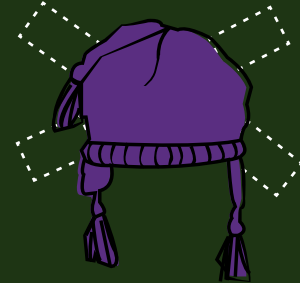
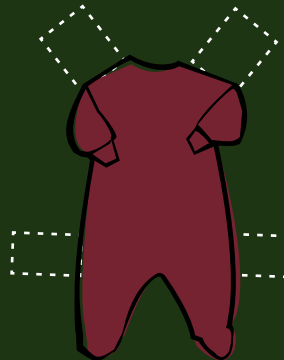
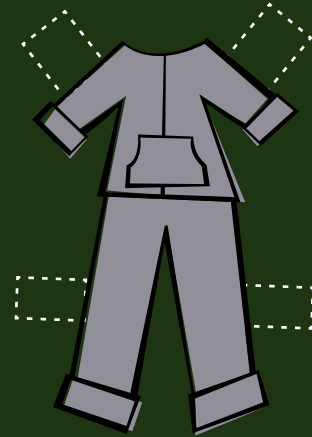
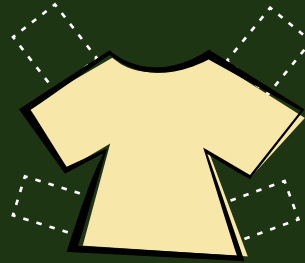
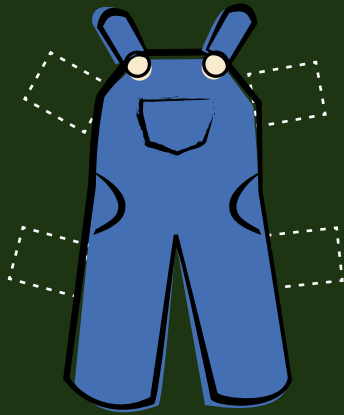


# 2004 Annual Report



**OSHKOSH®**

we got your whole family covered.

**Financial Highlights**  
(in millions, except per-share data)

FISCAL YEAR END	Dec. 28, 2003	Dec. 28, 2002	Dec. 29, 2001
Net income	\$ 32,450.00	\$ 32,045.00	\$ 32,808.00
Net sales	\$ 460,030.00	\$ 463,989.00	\$ 463,069.00
Return to sales	7.2%	7.3%	7.1%
Operating income	\$ 52,200.00	\$ 51,500.00	\$ 54,700.00
Working capital	\$ 71,023.00	\$ 55,423.00	\$ 54,601.00
Total assets	155,754.00	161,340.00	158,256.00
Long term debt	--	24,000.00	44,000.00
Total shareholders equity	92,389.00	73,700.00	44,473.00
Income per common share			
Basic	\$ 2,590.00	\$ 2,690.00	\$ 2,610.00
Diluted	\$ 2,540.00	\$ 2,610.00	\$ 2,58.00
Cash dividends			
Class A	0.26	0.22	0.20
Class B	0.22	0.22	0.37
Shareholders' Equity	7.73	6.03	3.65

To Our Customers, Stockholders, Partners and Employees:

At this time last year, there was most likely a collective sigh of relief by many American Businesses that 2001 had finally ended. Although our nation withstood the terrorist attacks of September 11, the devastating effect they rendered on the economy in the fourth quarter of 2001 was not to be short-lived. In the first half of 2002, the lingering economy downturn, massive job losses and geopolitical events negatively retail sales. Given these events, apparel sales, in particular, declined during the Fall/Back-to-School and all important Holiday seasons. Even the "value" retailers such as Kohl's, Target and Wal-Mart whose sales have held up fairly well for most of the year reported disappointing numbers in the fourth quarter of 2002. Most of our customers suffered, especially the traditional department store group, who faced significant sales declines resulting in a parting back of inventories. It is through review of these broader market events of 2002 that I hope to provide a clearer understanding of how the soft economy has negatively affected this year's financial performance.

For the first time since 1997, we experienced a net sales decline that amounted to \$26 million or 5.6%. On a positive note, however, our gross profit margin improved 165 basis points to 43.5%. Diluted earnings per share decreased by \$.07 to \$2.54. As I stated in last year's letter to shareholders, we are committed to increasing shareholder value both in the short and long term. That obviously did not happen in 2002 despite repurchasing \$21.2 million of Class A Common Stock and increasing our annual cash dividend pay out starting in September by 16.7%. The entire \$26.1 million shortfall in consolidated net sales was attributable to the performance of our children's wholesale business. While our wholesale net sales were down 14.5%, our unit shipments were down approximately 7.7%. The combination of targeted price rollbacks beginning with the Fall season along with substantially increased levels of customer margin support resulted in net sales that were below plan and well below last year.

