 60 engine to the fire truck market. The Series 60 engine, which is used on many heavy-duty commercial applications, employs recent innovations in power technology. These engines permit the fire truck to have larger cab interiors because the pistons are configured in a straight line rather than in a V-shape. The Company also worked with Cummins on the introduction of the N-14 and M-11 engines, which assist in attaining higher emission standards through charged air-cooled diesel engines. The Company also implemented the Allison World Transmission MD- and HD-Series, an improved wholly electronic automatic transmission design which provides for better performance characteristics and improved service and maintenance capabilities.

The Company estimates that more than 5,000 fire trucks were sold domestically in 1995, of which approximately 3,000 utilized standard commercial truck chassis and approximately 2,000 utilized customized chassis of the type produced by Spartan. The Company believes that the percentage of fire trucks manufactured with customized chassis has increased in recent years, primarily because customized chassis respond to customers' demands for increased safety features and offer more options and specific configurations.

Safety standards for fire trucks are adopted by NFPA, which announced comprehensive new standards for the fire apparatus industry in February of 1996. NFPA standards typically add new requirements which are intended to increase the safety of fire fighters. Past NFPA standards have included the total enclosure of all crew seating areas, establishment of maximum stepping heights on the apparatus and the provision of access hand rails. Although NFPA standards are not mandatory, past standards have significantly impacted fire truck purchasing decisions.

Spartan continues to monitor and consider current NFPA discussions regarding modifications to its products. Consequently, the Company believes that its products comply with all current NFPA standards. Spartan also believes that it may be more difficult for fire trucks utilizing standard commercial chassis to comply with certain NFPA requirements due to the lead time associated with production changes. As a result, the Company anticipates that the percentage of fire trucks which utilize customized chassis rather than standard commercial chassis may further increase.

MOTORHOMES

The Company custom manufactures chassis to the individual specifications of its motorhome chassis OEMs, which vary based on the specific interior and exterior designs of the motorhome coaches to be attached to the Spartan chassis. The Company's motorhome chassis fall into five major product groups: (i) the new EXP-2001 Chassis; (ii) the Alpine Chassis; (iii) the Highlander chassis; (iv) the Mountain Master chassis; and (v) the premium K2 chassis. These motorhome chassis are distinguished by differences in allowable vehicle weight, length, size, options and price. The Company designs and engineers modifications to these five basic product groups to meet customer requirements and to adapt the chassis to the customer's manufacturing process.

Spartan continuously seeks to develop innovative engineering solutions to customer requirements and strives to anticipate market needs. Examples of this progressive Spartan approach are the introduction of two new products: the EXP-2001 chassis and the K2 chassis. The EXP-2001 series of chassis was engineered in response to customer demand for "affordable luxury" in an entry-level, premium diesel pusher RV chassis. In 1994 Spartan produced the first K2 chassis, which featured the higher horsepower and torque of the powerful Cummins M-11 engine. This world-class chassis offers RV owners additional power, performance and prestige, and was created by taking the very finest custom chassis in the world, the Mountain

Master, and making it even better for those "Who Demand It All."

Further examples of Spartan's innovative engineering solutions include the conversion to non-ozone depleting R-134-A refrigerant in its air conditioning systems, well in advance of the federal requirement banning freon; the development of the Granning Air suspension for the EC series chassis and the implementation of a wide track axle, which provides better handling and greater stability. In addition, the Company has developed a Spartan-exclusive "intelligent steering wheel" system, which allows the driver to have fingertip control of many RV functions right from the wheel of the vehicle.

In January of 1994, the Company unveiled a comprehensive 24-hour emergency road service program called "Customer First." This program is designed to enhance the Company's service to a level that is unmatched in the RV industry and further demonstrates that the Company's primary goal is to always place the customer first, even after a sale.

Spartan's five major product groups are as follows:

EXP-2001 CHASSIS: EX=Extra, P=Performance and 2001 are symbols representing this entry-level custom chassis which is designed around quality and dependability to carry the customer well into the 21st Century. The EXP-2001 series chassis was engineered in response to customer demand for "affordable luxury" in an entry-level, premium diesel pusher RV

chassis. The EXP-2001 has standard gross vehicle weight ("GVW") of 19,000 lbs., which can be upgraded to 23,000 lbs., and is priced from approximately $22,000 to $30,000. This premium chassis is powered by the Cummins turbo-diesel 210 h.p., 5.9 B-Series engine with 485 ft/lbs. of torque, as well as the Allison AT-542 transmission with a 3.23 powertrain gear ratio, or the optional Allison MD-3060 six-speed transmission and two overdrive gears. Full air suspension, Leece-Neville 160 amp alternator and 50,000 PSI frame rail are all standard features.

The EXP-2001 chassis is used by OEMs to produce retail coaches ranging in price from $65,000 to $85,000. In previous years, motorhome manufacturers offered only two choices, a deluxe rear engine diesel coach which typically sold for more than $100,000 and a basic front engine gas or diesel model which typically sold for less than $100,000. The EXP-2001 series combines the best features of today's deluxe models with the lower cost of the basic models, allowing OEMs to offer a complete, well appointed coach for less than $80,000.

The modifications made to the EC chassis, now known as the EXP-2001, in late 1994 has allowed Spartan to continue to expand this line. The EXP-2001 chassis is popular because it combines the best features that customers desire in a smaller, entry-level motorhome: fuel economy, quiet ride, durability, superior stopping capability, maneuverability, stability and power.

ALPINE CHASSIS: The Alpine RV chassis was designed and engineered in November of 1994 to fulfill three very specific needs of RV owners: additional "Power," premium "Performance" and a "Great Price." This revolutionary chassis offers many unique features and benefits unavailable on the EXP series, and was engineered for individuals who previously had to wait for their second or third upgrade before moving into a higher horsepower premium diesel pusher chassis.

Powered by either the Cummins B5.9 liter, 230 h.p. with 605 ft./lbs. of torque, or the optional Cummins C8.3 liter, 250 h.p. with 650 ft./lbs. of torque, this chassis features Spartan's high standard of performance, including standard air brakes and air suspension, standard Leece-Neville 160 amp alternator, GVW from 23,000 lbs. to 25,000 lbs., posi-steer and many other desirable features.

The Alpine chassis, competitively priced from $32,000 to $38,000, is generally $5,000 to $8,000 less than a similar 250 h.p. model chassis of the past, which enables Spartan customers to enjoy all of the items that come equipped on coaches ranging from $80,000 to $120,000. The development of the Alpine chassis demonstrates Spartan's commitment to providing customers with quality, high-powered products at competitive prices.

HIGHLANDER IC CHASSIS: The Highlander IC chassis, offering more standard features than the Alpine chassis, is customized to suit the specific needs of OEMs who build motorhomes for the intermediate luxury marketplace.

All Highlander chassis feature a 250 h.p. Cummins C-Series with the diesel pusher engine, full air suspension and air brakes, Allison MD-3060 six-speed electronic transmission, 50,000 PSI laser aligned frame rails, anti-lock braking system and GVW from 25,000 lbs. to 34,000 lbs. Beginning in April of 1996, this premium chassis will also be available with an optional 325 h.p. Cummins C-Series diesel pusher engine. The Highlander chassis is priced from $42,000 to $50,000 and is used by OEMs to produce retail coaches ranging from $135,000 to $300,000.

MOUNTAIN MASTER CHASSIS: The Mountain Master chassis was the Company's first motorhome product and quickly became tailored to meet the specific "Performance and Luxury" needs of deluxe motorhome customers.

All Mountain Master chassis now feature a 250 h.p. to 300 h.p. Cummins C-Series diesel pusher engine, full air suspension and air brakes, Allison MD-3060 six-speed electronic transmission, the Spartan-exclusive intelligent steering wheel, 50,000 PSI laser aligned frame rails, anti-lock braking system and GVW from 25,000 lbs. to 34,000 lbs.

The Mountain Master chassis is priced from $43,000 to $53,000. This deluxe chassis is used by OEMs to produce retail coaches ranging from $150,000 to $380,000 and has set the industry standard for luxury and performance in motorhome coaches.

K-2 CHASSIS: In 1994 Spartan introduced its first chassis featuring the powerful Cummins M-11 engine to give RV owners the option of increasing the power that may be demanded on the Mountain Master chassis to a 350 h.p. or 400 h.p. diesel engine. This world-class chassis offers RV owners additional power, performance and prestige, and was created by reconstructing and revitalizing the foremost custom chassis in the world to meet and exceed the demands of our discriminating customers.

The K2 chassis offers many standard features that were formerly available only as options or were not accessible on the market, including Spartan's exclusive intelligent steering wheel, engine roll-out, 10 7/8" X 3 1/2" X 3/8" 50,000 PSI laser aligned frame rails, anti-lock braking system, optional tag axle, 150 gallon fuel tank, powerful Leece-Neville 160 amp alternator, full air suspension, state-of-the-art Allison HD-4060 six-speed transmission and GVW from 29,000 lbs. to 35,000 lbs.

This innovative diesel pusher chassis, priced from $68,000 to $85,000, was created for sophisticated RV owners who require exceptional power and performance and is used by OEMs to produce premium retail coaches ranging in price from $190,000 to $500,000.

BUS/SPECIALTY VEHICLES

The Company develops specialized chassis and actively seeks additional applications of its existing products and technology in the bus/specialty vehicle market. Spartan believes that this third product group, although presently the Company's smallest, has the strongest sales growth potential. The Company, consistent with its focus on the future, strongly emphasized diversification in 1995, and made notable strides toward product diversification in the second half of 1995 as custom school bus chassis began generating new revenues in a marketplace that currently produces more than 30,000 chassis annually.

This expanding school bus chassis market, coupled with a growing market for the Company's custom transit bus chassis, creates an excellent opportunity to further pursue the diversification of other transit bus products. Spartan believes that the transit bus business shows encouraging growth for custom manufacturing companies as the market recognizes the long-term cost savings relating to maintenance and the extended life of a custom bus, as well as a need to place safety as a top priority. Medium to small cities and private contractors appear to be moving toward smaller, more speciality type buses such as the ones produced on Spartan chassis. The move to smaller specialty buses is evidenced by the growth in major bus companies which have begun to build buses on custom Spartan chassis, which has increased from one OEM in 1995 to four OEMs in 1996. The custom bus chassis also can be adapted for use in small and midsized buses under 32 feet in length.

Spartan's innovative "Custom Low Floor" bus chassis, first delivered to an OEM in the second half of 1995, eliminates the need for costly mechanical wheel chair lifts through a revolutionary curb height which permits the use of manually operated ramps. Spartan's low floor chassis allows OEMs to meet Americans with Disabilities Act standards, which require lifts on all publicly funded buses, on a very competitive basis. The ultimate customer will benefit by the elimination of the high cost maintenance and decreased down time involved with these lifts.

The Company also expects that its domestic bus/specialty vehicle market will continue to grow due to American consumers' increasing demands for improved mobile services and increasing concern over safety issues--two areas that are specifically addressed through the use of custom chassis. Businesses are increasingly taking their services directly to customers, often by utilizing specialized vehicles. With its experience in manufacturing chassis for bookmobiles, mobile medical units and other specialty uses, the Company believes it is well positioned to continue to benefit and flourish from this trend.

Potential customers outside of the United States, in areas where bus transportation is used to a greater extent than domestically, continue to show significant interest in the custom bus chassis. The Company's ability

to readily convert the bus chassis from left-hand to right-hand steering and the use of components which are serviceable throughout the world should enable this product to continue its growth in the international marketplace.

Furthering the growth of the specialty vehicle chassis, the Company introduced the new "Euroliner Series" in December of 1995. This luxurious, high performance chassis is designed as an alternate means of towing horse, racing, yacht and other heavy duty trailers. The Euroliner Series touring/tow chassis vehicle is priced from $150,000 to $185,000. The Company believes that the market will be receptive to this new Spartan product.

SPARTAN DE MEXICO S.A. DE C.V.

Spartan de Mexico S.A. de C.V. ("Spartan de Mexico"), the Company's wholly owned foreign subsidiary in Queretaro, Mexico was established in January of 1993 and continues to work to penetrate the Mexican and Latin American bus markets. Spartan de Mexico began producing custom bus chassis for its Mexican and Latin American customers during the first quarter of

1994, selling a total of 81 transit bus chassis during 1994. Production was halted in 1995 due in part to the Company's ongoing efforts to reduce overhead along with decreased demand for transit bus chassis, which resulted from the faltering Mexican economy. The Company intends to reinstate production if commercial interest rates are reduced and order demands are increased. Spartan de Mexico recognized a $.05 per share loss for 1995, and a $.08 per share loss for 1994. The peso devaluation and the financial crisis in Mexico did not materially affect the consolidated financial statements of the Company.

The Company continues to monitor the Mexican operation closely and has controlled the fixed costs of Spartan de Mexico through a significant reduction of full and part time employees. The Company remains committed to supporting the operations of Spartan de Mexico and penetrating the Mexican and Latin American markets. As the Mexican government continues to work to improve and stabilize the Mexican economy, Spartan de Mexico may demonstrate good prospects for long-term profitability in the custom transit bus chassis market.

