THOR INDUSTRIES INC
Form 10-K/A
November 02, 2004

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

FORM 10-K/A
Amendment No. 1

Annual Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

For the fiscal year ended July 31, 2004, Commission File Number 1-9235

THOR INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Delaware	93-0768752
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
419 W. Pike Street, Jackson Center, Ohio	45334-0629
(Address of principal executive offices)	(Zip Code)

Registrant s telephone number, including area code: (937) 596-6849

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

Title of each class:	Name of each exchange on which registered:
Common Stock (par value $.10 per share)	New York Stock Exchange

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

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 the filing requirements for the past 90 days.

Yes X No

Indicate by check mark if disclosure of delinquent files 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.

Yes X No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 126-2 of the act). Yes X
No

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of January 31, 2004 was $789,785,790, based on the closing price of the registrant s common shares on January 31, 2004, the last business day of the registrant s most recently completed second fiscal quarter. Solely for the purpose of this calculation and for no other purpose, the non-affiliates of the registrant are assumed to be all shareholders of the registrant other than (i) directors of the registrant s (ii) executive officers of the registrant who are identified as named executive officers pursuant to Item 11 of the registrant s Form 10-K and (iii) any shareholder that beneficially owns 10% or more of the registrant s common stock. Such exclusion is not intended, nor shall it be deemed, to be an admission that such persons are affiliates of the registrant. The number of common shares of registrant s stock outstanding as of October 1, 2004 was 57,148,160.

Documents incorporated by reference:

Portions of the Proxy Statement for the Annual Meeting of Shareholders to be held on December 7, 2004 are incorporated by reference in Part III of this Annual Report on form 10-K.

EXPLANATORY NOTE

This Amendment No. 1 on Form 10-K/A is being filed by the registrant to amend the registrant s Annual Report on Form 10-K dated and filed with the Securities and Exchange Commission on October 12, 2004 (the Initial Report) solely to correct an error regarding the periods covered in the third paragraph of the Report of Independent Registered Public Accounting Firm in Item 15 of Part IV. Except for the foregoing, no information included in the Initial Report is amended by this Form 10-K/A.

PART I

ITEM 1. BUSINESS

General Development of Business

Our company was founded in 1980 and produces and sells a wide range of recreation vehicles and small and mid-size buses in the United States and Canada. We are incorporated in Delaware and are the successor to a corporation of the same name which was incorporated in Nevada on July 29, 1980. Our principal executive office is located at 419 West Pike Street, Jackson Center, Ohio 45334 and our telephone number is (937)596-6849. Our Internet address is *www.thorindustries.com.*

Our principal recreation vehicle operating subsidiaries are Airstream, Inc. (*Airstream*), Dutchmen Manufacturing, Inc. (*Dutchmen*), Four Winds International, Inc. (*Four Winds*), Keystone RV Company (*Keystone*), Komfort Corp. (*Komfort*), Thor America, Inc. (*Thor America*), Citair, Inc. (*Citair*), Thor California, Inc. (*Thor California*), and Damon Corporation *(Damon)*. Our principal small and mid-size bus operating subsidiaries are Champion Bus, Inc. (*Champion*), ElDorado National California, Inc. (*ElDorado California*), and ElDorado National Kansas, Inc. (*ElDorado Kansas*).

On September 2, 2003, we acquired 100% of the common stock of Damon Corporation, a major manufacturer of Class A motorhomes and the largest builder of park models. The purchase price was $29,618,354. In addition, immediately after the closing, the Company paid off a $12,972,498 bank debt assumed in connection with the acquisition.

Recreation Vehicles

Airstream

Our Airstream subsidiary manufactures and sells premium and medium-high priced travel trailers and motorhomes under the trade names *Airstream Classic*, and *Land Yacht*. Airstream Classic vehicles are distinguished by their rounded shape and bright aluminum finish and, in our opinion, constitute the most recognized product in the recreation vehicle industry. Airstream, responding to the demands of the market for a lighter, lower-cost product, also manufactures and sells the Airstream *Safari*, *International* and *Bambi* travel trailers. Airstream also sells the *Interstate* and *Westfalia* Class C motorhomes.

Dutchmen

Our Dutchmen subsidiary manufactures and sells conventional travel trailers and fifth wheels primarily under the trade names *Dutchmen*, *Four Winds, Aero and T@b*.