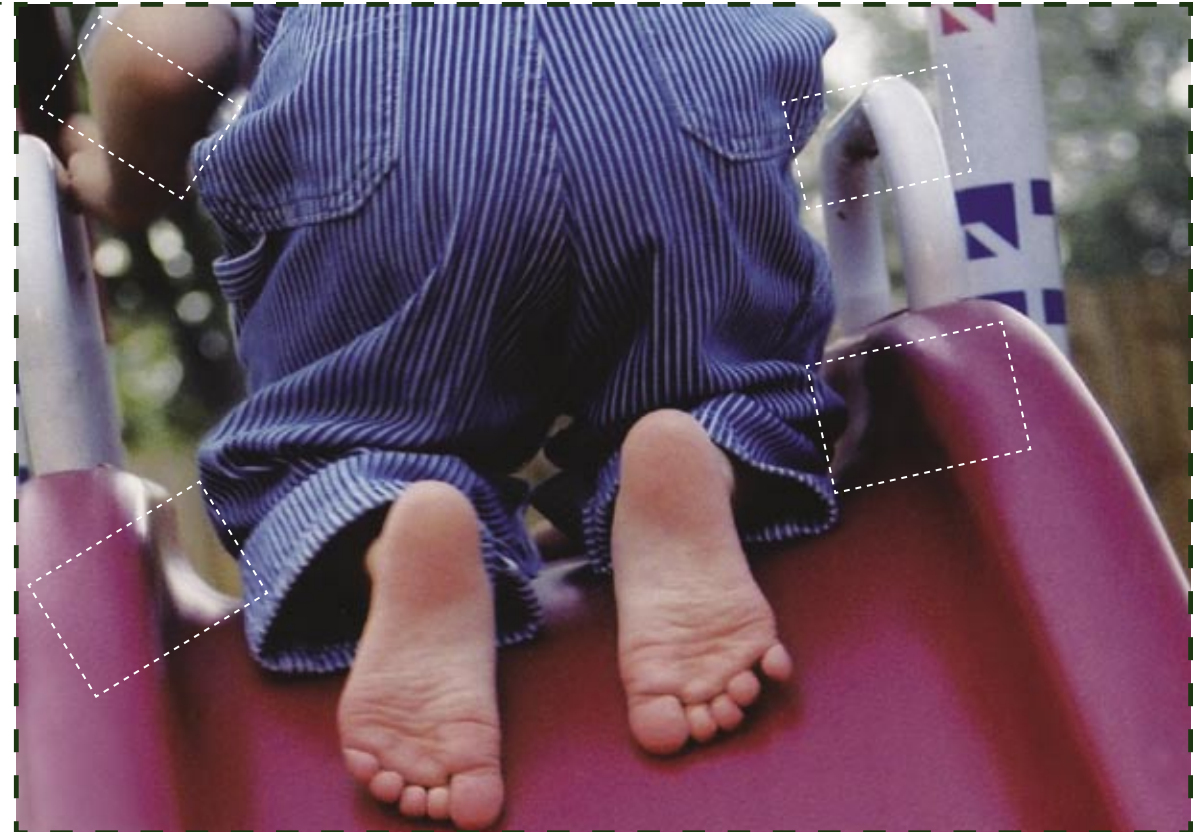
Two bright spots in what otherwise was a difficult year were the addition of Mervyn's as a customer in late 2002, and our business with Kohl's Department Stores which began in December 2001. Although not immune from the general softness in apparel sales, we were still able to achieve both our sales and margin plans with Kohl's for the year. With Kohl's planning to open 75 stores in 2003 and the Mervyn's business, we anticipate achieving a modest wholesale sales increase in 2003. The company's retail business also felt the effects of reduced store traffic as well as a higher than planned promotional level resulting in a somewhat disappointing 2.3% increase in net sales.

While comparable store sales were down 5.0%, sales at the 13 new stores which opened last year more than offset those declines.

2002 was a milestone year for the Company's e-commerce business. Not only did we achieve a 72.2% sales increase over last year, but more importantly, that business turned a profit for first time since the site debuted in 1999. To add more marketing muscle to our current internal activities on the web, late last year we also joined the long list of highly visible retailers on Amazon.com's newly launched apparel site. Early results have been very encouraging as we set the stage to achieve another 40% increase in business in 2003. Our global licensing business, along with the aforementioned e-commerce business, were the only two business units that out-performed both our internal plan as well as last year. Our international business posted improved royalty income, particularly in Japan, Europe and Australia in part offset by softness in Canada, as well as Central and South America. Our domestic licensing business grew its royalty income by 11.2%, led by our outerwear and footwear sales. Looking forward, we will continue to aggressively pursue opportunities both in the U.S. and abroad to extend the OshKosh brand's reach, providing increased levels of equity and royalty income. We are very excited about this approach.

2002 was a disappointing year as we did not come close to achieving our stated corporate objective of compounded annual sales growth of 5-8%. Our new corporate mantra is "focus on what we can control." We can not control the economy, the stock market, wars or terrorist attacks.

your toddler will love the comfort of our cotton t-shirts, play-wear and sleep wear, sizes starting at 0 months



little pretty and pink sun dress, that is perfect for any occasion, she will love it, also available in blue, yellow, and orange

We can control the design of our products, our pricing policies and our brand marketing direction. In all of these critical areas, new approaches were initiated in 2002 laying the groundwork for improved financial performance going forward. In September, we announced a plan to totally revamp our product design activities. This necessitated an expanded presence in the garment capital of the world, New York City, as well as the building of a new design team. As of the close of 2002, this has been accomplished as we have assembled quite possibly the most experienced and talented group of design professionals in the children's industry today. Given the timing when the new design team came on board, the full impact of their efforts will not be realized until the delivery of our Holiday 2004 line.

As I mentioned in last year's annual report, we have also taken concrete steps to improve our price/value relationship. Targeted price reductions were implemented beginning with Fall 2002 season and will continue through the first half of 2003, impacting a full 12 months of product deliveries. At that point, we believe that our price/value relationship will be in the "sweet spot" of our consumer's expectations and will lead to improved selling retail.

In this ever-competitive environment, our brand marketing efforts also continue to be a crucial catalyst to our future growth. With this in mind, we are in the process of implementing a new strategy, we are leveraging what is real and true about the brand, such as its heartland Americana work wear roots.

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