CUSTOMER BASE

In 1995 the Company's customer base increased by 20 customers to approximately 125, which includes three major customers. The Company expects that its customer base will continue to increase in 1996. Sales to major customers Holiday Rambler, Fleetwood Motor Homes of Indiana, Inc. and Newmar were approximately $19.7 million, $19.4 million and $15.3 million respectively during 1995 compared to approximately $27.5 million, $22.1 million and $19.1 million respectively during 1994. Sales to Gulfstream Coach Inc. and Winnebago Industries in 1993 were approximately $24.8

million and $22 million, respectively. Sales to customers classified as major amounted to 35.3%, 35.8% and 28.1% of total revenues in 1995, 1994 and 1993, respectively. Although the loss of a major customer potentially could have a material adverse effect on the Company and its future operating results, the Company believes that it has developed strong and lasting relationships with its customers. Through the intense effort placed on product diversification, the Company believes that it can augment sales through diversification of its customer base and product lines.

BACKLOG ORDERS

At December 31, 1995, the Company had backlog orders of approximately $62.1 million compared with a backlog of approximately $63.4 million at December 31, 1994. The Company anticipates that it will increase production levels for all of its products primarily as a result of to the expansion and improvements at Plant IV and improved manufacturing efficiencies and procedures. See "Manufacturing." For a description of the Company's facilities and their respective uses see Item 2.

The Company believes that it can produce substantially all of its backlog orders existing at December 31, 1995, by June 30, 1996. While orders in backlog are subject to modification, cancellation or rescheduling by customers, the Company has not experienced significant modification, cancellation or rescheduling of orders 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 instructive and may not be indicative of eventual actual shipments.

MARKETING

Spartan markets its custom manufactured chassis primarily through the direct contact of its sales department with OEMs, dealers and end-users. These personal contacts focus on the quality of the Company's products and allow the Company to keep customers constantly updated on new or improved product lines. Spartan believes that direct contact with purchasers and end-users is an effective method of marketing its custom manufactured chassis to target potential customers and end-users who are likely to specify a Spartan chassis on their fire truck, motorhome or bus.

In 1995, Company representatives attended over 70 trade shows to promote Spartan's fire truck, motorhome and bus chassis. The Company will continue its participation in trade shows in 1996, particularly shows that promote the public transportation arena. Trade shows provide Spartan the opportunity to display its chassis and to meet directly with manufacturers who purchase chassis, dealers who sell finished vehicles and consumers who

use finished vehicles. In 1995 the Company attended shows in Canada, Europe and Mexico for the purpose of introducing, promoting and expanding the Spartan chassis lines into international markets.

The Company introduced five of its new products through trade shows in 1995, including the new EXP-2001 chassis, the Alpine chassis, the K2 chassis, the Euroliner series chassis and a rear engine diesel pusher chassis for Navistar International Corporation. Spartan's sales, marketing and communication groups are responsible for marketing the Company's custom manufactured chassis and producing informative product literature. The sales group consists of approximately 11 salespersons based in Charlotte, Michigan, and 10 salespersons located throughout the United States and Canada. In addition, the Company has retained sales representatives in London and Poland in an effort to increase penetration in international markets. Other sales representatives are primarily engaged in contacting apparatus manufacturers, dealers and fire departments for the purpose of promoting the sale of Spartan fire trucks and advancing the name recognition of the Company. All sales personnel are supported by the Company's sales and management staff based in Charlotte, Michigan.

The Company does not rely heavily on commercially placed advertisement of its products, and magazine and trade publication promotion of its products is very limited. The Company believes that reliance on direct customer contact enables it to more specifically target both potential and existing customers, to better track customer demands and to control its marketing costs. In addition to its direct customer contact, Spartan conducts training sessions for OEMs and consults with dealers to produce and distribute product brochures, videotapes and other materials to promote the Company's custom manufactured chassis.

SUPPLIERS

An important strategy in the Company's product development has been its ability to purchase quality sub-assemblies and parts from some of the leading automotive parts suppliers in the country. Major component suppliers include Rockwell International, Inc., Detroit Diesel, Inc., Cummins Engine Co., Allison Division of General Motors Corporation, Truck Cab Manufacturing, Eaton Axle Corporation, REYCO Industries, Inc. and Goodyear Tire and Rubber Co. Through its reliance on these component suppliers, the Company is able to reduce production costs through high volume purchasing power and its ability to expedite the development of new products.

The Company is located close to most of its suppliers, which is a factor in the planning for deliveries of components. Spartan has enjoyed long-term business relationships with many manufacturers and suppliers; however, the Company is not a party to any long-term supply contracts.

MANUFACTURING

In 1994, the Company completed its expansion of Plant IV to a total square footage of 150,000. The project was financed with a $2 million long-term loan at a fixed interest rate of 7%. During the third quarter of 1995, the Company consolidated Plant III, a plant that initially housed RV chassis manufacturing, into Plant IV, which enabled the Company to fully utilize this new facility. The consolidation is expected to improve efficiencies through reduced employee overtime, improved quality and diminished inventory by eliminating the need for stocking two locations.

During the fourth quarter of 1995 the Company made similar changes to the fire truck production assembly lines. The primary lines in Plant I were moved to Plant III, which is located next to fire truck cab assembly in Plant II, and in the same building as fire truck engineering. The relocation should result in reduced down time through improved communications between the engineering and production staff on the customized product line. The change also allows longer assembly lines with higher ceilings which should improve production efficiencies.

The Company estimates that its current annual manufacturing capacity based on one shift per plant, is as follows: Plant I-fire truck final assembly at 25%, Plant II-fire truck cabs at 50%, Plant III-fire truck chassis production at 65% and Plant IV-motorhome and bus chassis production at 90%. Depending on the specific chassis being manufactured, the various plants are capable of running up to three shifts daily. Although strip chassis can be produced on a multiple shift basis, it would be difficult for the Company to produce fire trucks on a multiple shift basis in Plant III, due to the necessity of continual engineering support during the custom manufacturing process.

The Company's three principal assembly areas are fire truck assembly, cab painting and assembly and motorhome/bus/specialty chassis assembly. In each of these areas, the Company utilizes a series of workstations. Due to the custom nature of its business, Spartan chassis cannot be efficiently manufactured on automated assembly lines. Employees who are assigned to a particular workstation typically perform a variety of tasks in order to complete the objective assigned to that station. For example, a worker assigned to a cab/engine set workstation might perform a variety of tasks relating to the mounting of the engine, cab, radiator, transmission and the connection of electrical and plumbing systems. In addition, workers are frequently trained to work at more than one workstation, which increases the Company's manufacturing flexibility, improves manpower utilization and decreases production costs.

Generally, Spartan designs and assembles specialized heavy-duty truck chassis using commercially available components purchased from outside suppliers rather than producing components internally. This approach facilitates prompt serviceability of finished products, reduces production costs and expedites the development of new products.

Spartan conducts quality control audits throughout the manufacturing process to ensure that its products meet Spartan quality standards and customer specifications. In addition, all chassis are evaluated utilizing performance tests before shipment. For example, prior to shipment to OEMs, each fire truck chassis is subjected to a 60-mile road and durability test and every motorhome chassis is tested on a chassis dynamometer, which operates power train components at conditions simulating road speeds.

PRODUCT WARRANTIES AND PRODUCT LIABILITY INSURANCE

Spartan believes in the quality of its products and provides limited warranties against construction defects. These warranties generally provide for the replacement or repair of defective parts or workmanship for a specified period following the date of sale. Customers and end-users also receive warranties from suppliers of components which are incorporated into the Company's chassis. In addition, the Company carries liability insurance for all of its products.

RESEARCH AND DEVELOPMENT

Spartan's success depends on the Company's ability to respond quickly to changing market demands and its role as a world leader in niche market innovation. Spartan emphasizes research and development and commits substantial resources to support and further its role as forerunner in the industries it serves. Sales and marketing activities are geared to collect and forward information regarding changing consumer needs or problems to the Company's engineering department so that the information can be evaluated and processed promptly. Spartan devotes a portion of its Plant IV facilities to research and development projects, which focus on implementing the latest technology from component manufacturers into existing products and manufacturing prototypes of new product lines. See "Manufacturing."

The Company is committed to continue its role as a leader in the markets in which it competes. Research and development expenditures could therefore increase as sales increase and as new markets are explored. Engineering, research and development expenses were approximately $3.1 million, $3 million and $2 million for the years ended December 31, 1995, 1994 and 1993, respectively.

COMPETITION

Spartan is a leading designer, engineer and manufacturer of custom heavy-duty chassis in the fire truck, motorhome, school bus, transit bus and specialty markets. The principal methods of competition utilized by the Company include design, product and service quality, speed of delivery and product pricing. The Company has a few competitors that manufacture custom chassis for the same markets, some of which are divisions of large diversified organizations which have total sales and financial resources

exceeding those of the Company. Certain manufacturers of the types of vehicles for which Spartan manufactures chassis are vertically integrated and manufacture their own commercial chassis, although they generally do not sell chassis to outside customers.

The Company's direct competitors in the specialty chassis market are principally smaller manufacturers. The Company believes that it has the technical strength and production capability to successfully compete with all specialized manufacturers. Larger truck chassis manufacturers generally have not shown an interest in manufacturing custom designed heavy-duty truck chassis because their highly automated assembly line operations do not efficiently lend themselves to producing a wide variety of highly specialized truck and vehicle chassis at acceptable profit margins. As an example, in 1995 Spartan began producing chassis for three companies that have their own chassis manufacturing facilities. These companies chose Spartan to produce their specialty chassis because Spartan offers an exceptional product with responsive service and favorable warranties.

PATENTS, TRADEMARKS, LICENSES AND FRANCHISES

The Company has no patents or franchises. The Company has two trademarks, one registered in the United States and one in Mexico. The United States trademark, registration number 1,788,064, became effective August 17, 1993, and will remain in effect until August 17, 2003. The Mexican trademark, registration number 436,937, became effective October 2, 1992, and will remain in effect until October 2, 2002. Both of the registered trademarks are of the Spartan insignia and limit the right of use to the Company exclusively.

On March 4, 1994, the Company entered into two four-year agreements with General Motors Corporation's North American Truck Group and Chevrolet

Motor Division, which will enable the companies to share resources for building and marketing motorhome chassis. The first agreement provides General Motors a license to manufacture, market and sell the former Discovery/1K motorhome chassis through the Chevrolet Motor Division as a P-72 model. General Motors sold approximately 35 chassis in 1995 and the Company received royalties which, although not material, have been included in the Company's income. The second agreement calls for Spartan to design and build a rear engine diesel chassis known as the P-92 at its Charlotte headquarters. The P-92 chassis will also be marketed under the Chevrolet nameplate.

On November 21, 1995, the Company announced that it had signed a letter of intent and was pursuing negotiations to jointly develop, market and manufacture diesel powered rear-engine RV chassis with Chicago based, Navistar International Corporation. If consummated, the cooperative agreement would result in the development and design of custom chassis with Navistar supplying its electronic mid-range diesel engines, and Spartan assembling the chassis at its facilities in Charlotte, Michigan.

Prototypes of the first chassis were displayed at the Louisville Recreation Vehicle Industry Association Show in November of 1995. The cooperation represents an opportunity for both companies to leverage their strengths and create custom rear-engine diesel powered chassis for recreational vehicles, which represents approximately 20% of the total RV market.

These agreements should enable the Company to expand its market share in the RV business and to concentrate its resources on other product lines and market niches where innovation and higher margins will better benefit the Company and its shareholders.

ENVIRONMENTAL MATTERS

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

EMPLOYEES

The Company employed 507 full-time employees as of December 31, 1995. The Company's employees do not belong to a collective bargaining unit and management presently considers its relations with employees to be positive.

Spartan management believes that employee morale is affected positively by the Company's utilization of workstations to manufacture its products rather than an automated assembly line. See "Manufacturing." As a result of Spartan's approach to manufacturing, the Company's employees typically enjoy the opportunity to perform a greater variety of tasks than do workers on automated assembly lines.

Spartan encourages its employees to take an active role in developing and implementing improvements to help the Company achieve its objectives of reduced costs and improved efficiencies. Management also encourages all supervisory employees to foster a productive work environment in which both positive and negative feedback from employees is sought and welcomed. To facilitate open communication among all employees, the Company avoids unnecessary bureaucratic procedures and executive perquisites or symbols. For example, there are no appointments required to discuss topics with management and there are no assigned spaces in the Spartan parking lots regardless of seniority or job title.

Spartan pays quarterly bonuses to all employees, which approximate 10% of the Company's pre-tax income. The Company believes that the bonuses have encouraged its employees to be concerned with controlling costs, increasing productivity and sustaining the success of Spartan. Over 80% of the Company's employees are also shareholders of the Company or hold Company stock options, which reinforces the theory of personal pride of ownership, loyalty and dedication for the Company's goals, operating procedures and overall "Customer First" beliefs.

ITEM 2. PROPERTIES.

The following table sets forth certain information concerning the properties owned by the Company. Management of the Company believes that the currently owned facilities are adequate to meet its requirements for the foreseeable future.