Four Winds

Our Four Winds subsidiary manufactures and sells Class C and Class A motorhomes. Its products are sold under trade names such as *Four Winds*, *Hurricane*, *Infinity*, *Windsport, Mandalay*, *Dutchmen*, *Chateau* and *Fun Mover*.

Thor America

Our Thor America subsidiary manufactures and sells moderately priced travel trailers and fifth wheels under the trade names *Citation* and *Chateau*.

Citair

Our Citair subsidiary produces moderately-priced travel trailers, fifth wheels, Class C motorhomes and truck campers. It operates under the name *General Coach* and sells recreation vehicles under the trade names *Citation* and *Corsair*.

Keystone

Our Keystone subsidiary, acquired on November 9, 2001, manufactures travel trailers and fifth wheels under trade names such as *Montana*, *Springdale*, *Hornet*, *Sprinter*, *Outback*, *Laredo*, *Everest*, *Mountaineer*, *Challenger*, and *Cougar*.

Komfort

Our Komfort subsidiary manufactures and sells travel trailers and fifth wheels under the trade names *Komfort* and *Trailblazer* primarily in the western United States and western Canada.

Thor California

Our Thor California subsidiary manufactures and sells travel trailers and fifth wheels under the trade names *Wanderer*, *Tahoe* and *Jazz* primarily in the western United States.

Damon Motor Coach

Damon Motor Coach builds gasoline and diesel Class A motor homes under the names *Daybreak, Intruder*, and *Challenger*.

Breckenridge

Breckenridge is the park model division of the newly acquired Damon Corporation. Park models are factory built second homes designed for recreational living. They are towed to a destination site such as a lake, woods or park and are considered a country cottage.

We believe that our recreation vehicle business is the largest unit and revenue manufacturer in North America based on retail statistics published by Statistical Surveys, Inc. and publicly reported results.

Buses

ElDorado National

ElDorado National, comprised of our ElDorado Kansas and ElDorado California subsidiaries, is a manufacturer of small and mid-size buses for transit, airport car rental and hotel/motel shuttles, paramedical transit for hospitals and nursing homes, tour and charter operations and other uses.

ElDorado National builds buses under trade names such as *Aerolite*, *AeroElite*, *Aerotech*, *Escort*, *MST*, *Transmark*, *Axess* and *EZ Rider*. ElDorado National s plants are located in Salina, Kansas and Riverside, California.

Champion Bus

Champion builds small and mid-size buses under trade names such as *Challenger*, *CTS*, and *Crusader*.

We believe that our bus division is the largest unit manufacturer of small and mid-size commercial buses in North America based on statistics published by the Mid-Size Bus Manufacturers Association.

Product Line Sales and Segment Information

Effective for the quarter ending April 30, 2004, the Company began presenting three reportable segments: 1.) towable recreation vehicles, 2.) motorized recreation vehicles, and 3.) buses. The towable recreation vehicle segment consists of the following operating companies that have been aggregated: Airstream, Breckenridge, Dutchmen, General Coach Hensall and Oliver, Keystone, Komfort, Thor America and Thor California. The motorized recreation vehicle segment consists of the following operating companies that have been aggregated: Airstream, Damon, Four Winds and Oliver. The bus segment consists of the following operating companies that have been aggregated: Champion Bus, ElDorado California and ElDorado Kansas. Previously, the Company was organized into two reportable segments, total recreation vehicles and buses. Previous segment information has been restated to conform to the current reportable segment presentation.

The table below sets forth the contribution of each of the Company s product lines to net sales in each of the last three fiscal years.

($000)	2004		2003		2002	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Recreation vehicles:						
Towables	$1,433,997	65	$1,126,740	72	$ 785,327	63
Motorized	539,010	25	227,672	14	188,370	15
Buses	214,732	10	216,992	14	271,603	22
Total Net Sales	$2,187,739	100	$1,571,404	100	$1,245,300	100

Additional information concerning business segments is included in Note M of the Notes to the Company s Consolidated Financial Statements.

Recreation Vehicles

Overview

We manufacture and sell a wide variety of recreation vehicles throughout the United States and Canada, as well as related parts and accessories. Recreation vehicle classifications are based upon standards established by the Recreation Vehicle Industry Association or RVIA. The principal types of recreation vehicles that we produce include conventional travel trailers, fifth wheels, Class A and Class C motorhomes and park models.

Travel trailers are non-motorized vehicles which are designed to be towed by passenger automobiles, pickup trucks or vans. Travel trailers provide comfortable, self-contained living facilities for short periods of time. We produce conventional, and fifth wheel travel trailers. Conventional trailers are towed by means of a frame hitch attached to the towing vehicle. Fifth wheel trailers, designed to be towed by pickup trucks, are constructed with a raised forward section that is attached to the bed area of the pickup truck.

Park models are recreational dwellings towed to a permanent site such as a lake, woods or park. The maximum size of park models is 400 square feet. They provide comfortable self contained living and are second homes for their owners according to *The Recreational Park Trailer Association.*

A motorhome is a self-powered vehicle built on a motor vehicle chassis. Motorhomes are self-contained with their own lighting, heating, cooking, refrigeration, sewage holding and water storage facilities, so that they can be lived in without being attached to utilities.

Class A motorhomes, constructed on medium-duty truck chassis, are supplied complete with engine and drive train components by motor vehicle manufacturers such as Workhorse Custom Chassis, Spartan, Ford and Freightliner. We design, manufacture and install the living area and driver s compartment of Class A motorhomes. Class C motorhomes are built on a Ford, General Motors or Daimler Chrysler small truck or van chassis which includes an engine, drive train components, and a finished cab section. We construct a living area which has access to the driver s compartment and attaches to the cab section. Although they are not designed for permanent or semi-permanent living, recreation vehicles can provide comfortable living facilities for short periods of time.

Production

In order to minimize finished inventory, our recreation vehicles generally are produced to order. Our facilities are designed to provide efficient assembly line manufacturing of products. We are currently expanding our production facilities to accommodate increased demand. Capacity increases can be achieved at relatively low cost, largely by increasing the number of production employees or by acquiring or leasing additional facilities.

We purchase in finished form many of the components used in the production of our recreation vehicles. The principal raw materials used in the manufacturing processes for motorhomes and travel trailers are aluminum, lumber, plywood, plastic, fiberglass, and steel purchased from numerous suppliers. We believe that, except for chassis, substitute sources for raw materials and components are available with no material impact on our operations. We are able to obtain the benefit of volume price discounts for many of our purchases of raw materials and components by centralized purchasing.

Our relationship with our chassis suppliers is similar to all buyer/vendor relationships and no special contractual commitment is engaged in by either party. Historically, Ford and General Motors resort to an industry-wide allocation basis during restriction of supply. These allocations would be based on the volume of chassis previously purchased. Sales of motor homes and small buses rely on these chassis and are affected accordingly.

Generally, all of our operating subsidiaries introduce new or improved lines or models of recreation vehicles each year. Changes typically include new sizes and floorplans, different decors or design features, and engineering improvements.

Seasonality

Since recreation vehicles are used primarily by vacationers and campers, our recreation vehicle sales are seasonal and, in most geographical areas, tend to be significantly lower during the winter months than in other periods. As a result, recreation vehicle sales are historically lowest during the second fiscal quarter, which ends on January 31 of each year.

Marketing and Distribution

We market our recreation vehicles through independent dealers located throughout the United States and Canada. Each of our recreation vehicle operating subsidiaries maintains its own dealer organization, with some dealers carrying more than one of our product lines. As of July 31, 2004, there were approximately 1,518 dealers carrying our products in the U.S. and Canada. We believe that close working relationships between our management personnel and the many independent dealers provide us with valuable information on customer preferences and the quality and marketability of our products. Additionally, by maintaining substantially separate dealer networks for each of our subsidiaries, our products are more likely to be competing against competitor s products in similar price ranges rather than against our other products. Park models are typically sold by park model dealers as well as by some travel trailer dealers.

Each of our recreation vehicle operating subsidiaries has an independent sales force to call on their dealers. Our most important sales promotions occur at the major recreation vehicle shows for dealers which take place throughout the year at different locations across the country. We benefit from the recreation vehicle awareness advertising and major marketing programs geared towards first-time buyers sponsored by the RVIA in national print media and television. We engage in a limited amount of consumer-oriented advertising for our recreation vehicles, primarily through industry magazines, the distribution of product brochures, direct mail advertising campaigns and the internet.