USED BY	LOCATION	USE	APPROX. SIZE (SQ. FEET)
Spartan Motors, Inc.	Plant. I - 1000 Reynolds Road Charlotte, Michigan	Headquarters, Manufacturing and Warehousing	51,000
Spartan Motors, Inc.	Plant. II - 1165 Reynolds Road Charlotte, Michigan	Manufacturing, Sales and Marketing	44,000
Spartan Motors, Inc.	Plant. III - 1580 Mikesell Street Charlotte, Michigan	Engineering and Manufacturing	50,000<F1>
Spartan Motors, Inc.	Plant VI - 1549 Mikesell Street Charlotte, Michigan	Manufacturing, Receiving, Service Parts, Customer Service, Research & Development and Warehousing	140,000<F1>
Spartan de Mexico, S.A. de C.V.	Acceso III S-N, Queretaro, Mexico	Headquarters, Manufacturing and Warehousing	100,000

<FN>
____
<F1>Collateral for various Company obligations to banks. See "Notes to Consolidated Financial Statements - Note 7."
</FN>

ITEM 3. LEGAL PROCEEDINGS.

At December 31, 1995, the Company and its subsidiaries were parties, both as plaintiff or as defendant, to a number of lawsuits and claims arising out of the normal conduct of their business. In the opinion of management, the financial position of the Company will not be materially affected by the final outcome of these legal proceedings.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

During the fourth quarter of 1995, no matters were submitted to a vote of security holders, through the solicitation of proxies or otherwise.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED SHAREHOLDER MATTERS.

Spartan's Common Stock is traded on The NASDAQ Stock Market under the symbol "SPAR."

Since 1992, the Board of Directors has authorized management to repurchase up to a total of 1,400,000 shares of its Common Stock in open market transactions. Management repurchased 600,000 shares through December 31, 1995. Repurchase of Common Stock is contingent upon market conditions. The Company has not set an expiration date for the completion of the repurchase program. The treasury stock has been constructively retired in accordance with the Michigan Business Corporation Act.

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

	HIGH	LOW
Year Ended December 31, 1995:		
First Quarter	$ 14 5/8	$ 9 3/4
Second Quarter.	11 3/8	8 5/8
Third Quarter	11 5/8	8 3/4
Fourth Quarter.	11 5/8	9 1/4
Year Ended December 31, 1994:		
First Quarter	$ 21 3/4	$14 7/8
Second Quarter.	20 1/2	12 3/8
Third Quarter	16 3/4	12 5/8
Fourth Quarter.	17 5/8	12 3/4

The Company declared a cash dividend of $.05 per outstanding share on February 27, 1996, May 8, 1995 and May 19, 1994, to shareholders of record on March 27, 1996, June 8, 1995 and June 19, 1994.

The number of shareholders of record of the Company's Common Stock on March 15, 1996 was 1,093.

ITEM 6. SELECTED FINANCIAL DATA.

The selected financial data shown below for the Company for each of the five years in the period ended December 31, 1995, has been derived from consolidated financial statements of the Company, which have been audited by the Company's independent auditors, Deloitte & Touche LLP. The following data should be read in conjunction with the consolidated financial statements and related notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this Form 10-K. Net earnings per share, cash dividends per common share and the weighted average of common shares outstanding have been adjusted for all periods presented to reflect the Company's three-for-two stock split effected June 30, 1993.

FIVE-YEAR OPERATING
AND FINANCIAL SUMMARY

(IN THOUSANDS OF DOLLARS, EXCEPT PER SHARE DATA)

	1995	1994	1993	1992	1991
INCOME STATEMENT DATA:					
Revenues	$ 154,082	$ 191,526	$166,703	$124,031	$ 94,595
Costs and expenses:					
Cost of products sold	131,809	158,390	139,012	100,884	77,932
Research and development	3,135	3,002	1,986	1,579	1,315
Selling, general and administrative	13,252	13,127	9,486	7,685	4,940
Interest	459	488	452	205	530
Total costs and expenses	148,655	175,007	150,936	110,353	84,717
Earnings before taxes on income and minority interest	5,427	16,519	15,767	13,678	9,878
Taxes on income	2,000	5,906	5,367	4,464	3,336
Earnings before minority interest	3,427	10,613	10,400	9,214	6,542
Minority interest in loss of					

consolidated subsidiary			97		
Net earnings	$ 3,427	$ 10,613	$ 10,497	$ 9,214	$ 6,542
Net earnings per share	$ 0.27	$ 0.80	$ 0.80	$ 0.72	$ 0.58
Cash dividends per common share	$ 0.05	$ 0.05	$ 0.05	$ 0.03	$ 0.02
Weighted average common shares outstanding	12,887	13,203	13,185	12,822	11,342
Balance Sheet Data:					
Net working capital	$ 50,890	$ 52,316	$ 43,367	$ 36,122	$ 18,663
Total assets	75,211	81,067	71,290	56,381	34,685

Note payable to bank and current portion of long-term debt	420	420	339	339	1,375
Long-term debt, less current portion	5,792	6,211	4,689	2,928	3,710
Shareholders' equity	59,828	61,628	53,757	42,685	22,313

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

The following section provides a narrative discussion about Spartan's financial condition and results of operation. The comments that follow should be read in conjunction with the Company's consolidated financial statements and related notes thereto presented in this Report.

RESULTS OF OPERATIONS - 1995 COMPARED TO 1994

Revenues for the year ended December 31, 1995 finished at $154.1 million compared to $191.5 million in 1994, a decrease of 20%. Net earnings were $3.4 million for the year ended December 31, 1995 ($0.27 per share), compared to $10.6 million for the year ended December 31, 1994 ($0.80 per share), a decline of 68%. The decrease in revenues and earnings was primarily due to (i) soft retail conditions in the recreational vehicle market, which resulted in part from high interest rates to retail consumers and dealers' financing floor plans; and (ii) conservative OEM order levels in the first three quarters of 1995. In response to high interest rates and in preparation for the 1996 model changeover, RV dealers trimmed inventory stock levels, which resulted in conservative mid-year OEM order levels.

Total chassis production for the year ended December 31, 1995, was 2,670 units, compared to 3,961 chassis for the same period in 1994. Sales of fire truck chassis units increased approximately 14% during 1995, due to improved market conditions, the continued shift from commercial to custom fire truck chassis and the Company's new series of custom chassis, which enabled the Company to successfully compete with the commercial fire truck market. Sales of motorhome chassis decreased by approximately 44% due to slower sales of entry-level recreational vehicle chassis which resulted, in part, from the high interest rates in late 1994 through the third quarter of 1995. Bus/specialty chassis unit sales increased 141% to 326 units compared to 135 units in 1994. This increase in net sales was the result of the Company's production of its new school and transit bus products during the last half of 1995.

The Company expects sales of its fire truck units to continue to increase during 1996, as evidenced by the order intake levels and backlog at December 31, 1995, as well as the general increase in customer demand for custom chassis. If interest rates continue to stabilize, the Company believes that RV retail market activity should increase. The bus/specialty chassis sales should continue to grow primarily due to the Company's recent

entry into the custom school bus and transit bus chassis business. Spartan intends to continue its efforts to expand the applications of rear engine diesel technology to additional industry market segments.

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

	YEARS ENDED DECEMBER 31,		
	1995	1994	1993
Revenues	100%	100%	100%
Costs and expenses:			
Cost of products sold	85.5%	82.7%	83.4%
Research and development	2.0%	1.6%	1.2%
Selling, general and administrative	8.6%	6.8%	5.7%
Interest	0.3%	0.3%	0.3%
Total costs and expenses	96.4%	91.4%	90.6%
Earnings before taxes on income and minority interest	3.6%	8.6%	9.4%
Taxes on income	1.3%	3.1%	3.2%
Net earnings before minority interest	2.3%	5.5%	6.2%
Minority interest in loss of consolidated subsidiary			0.1%
Net earnings	2.3%	5.5%	6.3%

Total costs and expenses as a percentage of revenues increased to 96.4% in 1995 compared to 91.4% in 1994. Cost of products sold in 1995 was 85.5% of revenues compared to 82.7% in 1994. This increase was primarily the result of three factors: (i) the absorption of fixed manufacturing overhead by the production of fewer units; (ii) the mix of chassis produced; and (iii) the proportion of these costs relative to the level of revenue. Selling, general and administrative expenses increased to 8.6% of revenues in 1995 compared to 6.8% in 1994. Selling, general and administrative expenses in 1995 were $13.3 million, compared to $13.1 million in 1994, and are net of $.7 million related to refunds of amended state income tax returns. The increase in selling, general and administrative expenses is a result of increased customer service expenses incurred during 1995. Research and development costs in 1995 were 2.0% of revenues compared to 1.6% in 1994. This slight increase in research and development expenses was due to the Company's on-going development of several new product lines, including the Alpine chassis, the K2 chassis and the new school bus and transit bus chassis products, as well as

development costs associated with the custom low floor product line and the redesign of the EXP-2001 chassis. The Company will continue its commitment to be an industry leader through its research and development engineering group. Interest expense as a percentage of revenue remained consistent at 0.3% for 1995 and 1994.

RESULTS OF OPERATIONS - 1994 COMPARED TO 1993

Revenues for the year ended December 31, 1994 increased to $191.5 million compared to $166.7 million in 1993, an increase of 14.9%. Net earnings were $10.6 million in 1994 ($.80 per share), compared to $10.5 million in 1993 ($.80 per share), an increase of 1.1%. The increase in net earnings was not consistent with the increase in revenues due to a fourth quarter $2.3 million inventory write-down. The write-down primarily included inventory from the 1-K motorhome chassis and related components and parts previously used to manufacture the EC-2000 motorhome chassis. Spartan continued to build the 1-K chassis on a limited basis until General

Motors assumed production pursuant to a licensing agreement in 1995. See "Patents, Trademarks, Licenses and Franchises." The Company launched production and engineering changes to modify the 1-K chassis to the General Motors product, which resulted in a significant number of parts and material becoming obsolete. The Company significantly redesigned the EC-2000 chassis, and renamed the product EXP-2001, to meet customer expectations and to respond to market conditions that demanded immediate engineering changes.

Total chassis production for the year ended December 31, 1994, was 3,961 units, compared to 4,057 chassis for the same period in 1993. Sales of fire truck chassis units increased approximately 13.5% during 1994 due to improved market conditions, the continued shift from commercial to custom fire truck chassis and the Company's ability to successfully compete with the commercial fire truck market with its Diamond, Metro Star and GT-ONE series chassis.

Total costs and expenses as a percentage of revenues increased to 91.4% during 1994 from 90.6% in 1993. Cost of products sold in 1994 was 82.7% of revenues compared to 83.4% in 1993. This decrease principally was due to improved production facilities, increased orders in high margin product mix and higher volume buying power. Selling, general and administrative expenses increased to 6.8% of revenues during 1994 compared to 5.7% in 1993. This increase primarily was due to the expansion of the Customer Service group, implementation of the Customer First program, increased participation at domestic and international sales travel and trade shows and additions to management and infrastructure to support current and future Company growth. Research and development costs in 1994

increased to 1.6% of revenues compared to 1.2% during 1993. The increase in research and development expenses was due to the development of new product lines, including the M-11 chassis, the redesign of the EC-2000, development costs associated with the prototype low floor bus/transit chassis and additions to the engineering staff. The increases in expenses and staffing demonstrated the Company's commitment to be an industry leader, setting new world standards for the custom chassis business. Interest expense as a percentage of revenue remained consistent at 0.3% for 1994 and 1993.

The 1995 effective tax rate on continuing operations of 36.9% increased from 35.7% in 1994. The increase over the federal statutory rate of 34% was a result of the factors listed in Note 6 to the consolidated financial statements contained in this Report.

QUARTERLY RESULTS

The Company's rate of sales growth has varied historically from quarter to quarter. The following table sets forth selected unaudited quarterly financial data for the eight quarters ended December 31, 1995:

	QUARTER ENDED							
	MARCH 31, 1995	JUNE 30, 1995	SEPT. 30, 1995	DEC. 31, 1995	MARCH 31, 1994	JUNE 30, 1994	SEPT. 30, 1994	DEC. 31, 1994
	(In thousands, except per share data)							
Revenues	$ 44,201	$ 28,792	$ 36,028	$ 45,061	$ 54,758	$ 46,364	$ 44,769	$ 45,635
Net earnings	1,773	(223)	640	1,237	3,620	3,152	2,968	873
Net earnings per share	$ 0.14	$ (0.02)	$ 0.05	$ 0.10	$ 0.27	$ 0.24	$ 0.23	$ 0.06

Despite a slow performance in the second and third quarters of 1995, the Company experienced a stronger fourth quarter in 1995. The Company believes that its 1995 fourth quarter results may translate into a strong first quarter in 1996.