In our selection of individual dealers, we emphasize the dealer s financial strength to maintain a sufficient inventory of our products, as well as their reputation, experience, and ability to provide service. Many of our dealers carry the recreation vehicle lines of one or more of our competitors. Each of our operating subsidiaries has sales agreements with their dealers and these agreements are subject to annual review. No single recreation vehicle dealer accounted for more than 5% of our consolidated net sales of recreation vehicles during fiscal 2004.

Substantially all of our sales to dealers are made on terms requiring cash on delivery or within 10 days thereafter. We generally do not finance dealer purchases. Most dealers are financed on a floorplan basis by a bank or finance company which lends the dealer all or substantially all of the wholesale purchase price and retains a security interest in the vehicles purchased. As is customary in the recreation vehicle industry, we will execute a repurchase agreement with a lending institution financing a dealer s purchase of our products upon the lending institution s request and after completion of a credit investigation of the dealer involved. Repurchase agreements provide that for up to 12 months after a unit is financed and in the event of default by the dealer we will repurchase the unit repossessed by the lending institution for the amount then due, which is usually less than 100% of dealer s cost. The risk of loss under repurchase agreements is spread over numerous dealers and is further reduced by the high resale value of the units which we would be required to repurchase. In our experience, losses under repurchase agreements have not been significant and we believe that any future losses under these agreements would not have a material adverse effect on our company.

The losses incurred due to repurchase were approximately $642,000, $494,000, and $730,000 in fiscal 2004, 2003 and 2002, respectively.

Joint Ventures

In March 1996, our Company and Cruise America, Inc. formed a 50/50 ownership joint venture, CAT Joint Venture LLC, to make short-term rentals of motorized recreation vehicles to the public. As of July 31, 2004 we were contingently liable for repurchase obligations of CAT Joint Venture inventory in the amount of approximately $7.6 million.

Financing

Thor Credit Corporation is a recreation vehicle retail finance company jointly owned 50/50 by our company and E*Trade Group, Inc., a major financial institution.

Backlogs

As of July 31, 2004, the backlog for motorized and towable recreation vehicle orders was approximately $108,991,000 and $251,573,000, respectively, compared to $59,924,000 and $141,188,000 respectively, at July 31, 2003. Backlog represents unfilled dealer orders on a particular day which can and do fluctuate widely seasonally. In the recreation vehicle business our manufacturing time is quite short.

Historically, the amount of our current backlog compared to our backlog in previous periods reflects general economic and industry conditions and, together with other relevant factors such as continued acceptance of our products by the consumer, may be an indicator of our revenues in the near term.

Warranties

We currently provide purchasers of our recreation vehicles with a standard one or two-year limited warranty against defects in materials and workmanship and a standard two year limited warranty on certain major components separately warranted by the suppliers of these components. The chassis and engines of our motorhomes are warranted for three years or 36,000 miles by their manufacturers. A wholly owned captive insurance company provides coverage for product warranties.

Small and Mid-Size Buses

Overview

Our line of small and mid-size buses are sold under the names ElDorado National and Champion Bus. Our line of small and mid-size buses consists of airport shuttle buses, intra-urban and inter-urban mass transportation buses, and buses for tourist uses.

Production

Our small and mid-size bus production facilities in Salina, Kansas; Riverside, California; and Imlay City, Michigan, are designed to provide efficient assembly line manufacturing of our small and mid-size buses. The vehicles are produced according to specific orders which are normally obtained by dealers. In April 2004, we moved out of leased premises in Chino to new owned facilities in Riverside, CA for the production of our current bus models as well as our newly introduced 40 foot bus line.

Some of the chassis, all of the engines and auxiliary units, and some of the seating and other components used in the production of our small and mid-size buses are purchased in finished form. Our Riverside, California, facility assembles chassis for our rear engine buses from industry standard components and assembles these buses directly on the chassis.

The principal raw materials used in the manufacturing of our small and mid-size buses are fiberglass, steel, aluminum, plywood, and plastic. We purchase most of the raw materials and components from numerous suppliers. We purchase most of our bus chassis from Ford and General Motors and engines from Cummins, Caterpillar, and John Deere. We believe that, except for chassis, raw materials and components could be purchased from other sources, if necessary, with no material impact on our operations.