LIQUIDITY AND CAPITAL RESOURCES

Over the years, the Company has financed its growth through equity offerings, operations and long- and short-term debt financing. During the year ended December 31, 1995, cash provided by operating activities was approximately $4.7 million compared to $7.8 million during 1994. As of December 31, 1995, the Company's working capital decreased to $50.9 million compared to $52.3 million at December 31, 1994. The current ratio on

December 31, 1995, improved to 6.31 compared with 4.96 on December 31, 1994. The changes in working capital and the strong current ratio were the result of increases in cash, cash equivalents and inventories, as well as decreases in investment securities, account receivables, federal taxes receivable and accounts payable. Cash and cash equivalents have increased approximately $2.2 million since December 31, 1994. Inventories increased approximately $1.5 million, primarily due to purchases of materials related to the new school and transit bus chassis product lines. Investment securities of $3.5 million were used to partially fund the $4.3 million repurchase of 450,000 shares of the Company's Common Stock. The $3.5 million decrease in accounts receivable is due primarily to the Company's 20% decline in revenues for 1995. Accounts payable decreased by approximately $3.1 million and resulted from a reduction in vendor deliveries in preparation for the year-end physical inventory and timing of vendor payments. Federal tax receivables decreased by $1.3 million as the Company used prior years overpayments to settle current federal tax obligations.

Spartan de Mexico commenced full scale production operations on January 1, 1994, producing 81 transit bus chassis during that same year. Due to the effects of the peso devaluation, the ongoing financial crisis in Mexico and the lack of order activity, the Company halted all chassis production at the Mexican facility during 1995. The current staff of five individuals continue to perform service and warranty repairs on products sold, maintain customer contacts and promote the Company's custom chassis products. Since 1993, Spartan has invested approximately $8.6 million to purchase and equip the facility, train employees and otherwise support the Mexican operations. These funds have been provided from current assets and the Company's available borrowing sources. During 1995, Spartan de Mexico recorded revenues of $0.2 million and incurred losses of $0.7 million ($.05 per share) compared with revenues of $2.9 million and losses of $1.1 million ($.08 per share) in 1994. The effect on earnings related to the devaluation of the peso was immaterial to the consolidated financial statements of the Company in 1995 and 1994. The cumulative translation adjustment increased $0.8 million to $2.3 million as a direct result of the peso exchange rate change and represents 3.8% of the total shareholders' equity at December 31, 1995. The Company will continue to monitor the Mexican operation in an effort to minimize possible future negative impacts on the Company. Spartan remains committed to supporting the operations of Spartan de Mexico and penetrating the Mexican and Latin American markets. As the Mexican government continues to work to improve and stabilize the Mexican economic climate, Spartan remains poised to capitalize on these improvements as they may occur over the long term.

The first of two four-year agreements with General Motors provides General Motors a license to manufacture and sell the former Discovery/1K motorhome chassis, now known as the GM P-72. Production of this chassis began late in the fourth quarter of 1995, generating royalty income that was not material to the financial position of the Company. The second agreement, which calls for Spartan to build a rear diesel engine chassis for General Motors at Spartan's Charlotte, Michigan headquarters, could begin production in late 1996 or early 1997. The rear diesel engine chassis will be marketed by General Motors as their GM P-92 chassis.

Spartan's two joint ventures with Societe D' Equipment de Transport et de Carosserie S.A. which were established in 1994 for the purpose of manufacturing and selling bus chassis in Tunisia, are not included in the Company's consolidated financial statements as the Company has not made any expenditures for investment purposes nor have the ventures commenced operations as of December 31, 1995.

The Company anticipates that cash generated from operations, liquidity of short term investment securities, an existing credit line and long-term bank financing will be sufficient to satisfy working capital and capital expenditure requirements for the foreseeable future. This will provide the Company with financial flexibility to respond quickly to business opportunities as they arise, including opportunities for growth either through internal development or through strategic joint ventures or acquisitions.

Shareholders' equity decreased approximately $1.8 million to $59.8 million as of December 31, 1995. This change is the result of net earnings of $3.4 million, dividends of $0.6 million paid on July 8, 1995, $4.3 million to acquire 450,000 shares of the Company's Common Stock and a $0.8 million change in the cumulative translation adjustment. The Company's debt to equity ratio remained relatively consistent at 10.4% as of December 31, 1995, compared to 10.8% at December 31, 1994.

The Company's unsecured line of credit provides for maximum borrowings of $15 million. The interest rate is 2% above the 30-day London Inter Bank Offered Rate ("LIBOR"). The Company had not borrowed against the line of credit on December 31, 1995, at which time the LIBOR rate was 5.75%. In addition, under the terms of its credit agreement with its bank, the Company has the ability to issue letters of credit totaling $400,000. At December 31, 1995, the Company had outstanding letters of credit totaling $200,000.

ACCOUNTING STANDARDS

The Financial Accounting Standards Board issued SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." This standard requires that long-lived assets

held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. SFAS No. 121 also requires a company to report long-lived assets to be disposed at the lower of carrying amount or fair value less cost to sell.

The Financial Accounting Standards Board issued SFAS No. 123, "Accounting for Stock- Based Compensation." This standard requires expanded disclosures of stock-based compensation arrangements with employees and encourages (but does not require) compensation costs to be measured based on the fair value of the equity instrument awarded. Companies are permitted, however, to continue to apply APB Opinion No. 25, which recognizes compensation costs based on the intrinsic value of the equity instrument awarded. The Company will continue to apply APB Opinion No. 25 to its stock-based compensation awards to employees and will disclose the required pro forma effect on net income and earnings per share.

Management has determined that the effects on the financial statements from the adoption of these Statements of Financial Accounting Standards, which are required to be adopted by the Company in 1996, will not be material.

EFFECT OF INFLATION

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

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

SPARTAN MOTORS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	DECEMBER 31	
	1995	1994
ASSETS (NOTE 7)		
CURRENT ASSETS:		
Cash and cash equivalents	$ 5,202,595	$ 3,036,198
Investment securities (Note 2)	7,688,693	11,188,288
Accounts receivable, less allowance for doubtful accounts of $591,000 in 1995 and $540,000 in 1994 (Note 8)	20,202,534	23,316,271
Inventories (Note 3)	24,394,303	23,444,234
Deferred tax benefit (Note 6)	1,453,000	1,450,000
Federal taxes receivable		1,446,781
Other current assets (Note 12)	1,539,765	1,661,639
TOTAL CURRENT ASSETS	60,480,890	65,543,411
PROPERTY, PLANT AND EQUIPMENT, NET (Note 4)	12,267,287	12,886,838
DEFERRED TAX BENEFIT	1,163,000	751,000
OTHER ASSETS (Note 12)	1,299,890	1,885,720
TOTAL	$ 75,211,067	$ 81,066,969
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 3,801,135	$ 7,143,728
Other current liabilities and accrued expenses	619,279	1,164,794
Accrued warranty expense	1,621,954	1,856,358
Accrued customer rebates	1,030,658	952,742
Taxes on income	449,000	
Accrued compensation and related taxes	1,064,368	1,210,940
Accrued vacation	584,651	479,026
Current portion of long-term debt (Note 7)	420,000	420,000
TOTAL CURRENT LIABILITIES	9,591,045	13,227,588
LONG-TERM DEBT, LESS CURRENT PORTION (Note 7)	5,791,728	6,211,357
COMMITMENTS AND CONTINGENT LIABILITIES (Note 11)		
SHAREHOLDERS' EQUITY (Note 13):		
Common stock, no par value; authorized 23,900,000 shares, issued 12,623,872 shares in 1995 and issued 13,060,872		

shares in 1994	21,482,878	22,131,928
Retained earnings	40,543,432	41,324,916
Valuation allowance	61,025	(370,715)

Cumulative translation adjustment	(2,259,041)	(1,458,105)
TOTAL SHAREHOLDERS' EQUITY	59,828,294	61,628,024
TOTAL	$ 75,211,067	$ 81,066,969

See notes to consolidated financial statements.

SPARTAN MOTORS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF NET EARNINGS

	YEARS ENDED DECEMBER 31,		
	1995	1994	1993
REVENUES:			
Net Sales (Note 8)	$152,598,873	$189,408,803	$165,586,707
Other income (Notes 2 and 15)	1,483,528	2,117,681	1,116,230
TOTAL	154,082,401	191,526,484	166,702,937
COSTS AND EXPENSES:			
Cost of products sold	131,808,951	158,389,539	139,011,495
Research and development	3,135,059	3,002,391	1,986,180
Selling, general and administrative	13,252,089	13,127,261	9,485,627
Interest	459,100	488,289	452,287
TOTAL	148,655,199	175,007,480	150,935,589
EARNINGS BEFORE TAXES ON INCOME AND MINORITY INTEREST	5,427,202	16,519,004	15,767,348
TAXES ON INCOME (Note 6)	2,000,000	5,906,000	5,367,000
EARNINGS BEFORE MINORITY INTEREST	3,427,202	10,613,004	10,400,348
MINORITY INTEREST IN LOSS OF CONSOLIDATED SUBSIDIARY			96,413
NET EARNINGS	$ 3,427,202	$ 10,613,004	$ 10,496,761
NET EARNINGS PER SHARE	$ 0.27	$ 0.80	$ 0.80
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	12,887,000	13,203,000	13,185,000

See notes to consolidated financial statements.

SPARTAN MOTORS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 1995, 1994 AND 1993

	NUMBER OF SHARES	COMMON STOCK	RETAINED EARNINGS	VALUATION ALLOWANCE	CUMULATIVE TRANSLATION ADJUSTMENT	TOTAL
BALANCE AT JANUARY 1, 1993	12,959,444	$ 20,579,568	$ 22,105,765			$ 42,685,333
Stock options exercised	116,500	1,207,090				1,207,090
Stock split fractional shares redeemed	(72)	(1,406)				(1,406)
Net earnings			10,496,761			10,496,761
Dividends paid ($0.05 per share)			(652,004)			(652,004)
Foreign currency translation adjustment					$20,991	20,991
BALANCE AT DECEMBER 31, 1993	13,075,872	21,785,252	31,950,522		20,991	53,756,765
Purchase and constructive retirement of stock	(45,750)	(77,474)	(583,712)			(661,186)
Stock options exercised	30,750	424,150				424,150
Net earnings			10,613,004			10,613,004
Dividends paid ($0.05 per share)			(654,898)			(654,898)
Foreign currency						

translation adjustment (Net of tax benefit of $751,000)					(1,479,096)	(1,479,096)
Unrealized losses on investments (Net of tax benefit of $192,000)				$ (370,715)		(370,715)
BALANCE AT DECEMBER 31, 1994	13,060,872	22,131,928	41,324,916	(370,715)	(1,458,105)	61,628,024
Purchase and constructive retirement of stock	(450,000)	(763,450)	(3,563,037)			(4,326,487)
Stock options exercised	13,000	114,400				114,400
Net earnings			3,427,202			3,427,202
Dividends paid ($0.05 per share)			(645,649)			(645,649)
Foreign currency translation adjustment (Net of tax benefit of $412,000)					(800,936)	(800,936)

Change in valuation allowance (Net of tax liability of $225,000)				$ 431,740		431,740
BALANCE AT DECEMBER 31, 1995	12,623,872	$21,482,878	$ 40,543,432	$ 61,025	$(2,259,041)	$ 59,828,294

See notes to consolidated financial statements.

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

	YEARS ENDED DECEMBER 31, 1995	1994	1993
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net earnings	$ 3,427,202	$ 10,613,004	$ 10,496,761
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	2,031,808	1,629,223	916,404
Minority interest in loss of consolidated subsidiary			(96,413)
(Gain) loss on disposal of assets and investment securities	(97,212)	44,095	16,400
Decrease (increase) in:			
Accounts receivable	3,460,502	(6,356,851)	2,933,688
Inventories	(1,545,905)	1,498,074	(12,914,096)
Deferred tax benefit	(297,000)	(336,000)	(81,000)
Federal taxes receivable	1,323,584	(1,446,781)	
Restricted assets		2,447,647	(1,744,628)
Other assets	88,354	(725,241)	(902,085)
Increase (decrease) in:			
Accounts payable	(3,148,069)	868,321	1,359,463
Other current liabilities and accrued expenses	(795,383)	(52,813)	317,485
Accrued warranty expense	(234,404)	350,233	282,161
Accrued customer rebates	77,916	(402,745)	475,487
Taxes on income	449,000	(225,289)	(614,065)
Accrued vacation	105,625	85,026	73,000
Accrued compensation and related taxes	(148,833)	(131,871)	179,134
Other		(49,161)	
TOTAL ADJUSTMENTS	1,269,983	(2,804,133)	(9,799,065)
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,697,185	7,808,871	697,696
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(1,806,830)	(4,723,840)	(4,075,472)
Proceeds of sale of property, plant and equipment	257,785	54,375	19,100
Purchases of investment securities	(4,603,920)	(9,151,567)	(11,739,856)
Proceeds from sales of investment securities	8,763,205	8,044,707	1,570,464
Advance of note receivable	(678,275)	(1,050,000)	
Principal payment on note receivable	752,397	226,613	170,817
Minority interest in stock of consolidated subsidiary			100,074

NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	2,684,362	(6,599,712)	(13,954,873)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from long-term debt		2,000,000	2,100,000
Payments on long-term debt	(419,629)	(396,665)	(338,564)
Net proceeds from exercise of stock options	114,400	424,150	1,207,090
Stock split fractional shares redeemed			(1,406)
Purchase of treasury stock	(4,326,487)	(661,186)	
Payment of dividends	(645,649)	(654,898)	(652,004)
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(5,277,365)	711,401	2,315,116

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

	YEARS ENDED DECEMBER 31, 1995	1994	1993
EFFECT OF EXCHANGE RATE INCREASE (DECREASE)	$ 62,215	$ (23,483)	$ 20,991
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,166,397	1,897,077	(10,921,070)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,036,198	1,139,121	12,060,191
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 5,202,595	$ 3,036,198	$ 1,139,121

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION: Cash paid for interest was $459,100, $318,198 and $429,227 for 1995, 1994 and 1993, respectively. Cash paid for income taxes was $460,000, $7,613,000 and $6,320,500 for 1995, 1994 and 1993, respectively.

See notes to consolidated financial statements.

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

NOTE 1 - GENERAL AND SUMMARY OF ACCOUNTING POLICIES

NATURE OF OPERATIONS. Spartan is an international engineer and manufacturer of custom motor vehicle chassis. Its principal markets are fire truck, motorhome, school bus, transit bus and specialty vehicles.

The following is a summary of the significant generally accepted accounting principles followed in the preparation of the consolidated financial statements:

REVENUE RECOGNITION. The Company's method of accounting for the recognition of revenue is to recognize revenue on chassis production when the chassis has been completed, tested and tendered for delivery.

PRINCIPLES OF CONSOLIDATION. The consolidated financial statements include the accounts of Spartan and its two wholly owned subsidiaries: Spartan Motors Foreign Sales Corporation, Inc. and Spartan de Mexico. All material intercompany transactions have been eliminated. The two joint ventures discussed in Note 14 are not included in the consolidated financial statements as the Company has not made any expenditures for investment purposes nor have the ventures commenced operations as of December 31, 1995.

FOREIGN CURRENCY TRANSLATION. The financial position and results of operations of Spartan de Mexico are measured using the local currency as the functional currency. Assets and liabilities of this subsidiary are translated at the exchange rate in effect at each year-end. Income statement accounts are translated at the average rate of exchange prevailing during the year. Translation adjustments arising from differences in exchange rates from period to period are included in the cumulative translation adjustments account in shareholders' equity. Gains and losses resulting from foreign currency transactions are included in the determination of net income for the period in which the exchange rate changes.

CASH AND CASH EQUIVALENTS include cash on hand, cash on deposit and money market funds.

INVESTMENT SECURITIES are classified as available-for-sale securities and are reported at fair value, with offsetting adjustments to shareholders' equity net of tax, in accordance with SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities." The fair value of investment securities is determined based on quoted market prices. The Company adopted this statement January 1, 1994,

and, prior to 1994, investment securities were carried at amortized cost. See Note 2 to the Financial Statements.

INVENTORIES are valued at cost, determined on the last-in, first-out (LIFO) basis, which is not in excess of market. See Note 3 to the Financial Statements.

PROPERTY, PLANT, AND EQUIPMENT are stated at cost and are depreciated over their estimated useful lives using principally an accelerated method for both financial statement and income tax purposes.

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

NET EARNINGS PER SHARE is based on the weighted average number of common shares outstanding during each year adjusted to reflect common share equivalents.

CONCENTRATIONS OF CREDIT RISK. The Company manufactures and sells chassis to the fire truck, motorhome and bus/speciality vehicle markets. The Company performs periodic credit evaluations of its customers' financial condition and generally requires collateral. Receivables generally are due within 30 days and allowances are maintained for potential credit losses. Such losses consistently have been within management's expectations. Approximately 40% of the Company's trade accounts receivable at December 31, 1995, were represented by four customers. At December 31, 1994, approximately 24% of the Company's trade accounts receivable were represented by five customers.

FINANCIAL INSTRUMENTS. The Company values financial instruments as required by SFAS No. 107 "Disclosures about Fair Values of Financial Instruments." The carrying amount of cash and cash equivalents and notes receivable approximates fair value. The Company estimates the fair value of its long-term, fixed-rate debt using discounted cash flow analysis based on the Company's current borrowing rates for similar types of debt, the effect of which is not material.

USE OF ESTIMATES. The preparation of the financial statements in conformity with generally accepted accounting principles requires

management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

RECLASSIFICATIONS. Certain items in the consolidated financial statements for the year ended December 31, 1995, have been reclassified to conform to the presentation in 1994.

NOTE 2 - INVESTMENT SECURITIES

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

	DECEMBER 31, 1995			
	AMORTIZED COST	GROSS UNREALIZED GAIN	GROSS UNREALIZED (LOSS)	ESTIMATED FAIR VALUE
Collateralized mortgage obligations	$ 1,565,961		$ (27,626)	$ 1,538,335
Municipal bonds	6,028,707	$122,087	(436)	6,150,358
TOTAL	$ 7,594,668	$122,087	$ (28,062)	$ 7,688,693

	DECEMBER 31, 1994			
	AMORTIZED COST	GROSS UNREALIZED GAIN	GROSS UNREALIZED (LOSS)	ESTIMATED FAIR VALUE
Collateralized mortgage obligations	$ 2,327,827	$ 292	$ (220,727)	$ 2,107,392
Municipal bonds	7,820,349		(293,876)	7,526,473
Corporate bonds	1,602,827		(48,404)	1,554,423
TOTAL	$11,751,003	$ 292	$ (563,007)	$ 11,188,288

The maturity distribution of investments at December 31, 1995, is shown below. The distribution of mortgage-backed securities is based on average expected maturities. Actual maturities may differ because issuers have the right to call or prepay obligations.

	AMORTIZED COST	ESTIMATED FAIR VALUE
Under 1 year	$ 196,439	$ 196,336
1 year - 5 years	1,633,822	1,659,096
5 years - 10 years	2,844,708	2,919,551
Over 10 years	2,919,699	2,913,710
TOTAL	$ 7,594,668	$ 7,688,693

The Company computes gains and losses on dispositions of investment securities using the specific identification method. Gains of approximately $43,000 and $84,000, and losses of approximately $28,000 and $101,000 were realized from sales of investment debt securities during 1995 and 1994, respectively. Gains of approximately $13,000 were realized from sales of investment securities during 1993.

The Company recognized investment income from investment securities of approximately $772,000, $720,000 and $383,000 during 1995, 1994 and 1993, respectively.

NOTE 3 - INVENTORIES

Inventories are summarized as follows:

	DECEMBER 31 1995	DECEMBER 31 1994
Finished goods	$ 1,779,551	$ 1,071,424
Raw materials and purchased components	19,844,049	17,969,217
Work in process	3,270,703	4,403,593
Obsolescence reserve	(500,000)	
TOTAL	$ 24,394,303	$23,444,234

Substantially all inventories are valued at the lower of LIFO cost or market. For 1995 and 1994, inventory valued at LIFO was approximately the same as inventory valued using the first in, first out method. The LIFO valuation method had no effect on earnings for the years ended December 31, 1995 and 1994 and an immaterial effect in 1993.

NOTE 4 - PROPERTY, PLANT AND EQUIPMENT

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

	DECEMBER 31	
	1995	1994
Land and improvements	$ 1,157,485	$ 1,280,982
Buildings and improvements	10,118,376	10,462,347
Plant machinery and equipment	2,298,876	2,162,438
Furniture and fixtures	3,928,058	2,527,952
Vehicles	1,046,226	1,185,709
TOTAL	18,549,021	17,619,428
LESS ACCUMULATED DEPRECIATION	6,281,734	4,732,590
NET PROPERTY, PLANT AND EQUIPMENT	$ 12,267,287	$ 12,886,838

NOTE 5 - LINE OF CREDIT

The Company has available a $15,000,000 unsecured line of credit with a bank. Interest is at 2% above the LIBOR rate (LIBOR rate at December 31, 1995 was 5.75%). The line expires on June 1, 1996. At December 31, 1995 and 1994, there were no borrowings outstanding on the line of credit.

NOTE 6 - TAXES ON INCOME

Income tax expense (credit) is summarized as follows:

	DECEMBER 31 1995	1994	1993
Current:			
Federal	$ 2,176,000	$ 6,242,000	$ 5,448,000
State	121,000		
Total current	$ 2,297,000	$ 6,242,000	$ 5,448,000
Deferred:			
Federal	(230,000)	(336,000)	(81,000)
State	(67,000)		
Total deferred	(297,000)	(336,000)	(81,000)
TOTAL PROVISION FOR INCOME TAXES	$ 2,000,000	$ 5,906,000	$ 5,367,000

Income before income taxes and minority interest consists of the following:

	1995	1994	1993
Domestic	$ 6,082,575	$ 17,632,257	$ 16,249,413
Foreign	(655,373)	(1,113,253)	(482,065)
TOTAL PRETAX INCOME	$ 5,427,202	$ 16,519,004	$ 15,767,348

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

	1995 AMOUNT	PERCENT	1994 AMOUNT	PERCENT	1993 AMOUNT	PERCENT
Federal income taxes at the statutory rate	$ 1,845,000	34.0%	$ 5,727,000	34.6%<F1>	$ 5,442,000	34.5%*
Increase (decrease) in income taxes resulting from:						
Loss of foreign subsidiary not deductible for U.S. tax purposes	$ 229,000	4.2	333,000	2.1	230,000	1.4
Foreign Sales Corporation	(86,000)	(1.6)	(51,700)	(0.3)	(62,000)	(0.4)
Nondeductible expenses	33,000	0.6	22,000	0.1	15,000	0.1
Stock compensation expense	10,000	(0.2)	(41,000)	(0.3)	(290,000)	(1.8)
State tax expense	54,000	1.0				
Municipal income	(134,000)	(2.4)	(114,000)	(0.7)	(46,000)	(0.3)
Other	69,000	1.3	(30,700)	(0.2)	78,000	0.5
TOTAL	$ 2,000,000	36.9%	$ 5,906,000	35.7%	$ 5,367,000	34.0%

<FN>
<F1> Amount is a blended rate calculated as follows: 34% for the first $10,000,000, 35% for amounts from $10,000,001 to $15,000,000 and 38% on

amounts in excess of $15,000,000.
</FN>

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

CURRENT ASSET	DECEMBER 31 1995	1994
Additional capitalized inventory costs	$ 113,136	$ 108,219
Vacation accrual	175,271	142,887
Warranty reserve	567,684	649,725
Inventory allowance	175,000	
Bonus accrual	107,540	
Allowance for doubtful accounts	113,750	105,000
Foreign subsidiary	127,000	196,000
Valuation allowance for investments	(33,000)	192,000
Other	106,619	56,169
TOTAL	$ 1,453,000	$1,450,000
LONG-TERM ASSET		
Tax benefit of cumulative translation adjustment	$ 1,163,000	$ 751,000

NOTE 7 - LONG-TERM DEBT

Long-term debt consists of the following:

	DECEMBER 31 1995	1994
Note payable to Michigan Strategic Fund, interest at 85% of prime, which was 8.5% at December 31, 1995, payable in monthly installments of approximately $13,300 plus interest through November 2006; collateralized by building	$ 1,746,666	$ 1,906,666
Note payable to Michigan Strategic Fund, interest at 85% of prime, payable in monthly installments of approximately $14,100 plus interest through December 1998; collateralized by accounts receivable, inventory and equipment	499,205	668,729
Note payable to bank, with interest payable monthly at LIBOR plus 2.25%, due December 1999, uncollateralized	2,100,000	2,100,000
Mortgage note payable to bank, interest at 7%, payable in monthly installments of approximately $18,000 including interest through March 1999, uncollateralized	1,862,236	1,942,630
Other long-term debt, uncollateralized	3,621	13,332
TOTAL	$ 6,211,728	$ 6,631,357
Less current portion of long-term debt	420,000	420,000
TOTAL	$ 5,791,728	$ 6,211,357

The Company's various credit agreements have several restrictive covenants, including maintenance of a minimum level of net worth and a restriction on the disposition of certain assets.

The aggregate maturities of long-term debt for the five years following December 31, 1995, are approximately as follows:

1996	$ 420,000
1997	585,980
1998	583,468
1999	1,898,965
2000	321,640
2001 and thereafter	2,401,675
TOTAL	$6,211,728

NOTE 8 - TRANSACTIONS WITH MAJOR CUSTOMERS

The Company had three customers classified as major customers in 1995 and 1994, and two customers classified as major in 1993 as follows:

	1995		1994		1993	
CUSTOMER	SALES	ACCOUNTS RECEIVABLE	SALES	ACCOUNTS RECEIVABLE	SALES	ACCOUNTS RECEIVABLE
A.	$ 19,742,000	$ 1,711,000	$ 27,476,000	$ 1,806,000		
B.	19,375,000	738,000	22,091,000	687,000		
C.	15,274,000	630,000	19,077,000	539,000		
D.					$ 24,817,000	$ 1,734,000
E.					21,975,000	222,000

NOTE 9 - PROFIT-SHARING PLAN

The Spartan Motors, Inc. Profit-Sharing Plan and Trust covers all Company employees who meet length of service and minimum age requirements. Contributions to the plan are determined annually by the Board of Directors and were $240,000, $450,000 and $360,000 for 1995, 1994 and 1993, respectively. The Company's policy is to fund plan costs accrued.

NOTE 10 - STOCK OPTIONS

The Company has incentive stock option plans covering certain employees. Shares reserved for options under these plans total 2,900,000. The options granted subsequent to January 1, 1991 are exercisable for a period of 10 years from the grant date except for

options granted to the Chairman of the Board which have an exercise period of five years. The options granted prior to January 1, 1991, are exercisable for a period of three years from the grant date. The exercise price for all options is equal to the market price at the date of grant.