Marketing and Distribution

We market our small and mid-size buses through a network of 67 independent dealers in the United States and Canada. We select dealers using criteria similar to those used in selecting recreation vehicle dealers. During fiscal 2004, one of our dealers, accounted for 19% of the Company s net bus revenue. We also sell our small and mid-size buses directly to certain national accounts such as major rental car companies, hotel chains, and transit authorities. Approximately 60% of our bus sales are derived from contracts with state and local transportation authorities, in some cases with partial funding from federal agencies.

Terms of sale are typically cash on delivery or through national floorplan financing institutions. Sales to some state transportation agencies and other government agencies may be on longer terms.

Backlog

As of July 31, 2004 the backlog for bus orders was approximately $134,414,000 compared to $108,256,000 at July 31, 2003. The time for fulfillment of bus orders is substantially longer than in the recreation vehicle industry because generally buses are made to customer specification. The existing backlog of bus orders is expected to be filled in the first nine months of fiscal 2005.

Historically, the amount of our current backlog compared to our backlog in previous periods reflects general economic and industry conditions and, together with other relevant factors such as continued acceptance of our products by the consumer, may be an indicator of our revenues in the near term.

Warranties

We currently provide purchasers of our small and mid-size buses with a limited warranty for one year or 12,000 miles against defects in materials and workmanship, excluding only certain specified components which are separately warranted by suppliers. We provide body structure warranty on buses ranging from 2 years 50,000 miles to 5 years 75,000 miles. The chassis and engines of our small and mid-size buses are warranted for three years or 36,000 miles by their manufacturers. A wholly owned captive insurance company provides coverage for product warranties.

Regulation

We are subject to the provisions of the National Traffic and Motor Vehicle Safety Act and the safety standards for recreation vehicles, buses and recreation vehicle and bus components which have been promulgated thereunder by the U.S. Department of Transportation. Because of our sales in Canada, we are also governed by similar laws and regulations issued by the Canadian government.

We are a member of the Recreation Vehicle Industry Association (RVIA), a voluntary association of recreation vehicle manufacturers which promulgates recreation vehicle safety standards. We place an RVIA seal on each of our recreation vehicles to certify that the RVIA s standards have been met.

Both federal and state authorities have various environmental control standards relating to air, water, and noise pollution which affect our business and operations. For example, these standards, which are generally applicable to all companies, control our choice of paints, discharge of air compressor waste water and noise emitted by factories. We rely upon certifications obtained by chassis manufacturers with respect to compliance by our vehicles with all applicable emission control standards.

We are also subject to the regulations promulgated by the Occupational Safety and Health Administration or OSHA. Our plants are periodically inspected by federal agencies concerned with health and safety in the work place, and by the RVIA, to ensure that our products comply with applicable governmental and industry standards.

We believe that our products and facilities comply in all material respects with applicable vehicle safety, environmental, RVIA, and OSHA regulations.

We do not believe that compliance with the regulations discussed above will have any material effect on our capital expenditures, earnings or competitive position.

Competition

Recreation Vehicles

The recreation vehicle industry is characterized by relative ease of entry, although the codes, standards, and safety requirements introduced in recent years are a deterrent to new competitors. The need to develop an effective dealer network also acts as a barrier to entry. The recreation vehicle market is intensely competitive with a number of other manufacturers selling products which compete directly with our products. Competition in the recreation vehicle industry is based upon price, design, value, quality, and service. We believe that the quality, design, and price of our products and the warranty coverage and service that we provide allow us to compete favorably for retail purchasers of recreation vehicles. We estimate that we are the largest recreation vehicle manufacturer in terms of units produced and revenue.

Small and Mid-Size Buses

We estimate that we have a 35% market share of the U.S. and Canadian small and mid-size bus market. Our competitors offer lines of buses which compete with all of our products. Price, quality, and delivery are the primary competitive factors. As with recreation vehicles, we believe that the quality, design, and price of small and mid-size buses, the warranty coverage and service that we provide, and the loyalty of our customers allow us to compete favorably with similarly priced products of our competitors.

Trademarks and Patents

We have registered United States and Canadian trademarks or licenses covering the principal trade names and model lines under which our products are marketed. We are not dependent upon any patents or technology licenses for the conduct of our business.

Employee Relations

At July 31, 2004, we had approximately 7,208 employees in the United States and 263 employees in Canada. Of these 7,471 employees, 837 are salaried. Citair s and Thor America s approximately 340 hourly employees are currently represented by certified labor organizations. Thor America s contract was ratified on September 30, 2003 and will expire on October 1, 2006. Our Citair Hensall division contract was ratified on January 13, 2004 and will expire on September 30, 2006. Citair Oliver s contract was ratified on October 17, 2003 and will expire on October 16, 2008. Employees of our other subsidiaries are not represented by certified labor organizations. We believe that we maintain a good working relationship with our employees.