The Company also has a non-qualified stock option plan for certain employees and directors. Shares reserved for options under this plan total 900,000 and the options are exercisable for a period of 10 years from the grant date. The exercise price for these options is equal to the market price at the date of grant.

Activity for the years ended December 31, 1995, 1994 and 1993 is as follows:

INCENTIVE NON-QUALIFIED

	STOCK OPTION PLANS		STOCK OPTION PLAN	
	OPTION PRICE RANGE	OPTION SHARES	OPTION PRICE RANGE	OPTION SHARES
Balance at January 1, 1993		357,490		74,250
Options granted	$14.50 - $16.50	232,400	$14.50	21,000
Options exercised	$ 1.73 - $12.67	(105,250)	$ 1.73 - $ 2.22	(11,250)
Balance at December 31, 1993		484,640		84,000
Options granted	$13.25 - $14.58	318,350	$13.25	16,000
Options exercised	$12.67 - $14.50	(28,550)	$14.50	(2,000)
Options canceled	$12.67 - $14.50	(4,050)	$12.67 - $14.50	(7,500)
Balance at December 31, 1994		770,390		90,500
Options granted			$ 8.80 - $10.50	430,500
Options exercised			$ 8.80	(13,000)
Options canceled	$12.67 - $14.50	(39,050)	$ 8.80	(10,050)
Balance at December 31, 1995	$12.67 - $16.50	731,340	$ 1.73 - $14.50	497,950
Exercisable at December 31, 1995		711,675		497,950

NOTE 11 - COMMITMENTS AND CONTINGENT LIABILITIES

Under the terms of its credit agreement with its bank, the Company has the ability to issue letters of credit totaling $400,000. At December 31, 1995, the Company had outstanding letters of credit totaling $200,000.

At December 31, 1995, the Company and its subsidiaries were parties, both as plaintiff and as defendant, to a number of lawsuits and claims arising out of the normal course of their business. In the opinion of management, the financial position of the Company will not be materially affected by the final outcome of these legal proceedings.

The Company has repurchase agreements with lending institutions which have provided floor plan financing to OEMs. These agreements provide for the repurchase of products from the lending institution in the event of the OEMs default. The total contingent liability on December 31, 1995 was approximately $5.2 million. Historically, losses under these agreements have not been significant and it is management's opinion that any future losses will not have a material effect on the Company's financial strength or operating results.

NOTE 12 - NOTES RECEIVABLE

On February 20, 1992, the Company loaned $1.65 million to CTS Holding Company, Inc. ("CTS"). The loan was made pursuant to a loan agreement and promissory note. The loan is to be repaid in monthly installments of principal and accrued interest amortized over a 15-year term with all unpaid principal and accrued interest due and payable on February 15, 1997. The minimum monthly payment is $20,000. The loan bears interest at a variable rate equivalent to the base lending rate of First of America Bank-Central plus 2% per annum, with a minimum interest rate of 9% per annum. The loan is secured by a security interest in the assets of CTS, by a pledge of CTS stock and by a guaranty of the shareholders of CTS. The unpaid balance at December 31, 1995, was approximately $1 million.

On April 4, 1994, the Company entered into a financing agreement with an unrelated entity whereby a line of credit in the amount of $792,300 was established. Additionally, the Company entered into a term agreement with such entity for $524,000. The line of credit is to be repaid with funds generated from this entity's operations. The loan is to be repaid in monthly installments of principal of at least $13,500, plus interest, with a final installment of the unpaid balance due on or before January 1, 1998. The loan bears interest at a variable rate equivalent to the base lending rate of First of America

Bank-Central plus one-half of that rate per annum, with a minimum interest rate of 9% per annum. The line of credit and loan are secured by all accounts receivable, inventory and fixed assets of such entity as well as an unconditional personal guaranty of the President of the entity and certain shareholders. At December 31, 1995, $683,000 was outstanding on the line of credit and approximately $496,000 was outstanding on the loan.

Interest income from notes receivable of approximately $261,000, $193,000 and $134,000 is included in other income at December 31, 1995, 1994 and 1993, respectively.

NOTE 13 - PURCHASE OF TREASURY STOCK

On November 14, 1994, the Board of Directors authorized management to repurchase up to 100,000 additional shares of its Common Stock in the open market. Repurchase of the Common Stock was contingent upon market conditions. No expiration date was set for the completion of the repurchase program. During the fourth quarter of 1994, the Company repurchased 45,750 shares at an average price of approximately $14.45 per share.

On March 8, 1995, the Board of Directors authorized management to repurchase up to an additional 150,000 shares of its Common Stock in the open market. This action increased the total authorization for repurchase to 250,000 shares of Common Stock. During April 1995, the Company repurchased 147,900 shares at an average market price of approximately $10.45 per share. The Company completed the authorized buyback in June of 1995 by acquiring 102,100 shares at an average market price of $9.00 per share.

On July 11, 1995, the Board of Directors authorized management to repurchase up to 1,000,000 additional shares of its Common Stock in the open market. Repurchase of the Common Stock was contingent upon market conditions. No expiration date was set for the completion of the repurchase program. During September and December 1995, the Company repurchased 200,000 shares at an average market price of approximately $9.13 to $9.50 per share. All treasury stock has been constructively retired in accordance with the Michigan Business Corporation Act applicable to all Michigan corporations.

NOTE 14 - JOINT VENTURES

In June 1994, the Company entered into a Joint Venture Agreement with Societe D' Equipment de Transport et de Carosserie S.A. for the purpose of manufacturing and selling bus chassis in Tunisia. A joint-stock corporation called International Motor Corporation, owned 65% by Setcar and 35% by Spartan, was formed to carry out the design, assembly, manufacture and sale of bus chassis. Additionally, Spartan International, a Tunisian export company, owned 65% by Spartan and 35% by Setcar, was formed to carry out the sale of bus chassis manufactured by International Motor Corporation and buses manufactured by Setcar to other geographic areas.

NOTE 15 - LICENSING AGREEMENTS

In March 1994, the Company entered into two four-year agreements with General Motors Corporation's North American Truck Group (NATG) and Chevrolet Motor Division which enable the companies to share resources for building and marketing motorhome chassis. Included in other income at December 31, 1994, is $600,000, relating to licensing fees resulting from such agreements.

NOTE 16 - RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board has issued SFAS No. 121 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets To Be Disposed Of." This standard requires that long-lived assets held by and used by an entity may be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. SFAS No. 121 also requires that long-lived assets to be disposed of be reported at the lower of carrying amount of fair value less costs to sell.

The Financial Accounting Standards Board SFAS No. 123 "Accounting for Stock-Based Compensation." This standard requires standard disclosure of stock-based compensation arrangements with employees and encourages open (but does not require) compensation costs be measured based on the fair value of the equity instrument awarded. Companies are permitted, however, to continue to apply APB Opinion No. 25, which recognizes compensation costs based on the intrinsic value of the equity instrument awarded. The Company will continue to apply APB Opinion No. 25 to its stock-based compensation awards to employees and will disclose the required pro forma effect on net income and earnings per share.

Management has determined that the effects on the financial statements from the adoption of these statements, which are required to be adopted by the Company in 1996, will not be material.

NOTE 17 - QUARTERLY FINANCIAL DATA (UNAUDITED)

Summarized quarterly financial data for the year ended December 31, 1995, is as follows:

	QUARTER ENDED			
	MARCH 31, 1995	JUNE 30, 1995	SEPT. 30, 1995	DEC. 31, 1995
Revenues	$ 44,201,274	$ 28,792,237	$ 36,028,443	$ 45,060,447
Expenses	41,265,162	29,327,183	34,967,273	43,095,581
Earnings before taxes on income	2,936,112	(534,946)	1,061,170	1,964,866
Taxes on Income	1,163,000	(312,000)	421,000	728,000
NET EARNINGS	$ 1,773,112	$ (222,946)	$ 640,170	$ 1,236,866
NET EARNINGS PER SHARE	$ 0.14	$ (0.02)	$ 0.05	$ 0.10<F1>

<FN>
<F1> Selling, general and administrative expenses were reduced by

approximately $700,000, resulting from amended income tax returns.
</FN>

Summarized quarterly financial data for the year ended December 31, 1994, is as follows:

	QUARTER ENDED			
	MARCH 31, 1994	JUNE 30, 1994	SEPT. 30, 1994	DEC. 31, 1994
Revenues	$ 54,758,343	$ 46,364,384	$ 44,768,611	$ 45,635,146
Expenses	49,426,536	40,984,235	39,949,139	44,647,570
Earnings before taxes on income	5,331,807	5,380,149	4,819,472	987,576
Taxes on income	1,712,000	2,228,000	1,851,000	115,000
NET EARNINGS	$ 3,619,807	$ 3,152,149	$ 2,968,472	$ 872,576
NET EARNINGS PER SHARE	$ 0.27	$ 0.24	$ 0.23	$ 0.06

NOTE 18 - SUBSEQUENT EVENTS

On February 27, 1996, the Board of Directors declared a cash dividend of $0.05 per outstanding share for shareholders of record on March 27, 1996. The dividend of approximately $631,000 is payable on April 27, 1996.

INDEPENDENT AUDITORS' REPORT

Board of Directors
Spartan Motors, Inc.
Charlotte, Michigan

We have audited the accompanying consolidated balance sheets of Spartan Motors, Inc. and its subsidiaries as of December 31, 1995 and 1994, and the related consolidated statements of net earnings, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1995. Our audits also included the financial statement schedule listed in the Index at Item 14. These financial statements and the financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Spartan Motors, Inc. and subsidiaries at December 31, 1995 and 1994, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1995 in conformity with generally accepted accounting principles. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 1 to the financial statements, the Company changed its method of accounting for investment securities effective January 1, 1994 to conform with Statement of Financial Accounting Standards No. 115.

/s/ Deloitte & Touche, LLP

Lansing, Michigan
March 4, 1996

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

The information regarding directors of the Company contained under the captions "Board of Directors," "Executive Officers" and "Section 16(a) Reporting Delinquencies" in the definitive Proxy Statement for its annual meeting of shareholders to be held on June 5, 1996, is here incorporated by reference.

ITEM 11. EXECUTIVE COMPENSATION.

The information contained under the captions "Compensation of Directors," and "Executive Compensation" in the definitive Proxy Statement for its annual meeting of shareholders to be held on June 5, 1996, is here incorporated by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The information contained under the captions "Voting Securities" and "Security Ownership of Certain Beneficial Owners and Management" in the definitive Proxy Statement for its annual meeting of shareholders to be held on June 5, 1996, is here incorporated by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

No information is required to be discussed under this item of this Report.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

ITEM 14(A)(1). LIST OF FINANCIAL STATEMENTS.

The following consolidated financial statements of the Company and its subsidiaries are filed as a part of this Report:

- Consolidated Balance Sheets as of December 31, 1995, and December 31, 1994

- Consolidated Statements of Net Earnings for the Fiscal years Ended December 31, 1995, December 31, 1994 and December 31, 1993

- Consolidated Statements of Shareholders' Equity for the Fiscal years Ended December 31, 1995, December 31, 1994 and December 31, 1993

- Consolidated Statements of Cash Flows for the Fiscal years Ended December 31, 1995, December 31, 1994 and December 31, 1993

- Notes to Consolidated Financial Statements as of December 31, 1995

- Report of Independent Auditors

ITEM 14(A)(2) FINANCIAL STATEMENT SCHEDULES. Attached as Appendix A.

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

- Schedule II--Valuation and Qualifying Accounts

All other schedules (I, III, IV and V) for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and, therefore, have been omitted.

ITEM 14(A)(3) LIST OF EXHIBITS. The following exhibits are filed as a part of this report:

Exhibit NUMBER	
3.1	Articles of Incorporation (restated to reflect all amendments).
3.2	Bylaws (restated to reflect all amendments).
4	Form of Stock Certificate. Previously filed as an Exhibit to the Registration Statement on Form S-18 (Registration No. 2-90021-C) filed on March 19, 1984, and incorporated herein by reference.
10.1	The Spartan Motors, Inc. 1988 Non-Qualified Stock Option Plan.* Previously filed as an Exhibit to the Registration Statement on Form S-8 (Registration No. 33-28432) filed on April 28, 1989, and incorporated herein by reference.

10.2	The Spartan Motors, Inc. 1984 Incentive Stock Option Plan.* Previously filed as an Exhibit to the Registration Statement on Form S-8 (Registration No. 33-28432) filed on April 28, 1989, and incorporated herein by reference.
10.3	The Spartan Motors, Inc. 1994 Incentive Stock Option Plan.* Previously filed as an Exhibit to the Registration Statement on Form S-8 (Registration No. 33-80980) filed on June 30, 1994, and incorporated herein by reference.
21	Subsidiaries of Registrant.
23	Consent of Independent Accountants.

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*Management contract or compensatory plan or arrangement.

The Company will furnish a copy of any exhibit listed above to any shareholder of the Company without charge upon written request to James R. Jenks, 1000 Reynolds Road, Post Office Box 440, Charlotte, Michigan 48813.

ITEM 14(B) REPORTS ON FORM 8-K.

During the last quarter of the period covered by this Report, the registrant filed no current reports on Form 8-K.

SIGNATURES

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

SPARTAN MOTORS, INC.

March 28, 1996

By /S/ JAMES R. JENKS
James R. Jenks,
Secretary and Treasurer
(Principal Accounting Officer)

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

March 28, 1996

By /S/ GEORGE W. SZTYKIEL
George W. Sztykiel, Director
(Principal Executive Officer)

March 28, 1996

By /S/ JOHN E. SZTYKIEL
John E. Sztykiel, Director
(Principal Operating Officer)

March 28, 1996

By /S/ WILLIAM F. FOSTER
William F. Foster, Director

March 28, 1996

By /S/ ANTHONY G. SOMMER
Anthony G. Sommer, Director
(Principal Financial Officer)

March 28, 1996

By /S/ GEORGE TESSERIS
George Tesseris, Director

March 28, 1996

By /S/ CHARLES E. NIHART
Charles E. Nihart, Director

SIGNATURES

March 28, 1996	By /S/ MAX A. COON Max A. Coon, Director
March 28, 1996	By /S/ WILLIAM W. COURTNEY William W. Courtney Vice President Production Operations
March 28, 1996	By /S/ ROGER B. BURROWS Roger B. Burrows Vice President Sales and Marketing

APPENDIX A

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

YEARS ENDED DECEMBER 31, 1995, 1994 AND 1993

COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
		ADDITIONS		
DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	CHARGED TO COSTS AND EXPENSES	DEDUCTIONS	BALANCE AT END OF PERIOD
YEAR ENDED DECEMBER 31, 1995:				
Allowance for doubtful accounts	$ 540,000	$ 51,000		$ 591,000
Inventory obsolescence reserve		$ 500,000		$ 500,000
Warranty Reserves	$ 1,856,358	$ 4,799,624	$ 5,034,028	$ 1,621,954
YEAR ENDED DECEMBER 31, 1994:				
Allowance for doubtful accounts	$ 153,000	$ 906,000	$ 519,000	$ 540,000
Warranty Reserves	$ 1,506,125	$ 5,071,152	$ 4,720,919	$1,856,358
YEAR ENDED DECEMBER 31, 1993:				
Allowance for doubtful accounts	$ 293,000	$ 140,000	$ 153,000	
Warranty Reserves	$ 1,223,964	$ 3,836,413	$ 3,554,252	$ 1,506,125

Commission File No. 0-13611

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

EXHIBITS
TO
FORM 10-K

For the Fiscal Year
December 31, 1995

Spartan Motors, Inc.
1000 Reynolds Road
Post Office Box 440
Charlotte, Michigan 48813

EXHIBIT INDEX

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*Management contract or compensatory plan or arrangement.

EXHIBIT 3.1

ARTICLES OF INCORPORATION

OF

SPARTAN MOTORS, INC.

(Restated to Reflect all Amendments)

ARTICLE I

The name of the corporation is:

SPARTAN MOTORS, INC.

ARTICLE II

The purpose or purposes for which the corporation is organized is to engage in any activity within the purposes for which corporations may be organized under the Business Corporation Act of Michigan.

To conduct and be engaged in the business of manufacturing, producing, and sale, at wholesale and retail, of specialized motor vehicles and motor vehicle equipment and parts and all other related items.

To make, perform and carry out contracts of every kind and description pertaining to the purpose of this Corporation and for any lawful purposes necessary and expedient thereto with any person, firm, association or corporation.

To acquire, own, hold, buy, sell and in every other manner deal in the shares of stock of other corporations, and to exchange shares of its own capital stock for any of the things, rights and properties which it might otherwise lawfully acquire and hold.

To make contracts with any of the officers, directors, stockholders, or employees of this corporation, individually or otherwise, and without limitation, restriction or prejudice, which contracts shall be considered and construed on the same basis as contracts with third persons, all in furtherance of the management, operation, objects and purposes of the corporation.

To borrow and to issue bonds, debentures, notes and other evidences of indebtedness and obligations from time to time for any lawful corporate purpose and to mortgage, pledge and otherwise charge any or all of its properties, rights, privileges and assets to secure the payment thereof.

ARTICLE III

The total authorized capital stock is twenty-three million, nine hundred thousand (23,900,000), having no par value.

ARTICLE IV

The address of the current registered office of the Corporation is 1000 Reynolds Road, Charlotte, Michigan 48813. The mailing address of the Corporation is Post Office Box 440, Charlotte, Michigan 48813.

The name of the current resident agent is Anthony G. Sommer.

ARTICLE V

When a compromise or arrangement or a plan of reorganization of this Corporation is proposed between this Corporation and its creditors or any class of them or between this Corporation and its shareholders or any class of them, a court of equity jurisdiction within the state, on application of this Corporation or of a creditor or shareholder thereof, or on application of a receiver appointed for the Corporation, may order a meeting of the creditors or class of creditors or of the shareholders or class of shareholders to be affected by the proposed compromise or arrangement or reorganization, to be summoned in such manner as the court directs. If a majority in number representing 3/4 in value of the creditors or class of creditors, or of the shareholders or class of shareholders to be affected by the proposed compromise or arrangement or a reorganization, agree to a compromise or arrangement or a reorganization of this Corporation as a consequence of the compromise or arrangement, the compromise or arrangement and the reorganization, if sanctioned by the court to which the application has been made, shall be binding on all of the creditors or class of creditors, or on all of the shareholders or class of shareholders and also on this Corporation.

ARTICLE VI

The Corporation shall indemnify any and all persons who may serve or who have served at any time as directors or officers, or who at the request of the Board of Directors of the Corporation may serve or at any time have served as directors or officers of another corporation in which the Corporation at such time owned or may own shares of stock or of which it was or may be a creditor, and their respective heirs, administrators, successors, and assigns, against any and all expenses, including amounts paid upon judgments, counsel fees, and amounts paid in settlement (before or after suit is commenced), actually and necessarily incurred by such persons in connection with the defense or settlement of any claim, action, suit, or proceeding in which they, or any of them, are made parties, or a

party, or which may be asserted against them or any of them, by reason of being or having been directors or officers or a director or officer of the Corporation, or such other corporation, except in relation to matters as to which any such director of officer or former director or officer or person shall be adjudged in any action, suit, or proceeding to be liable for his own negligence or misconduct, in the performance of his duty. Such indemnification shall be in addition to any other rights to which those indemnified may be entitled under any law, by-law, agreement, vote of stockholders, or otherwise.

ARTICLE VI(A)

A director of the Corporation shall not be personally liable to the Corporation or its shareholders for monetary damages for breach of the director's fiduciary duty. However, this Article VI(a) shall not eliminate or limit the liability of a director for any of the following:

1. A breach of the director's duty of loyalty to the Corporation or its shareholders.

2. Acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law.

3. A violation of Section 551(1) of the Michigan Business Corporation Act.

4. A transaction from which the director derived an improper personal benefit.

5. An act or omission occurring before the effective date of this Article VI(a).

Any repeal or modification of this Article VI(a) by the shareholders of the Corporation shall not adversely affect any right or protection of any director of the Corporation existing at the time of, or for or with respect to, any acts or omissions occurring before such repeal or modification.

EXHIBIT 3.2

BY-LAWS

OF

SPARTAN MOTORS, INC.
(Restated to Reflect all Amendments)

ARTICLE I

SECTION 1. PLACE OF MEETINGS. Every meeting of the stockholders of Spartan Motors, Inc. (hereinafter called the corporation) shall be held at the principal office of the corporation in the State of Michigan or at such other place in said State as shall be specified in the notice of said meeting given as hereinafter provided or in a Waiver of Notice thereof signed by all the stockholders of the Corporation.

SECTION 2. ANNUAL MEETINGS. Each annual meeting of the stockholders of the Corporation for the election of Directors and for the transaction of such other business as may properly come before the meeting shall be held on the April 30 of each year (or, if that day shall be a legal holiday, then on the next succeeding business day) at 3:00 PM or at such hour as may be specified in a Waiver of Notice thereof signed by all the stockholders of the Corporation.

SECTION 3. SPECIAL MEETINGS. Special Meetings of the stockholders for any purpose or purposes, unless otherwise regulated by statute, may be called by resolution of the Board of Directors of the Corporation (hereinafter called the Board) or by the President or Secretary.

SECTION 4. NOTICE OF MEETINGS. Notice of every meeting of the stockholders shall be in writing and signed by the President or Vice-President or the Secretary or an Assistant Secretary of the Corporation. Such notice shall state the purpose or purposes for which the meeting is called and the time when and the place within the state where it is to be held, and a copy thereof shall be served, either personally or by mail, upon each stockholder of record entitled to vote at such meeting, not less than five nor more than forty days before the meeting. If mailed, it shall be directed to each stockholder at his address as it appears on the stock book unless he shall have filed with the Secretary of the Corporation a written request that notices intended for him be mailed to some other address, in which case it shall be mailed to the address designated in such request. Such notice shall not be required to be given to any stockholder who shall attend such meeting in person or by proxy, or who shall in writing or by telegraph waive notice thereof. Notice of any adjourned meeting need not be given, except when expressly required by law.

SECTION 5. QUORUM. Except as otherwise provided by law, the presence in person or by proxy of a majority in voting interest of the stock issued and outstanding and entitled to vote thereat shall constitute a quorum and each meeting of the stockholders for the transaction of business. In the absence of a quorum at any such meeting or any adjournment or adjournments thereof, a majority in voting interest of those present in person or by proxy, or in the absence therefrom of all the stockholders, any officer entitled to preside at, or to act as secretary of, such meeting, may adjourn such meeting from time to time until a quorum is present thereat. At any such adjourned meeting at which a quorum is present any business may be transacted which might have been transacted at the meeting as originally called.

SECTION 6. VOTING. Unless otherwise provided in the Certificate of Incorporation of the Corporation or other certificates filed pursuant to law, each holder of record of shares of stock having voting power shall at each meeting of the stockholders be entitled to one vote for every share of stock of the Corporation standing in his name on the books of the

Corporation, and may vote either in person or by proxy. At all meetings of stockholders, a quorum being present, all matters, except those, the manner of deciding upon which is otherwise expressly regulated by law or by the Certificate of Incorporation of the Corporation or these By-Laws, shall be decided by the vote of a majority in voting interest of stockholders present in person or by proxy and entitled to vote thereat. Except in the case of a vote for the election of directors unless demanded by a stockholder present in person or represented by proxy at any meeting of the stockholders and entitled to vote thereat or so directed by the chairman of the meeting, the vote thereat on any other question need not be by ballot. Upon a demand by any such stockholder for a vote by ballot on any question or at the direction of such chairman that a vote by ballot be taken on any question such vote shall be taken. On a vote by ballot, each ballot shall be signed by the stockholder voting, or in his name by his proxy, if there be such proxy, and it shall show the number of shares voted by him. Except as otherwise required by law or by these By-Laws all voting may be viva voce.

ARTICLE II

DIRECTORS

SECTION 1. GENERAL POWERS. The Board shall manage the business and affairs of the Corporation and may exercise all such authority and powers of the Corporation and do all such lawful acts and things as are not by law, the Certificate of Incorporation or these By-Laws directed or required to be exercised or done by the stockholders.

SECTION 2. NUMBER, QUALIFICATION AND TERM OF OFFICE. The number of directors of the Corporation shall be such number, not less than one nor more than nine, as shall from time to time be determined by the Board, and in the absence of such determination, shall be three. All directors shall be of full age and at least one of them shall be a citizen of the United States and a resident of the State of Michigan. The term of office of each director shall be from the time of his election and qualification until the

annual meeting of stockholders next succeeding his election and until his successor shall have been duly elected and shall have qualified, or until his death, or until he shall resign, or until he shall have been removed in the manner provided in Section 9 of this Article II. Directors need not be stockholders.

SECTION 3. ELECTION OF DIRECTORS. At each meeting of stockholders for the election of directors at which a quorum shall be present, the persons receiving a plurality of votes cast shall be deemed elected.

SECTION 4. QUORUM AND MANNER OF ACTING. Except as provided in Section 10 of this Article II, a majority of the whole Board shall constitute a quorum for the transaction of business at any meeting. Any act of a majority of the directors present at any meeting at which a quorum shall be present shall be the act of the Board. In the absence of a quorum a majority of the directors present may adjourn any meeting from time to time until a quorum be had. Notice of any adjourned meeting need not be given, other than by announcement at the meeting at which such adjournment shall be taken.

SECTION 5. PLACE OF MEETING. The Board may hold its meetings at such place or places within or without the State of Michigan as the Board from time to time may determine or as shall be specified or fixed in the respective notices or waivers of notice thereof.

SECTION 6. REGULAR MEETINGS. Regular meetings of the Board shall be held at such times and places as the Board by resolution may determine. If any day fixed for a regular meeting shall be a legal holiday at the place where the meeting is to be held, then the meeting which would otherwise be held on that day shall be held at the same hour on the next succeeding business day at said place.

SECTION 7. SPECIAL MEETINGS. Special meetings of the Board shall be held whenever called by the President or by any two of the directors.