Research and Development

During the fiscal years 2004, 2003 and 2002, we expensed approximately $452,000, $1,067,000, and $1,405,000 respectively, on research and development activities.

We have co-developed a bus using a fuel cell as its power source. Our cumulative expenditures on the project, which have been expensed, are approximately $1,332,000. We do not know whether or not it is feasible to produce this product at a reasonable cost and have no intention to commit material assets to the project unless its feasibility is established. At the present time the project is continuing field testing.

Information About Foreign and Domestic Operations and Export Sales

Sales from our Canadian operations and export sales to Canada from our U.S. operations amounted to approximately 1.5% and 7.0% in fiscal 2004, 2.3% and 6.0% in fiscal 2003 and 2.3% and 5.3% in fiscal 2002, respectively of our total net sales to unaffiliated customers.

Forward Looking Statements

This Annual Report on Form 10-K includes certain statements that are forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934 as amended. These forward looking statements involve uncertainties and risks. There can be no assurance that actual results will not differ from the Company s expectations. Factors which could cause materially different results include, among others, the success of new product introductions, the pace of acquisitions and cost structure improvements, competition and general economic conditions. We disclaim any obligation or undertaking to disseminate any updates or revisions to any forward looking statements contained in this Annual Report on Form 10-K or to reflect any change in our expectations after the date of this Annual Report on Form 10-K or any change in events, conditions or circumstances on which any statement is based, except as required by law.

ITEM 2. PROPERTIES

We own or lease approximately 4,523,000 square feet of plant and office space. We believe that our present facilities, consisting primarily of steel clad, steel or wood frame, and masonry construction, and the machinery and equipment contained in these facilities, are well maintained and in good condition. We believe that these facilities, together with facilities planned for fiscal 2005, are adequate for our current and foreseeable purposes and that we would be able to obtain replacement for our leased premises at acceptable costs should our leases not be renewed.

The following table describes the location, number and size of our facilities as of July 31, 2004.

Location	Owned or Leased	No. of Buildings	Approximate Building Area Square Feet
RVs:			
Jackson Center, OH (Airstream)	Owned	9	299,000
Jackson Center, OH (Airstream) (1)	Leased	2	5,000
Middleburg, PA (Thor America)	Owned	3	116,000
Hensall, Ontario, Canada (Citair)	Owned	1	97,000
Oliver, B.C., Canada (Citair)	Owned	1	55,000
Middlebury, IN (Dutchmen)	Owned	1	20,000
Goshen, IN (Dutchmen)	Owned	9	402,000
Goshen, IN (Dutchmen) (2)	Leased	1	45,000
Syracuse, IN (Aero)	Owned	3	114,000
Syracuse, IN (Aero) (3)	Leased	1	49,000
Bristol, IN (Dutchmen) (4)	Leased	6	106,000
Elkhart, IN (Four Winds)	Owned	8	492,000
Elkhart, IN (Four Winds) (10)	Leased	1	37,000
Elkhart, IN (Damon)	Owned	3	79,000
Elkhart, IN (Damon) (8)	Leased	6	177,000
Napanee, IN (Breckenridge)	Owned	2	144,000
Milwaukie, OR (Komfort) (5)	Leased	1	57,000
Clackamas, OR (Komfort)	Owned	1	107,000
Moreno Valley, CA (Thor California) (6)	Leased	3	166,000
Moreno Valley, CA (Thor California) (7)	Leased	1	49,000
Moreno Valley, CA (Thor California)	Owned	1	63,000
Goshen, IN (Keystone) (9)	Leased	14	675,000
Goshen, IN (Keystone)	Owned	6	343,000
Pendleton, OR (Keystone)	Owned	1	146,000
Small and Mid-Size Buses:			
Salina, KS (ElDorado Kansas)	Owned	2	252,000
Riverside, CA (ElDorado California)	Owned	1	227,000
Imlay City, Michigan (Champion Bus)	Owned	5	201,000
Total		**93**	**4,523,000**

(1) These leased storage facilities are occupied under a 1 year lease which expires August 31, 2005, with three one year options to renew.