SECTION 8. NOTICE OF MEETINGS. Notice of each regular and special meeting of the Board, stating the time, place and purpose thereof, shall be mailed to each director, addressed to him at his residence or usual place of business, or shall be sent to him at such place by telegraph, or be delivered personally or by telephone, at least one (1) day before the day on which the meeting is to be held, but notice need not be given to any director if such notice shall be waived by him and any business may be transacted by the Board at a meeting at which every member of the Board shall be present, though held without notice.

SECTION 9. REMOVAL OF DIRECTORS. Any director may be removed at any time, either without or with cause, by the affirmative vote of the holders of a majority of the stock of the Corporation issued and

outstanding and entitled to vote, given at a special meeting of such stockholders called for that purpose; and the vacancy in the Board caused by any such removal may be filled by the stockholders at such meetings.

SECTION 10. VACANCIES. Any vacancy in the Board caused by death, resignation, removal, increase in the number of directors or any other cause, may be filled for the unexpired term of a majority vote of the remaining directors, though less than a quorum, or by the stockholders at the next annual meeting or at any special meeting called for the purpose.

SECTION 11. COMPENSATION. Each director, in consideration of his serving as such, shall be entitled to receive from this Corporation such amount per annum of such fees for attendance at directors' meetings, or both, as the Board of Directors shall from time to time determine, together with reimbursement for the reasonable expenses incurred by him in connection with the performance of his duties. Nothing in this Section contained shall preclude any director from serving the Corporation, its affiliates or subsidiaries in any other capacity and receiving proper compensation therefor.

ARTICLE III

OFFICERS

SECTION 1. NUMBER. The executive officers of the Corporation shall be the Chief Executive Officer who shall be a member of the Board, the President, who shall be a member of the Board, a Vice-President, a Secretary and a Treasurer; and there may be, in addition, such subordinate officers, agents and employees as shall be appointed in accordance with the provisions of Article III, Section 3 of these Bylaws. One person may hold the office of, and perform the duties of, any two or more offices. The Board may require any such officer, agent or employee to give security for the faithful performance of his duties.

SECTION 2. ELECTION, TERM OF OFFICE, QUALIFICATION. The executive officers of the Corporation shall be chosen annually by the Board, each thereof to hold office for one year or until his successor shall have been duly chosen and shall qualify, or until his death or until he shall resign, or shall have been removed in the manner hereinafter provided.

SECTION 3. SUBORDINATE OFFICERS, ETC. The Board may appoint such subordinate officers, agents or employees as the Board may deem necessary or advisable, including one or more additional Vice-Presidents, one or more Assistant Treasurers and one or more Assistant Secretaries, each of whom shall hold office for such period, having such authority and perform such duties as are provided in these By-Laws or as the Board may from time to time determine. The Board may delegate to any executive officer or to any committee the power to appoint any such additional officers, agents or employees.

SECTION 4. REMOVAL. Any officer of the Corporation may be removed, either with or without cause, at any time by resolution adopted by a majority of the whole Board at a special meeting thereof called for that purpose, or, except in the case of any officer elected by the Board, by any committee or executive officer upon whom such power of removal may be conferred by the Board.

SECTION 5. VACANCIES. Any vacancy in any office, because of death, resignation, removal, or any other cause, shall be filled for the unexpired portion of the term in the manner prescribed in Sections 2 and 3 of this Article III for election or appointment to such office.

SECTION 6. CHIEF EXECUTIVE OFFICER. The CEO shall have general supervision over the business of the corporation, subject to the control of the Board. The CEO shall, if present, preside at each meeting of the stockholders and of the Board. The CEO shall see that all orders and resolutions of the Board are carried into effect. The CEO shall perform such other duties as may be prescribed from time to time by the Board of Directors or the Bylaws.

SECTION 7. THE PRESIDENT. The President shall be the chief operating officer of the Corporation and shall have general supervision over the operations of the Corporation, subject to the control of the CEO and the Board. At the request of the CEO, or in the case of CEO's absence or inability to act, the President shall perform the duties of the CEO, and when so acting, shall have all the powers of, and be subject to all the restrictions upon, the CEO. The President may sign, with the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, certificates of stock of the Corporation; and he may sign, execute and deliver in the name of the Corporation all deeds, mortgages, bonds, contracts or other instruments authorized by the Board, except in cases where the signing, execution or delivery thereof shall be expressly delegated by the Board or by these By-Laws to some other officer or agent of the Corporation or where any thereof shall be required by law otherwise to be signed, executed and delivered, and he may affix the seal of the Corporation to any instrument which shall require it. In general, he shall perform all duties incident to the office of President and such other duties as may from time to time be assigned to him by these Bylaws or by the Board of Directors.

SECTION 8. VICE-PRESIDENT. Each Vice-President shall have such powers and perform such duties as the Board or the President may from time to time prescribe and shall perform such other duties as may be prescribed by these By-Laws. At the request of the President, or in case of his absence or inability to act, the Vice-President, if there shall be more than one Vice-President then in office, that one of them who shall be designated for the purpose by the President or by the Board of Directors shall perform the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions upon, the President.

SECTION 9. THE TREASURER. The Treasurer shall have charge and custody of, and be responsible for, all the funds and securities of the Corporation and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all monies and other valuable effects in the name of and to the credit of the Corporation in such banks or other depositaries as may be designated by the Board; he shall disburse the funds of the Corporation as may be ordered by the Board, taking proper vouchers for such disbursements, and shall render to the President and to the Directors at the regular meetings of the Board or whenever they may require it, a statement of all his transactions as Treasurer and an account of the financial condition of the Corporation;

and, in general, he shall perform all the duties incident to the office of Treasurer and such other duties as may from time to time be assigned to him by the Board. He may sign, with the President or a Vice-President, certificates of stock of the Corporation.

SECTION 10. THE SECRETARY. The Secretary shall act as secretary of, and keep the minutes of, all meetings of the Board and of the Stockholders; he shall cause to be given notice of all meetings of the stockholders and directors; he shall be custodian of the seal of the Corporation and shall affix the seal, or cause it to be affixed, to all certificates for shares of stock of the Corporation and to all documents the execution of which on behalf of the Corporation under its seal shall have been specifically or generally authorized by the Board; he shall have charge of the stock book and also of the other books, records and papers of the Corporation relating to its organization as a corporation, and shall see that the reports, statements and other documents required by law are properly kept or filed; and he shall in general perform all the duties incident to the office of Secretary. He may sign, with the President, certificates of stock of the Corporation. He shall also have such powers and perform such duties as are assigned to him by these By-Laws, and he shall have such other powers and perform such other duties, not inconsistent with these By-Laws, as the Board shall from time to time prescribe.

SECTION 11. SALARIES. The salaries of the officers of the Corporation, if any, shall be fixed from time to time by the Board, and none of such officers shall be prevented from receiving a salary by reason of the fact that he is also a member of the Board; and any officer who shall also be a member of the Board shall be entitled to vote in the determination of the amount of the salary that shall be paid to him.

ARTICLE IV

RESIGNATIONS

Any director or other officer may resign his office at any time by giving written notice of his resignation to the President or the Secretary of the Corporation. Such resignation shall take effect at the time specified therein or, if no time be specified therein, at the time of

the receipt thereof, and the acceptance thereof shall not be necessary to make it effective.

ARTICLE V

CONTRACTS, CHECKS, DRAFTS, BANK ACCOUNTS, ETC.

SECTION 1. EXECUTION OF CONTRACTS. In addition to the provisions of Article III, Section 6 of these By-Laws, the Board 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; except as is provided by Article III, Section 6 of these By-Laws with respect to the powers and authority of the President, and, unless so authorized by the Board or expressly authorized by these By-Laws 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 2. LOANS. No loans shall be contracted on behalf of the Corporation and no negotiable paper shall be issued in its name unless authorized by resolution of the Board, 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 $10,000.00. When authorized by the Board so to do, any officer or agent of the Corporation thereunto authorized may effect loans and advances at any time for the Corporation from any bank, trust company, or 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 3. CHECKS, DRAFTS, ETC. All checks, drafts, and other orders for the payment of monies out of the funds of the Corporation and all notes or other evidences of indebtedness of the Corporation shall be signed on behalf of the Corporation in such manner as shall from time to time be determined by resolution of the Board.

SECTION 4. DEPOSITS. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation such banks, trust companies or other depositaries as the Board may select or may be selected by any officer or officers, agent or agents of the Corporation to whom such power may from time to time be delegated by the Board; and, for the purpose of such 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 orders for the payment of monies which are payable to the order of the Corporation.

ARTICLE VI

STOCK

SECTION 1. CERTIFICATES. Certificates of stock shall be in such form as shall be approved by the Board and shall be issued and signed by the President or a Vice-President and by the Secretary or an Assistant Secretary, or the Treasurer or an Assistant Treasurer, and sealed with the seal of the Corporation.

SECTION 2. TRANSFERS. Transfers of stock shall be made only on the books of the Corporation by the holder of the shares in person, or by his duly authorized attorney or legal representative, and upon surrender and cancellation of certificates for a like number of shares. The Board may require satisfactory surety before issuing a new certificate to replace a certificate claimed to have been lost or destroyed.

SECTION 3. CLOSING OF TRANSFER BOOKS. The Board may fix a day not more than forty days prior to the day of holding any meeting of the stockholders of the Corporation as the day as of which stockholders entitled to notice of and to vote at such meeting shall be determined and only the stockholders of record on such day shall be entitled to notice of or to vote at such meeting. The books for the transfer of the shares of the Corporation may be closed for the payment of a dividend or of dividends or for any other purpose permitted by law during such period, not exceeding forty days, as the Board shall determine.

ARTICLE VII

DIVIDENDS

Subject to the provisions of the Certificate of Incorporation of the Corporation, and to the extent permitted by law, the Board may declare dividends on the shares of the Corporation at such times and in such amounts as, in its opinion, the condition of the affairs of the Corporation shall render advisable. Before payment of any dividend or making any distribution of profits, the Board may set aside out the surplus or net profits of the Corporation such sum or sums as the Board from time to time, in its absolute discretion, shall deem proper as a reserve fund 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 best interests of the Corporation.

ARTICLE VIII

OFFICES AND BOOKS

SECTION 1. OFFICES. The principal offices of the Corporation shall be at such place in the city of Charlotte, County of Eaton, as the Board may determine. The Board may from time to time and at any time

establish other offices of the Corporation or branches of its business at whatever place or places seem to it expedient.

SECTION 2. 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 By-Laws and the stock book of the Corporation, which shall contain the names, alphabetically arranged, of all persons who are stockholders of the Corporation, showing their respective places of residence, the number of shares held by them respectively, the time when they, respectively, became the owners thereof and the amount paid thereon.

ARTICLE IX

SEAL

The Board shall provide a corporate seal, which shall be in the form of a circle and shall bear the name of the Corporation and words and figures indicating the year and state in which the Corporation was incorporated and such other words or figures as the Board may approve and adopt.

ARTICLE X

FISCAL YEAR

The fiscal year of the Corporation shall be as determined by the Board of Directors.

ARTICLE XI

WAIVER OF NOTICE

Whenever under the provisions of any law of the State of Michigan or the Certificate of Incorporation, as amended, or these By-Laws or any resolution of the Board, the Corporation or the Board is authorized to take any action after notice to stockholders or directors or after the lapse of a prescribed period of time, such action may be taken without notice and without the lapse of any period of time, if, at any time before or after such action shall be completed, such notice or lapse of time shall be waived in writing by the person or persons entitled to said notice or entitled to participate in the action to be taken, or, in the case of a stockholder, by an attorney thereunto authorized.

Any meeting at which all stockholders or, in the case of a meeting of the Board, all directors are present, or with respect to which notice is waived by any absent stockholder or directors, may be held at any time, for any purpose and at any place, and shall be deemed to have been validly called and held; and all acts done and business conducted at any such meeting shall be deemed valid in all respects.

ARTICLE XII

AMENDMENTS

The By-Laws, or any of them, may be altered, amended or repealed, or new By-Laws may be made, at any annual or special meeting, by the stockholders having voting power, or at any regular or special meeting of the Board, by vote of a majority of the whole Board, provided that the proposed action in respect thereof shall be stated in the notice of such meeting, or that such notice shall be waived.

EXHIBIT 21

SUBSIDIARIES OF SPARTAN MOTORS, INC.

NAME OF SUBSIDIARY	Jurisdiction of INCORPORATION
Spartan de Mexico S.A. de C.V.	Mexico
Spartan Motors Foreign Sales Corporation, Inc.	West Indies

EXHIBIT 23

INDEPENDENT AUDITORS' CONSENT

Board of Directors
Spartan Motors, Inc.
Charlotte, Michigan

We consent to the incorporation by reference in Registration Statement No. 33-28432 of Spartan Motors, Inc. on Form S-8 and Registration Statement No. 33-80980 of Spartan Motors, Inc. on Form S-8 of our report dated March 4, 1996, appearing in this Annual Report on Form 10-K of Spartan Motors, Inc. for the year ended December 31, 1995.

/s/ Deloitte & Touche LLP

Lansing, Michigan
March 25, 1996

<ARTICLE> 5

<LEGEND> THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF SPARTAN MOTORS, INC. AND SUBSIDIARIES FOR THE PERIOD ENDED DECEMBER 31, 1995, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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