(2) This location is occupied under a net lease which expires in 2004 with an option to extend for five years.

(3) This location is occupied under a net lease which expires in 2005 with an option to extend for three years.

(4) This location is occupied under a net lease which expires in 2005 with an option to extend for five years.

(5) This location is occupied under a net lease which expires in 2005 with an option to extend for five years.

(6) This location is occupied under a net lease which expires in 2008 with an option to extend for five years.

(7) This location is occupied under a net lease which expires October, 1, 2010.

(8) This location is occupied under a net lease which expires in 2005.

(9) These locations are occupied under net leases, expiring at various periods starting in 2005. Leases have extension and or options to purchase.

(10) This location is occupied under a net lease which expires in April 2005 with an option to extend for one year.

ITEM 3. LEGAL PROCEEDINGS

We are involved in certain litigation arising out of our operations in the normal course of our business most of which are based upon state lemon laws, warranty claims, other claims and accidents (for which we carry insurance above a specified deductible amount). We do not believe that any one of these claims is material. In addition to these claims, we are a defendant in a lawsuit in Ontario, Canada. This suit arises out of an agreement relating to the manufacture of a low floor bus. The plaintiff claims that we illegally utilized the concept of the low floor bus for our own profit and that we breached the contract with it in the manner specified in the complaint. The plaintiff has asked for substantial money damages including punitive damages. We have counter claimed against the plaintiff claiming that we overpaid it in excess of $800,000. The case is scheduled for trial on February 7, 2005. Although there can be no assurances, we are of the opinion that there will be no material cost to us as a result of this lawsuit.

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

No matters submitted.

ITEM 5. MARKET FOR REGISTRANT S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

(a) Market Information

The Company s Common Stock is traded on the New York Stock Exchange. Set forth below is the range of high and low prices for the common stock for each quarter during the Company s two most recent fiscal years, as quoted in the New York Stock Exchange Monthly Market Statistics and Trading Reports. High and low stock prices were adjusted for the two-for-one stock split in January 2004.

	Fiscal 2004		Fiscal 2003	
	High	**Low**	**High**	**Low**
First Quarter	$32.30	$20.79	$18.59	$13.73
Second Quarter	33.28	26.34	21.39	13.15
Third Quarter	34.67	22.00	16.15	10.73
Fourth Quarter	33.97	25.40	22.93	15.50

(b) Holders

As of October 1, 2004, the number of holders of record of the Company s common stock was 187.

(c) Dividends

We paid quarterly dividends of $ .015 per share in each of the first two quarters of fiscal 2004 and $.03 per share in the third and fourth quarters of fiscal 2004 and $.005 per share in each of the first three quarters of fiscal 2003 and $.01 per share in the fourth quarter of fiscal 2003. Any payment of cash dividends in the future will be at the discretion of our board of directors and will depend upon our financial condition, capital requirements, earnings and any other factors which the board of directors may deem relevant.

(d) Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides information as of July 31, 2004 about the Company s Common Stock that may be issued upon the exercise of options, warrants and rights granted to employees or members of the Board of Directors under all the Company s existing equity compensation plans, including the 1999 Stock Option Plan and the Thor Industries, Inc. Restricted Stock Plan.

Equity Compensation Plan Information

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	792,344	$ 18.07	688,336
Equity compensation plans not approved by security holders	0	NA	393,700
Total	792,344	$ 18.07	1,082,036

ITEM 6. SELECTED FINANCIAL DATA

	Fiscal years ended July 31,				
	2004	2003	2002	2001	2000
Income statement data:	($000, except per share amounts)				
Net sales(2)	$2,187,739	$1,571,404	$1,245,300	$821,728	$910,079
Net income(2)	106,085	78,631	51,182	26,722	36,119
Earnings per common share(1)(2)					
Basic	1.85	1.38	.94	.56	.75
Diluted	1.84	1.37	.94	.56	.74
Dividends per common share(1)(2)	.09	.025	.02	.02	.02

Balance sheet data:					
Total assets(2)	$ 762,587	$ 608,941	$ 497,503	$309,067	$282,131

(1) Per share amounts were adjusted for the two-for-one stock split in January 2004 and July 2002.

(2) Selected financial data for 2004 include the results of Damon Corporation, which was acquired on September 2, 2003. Selected financial data for 2004, 2003 and 2002 include the results of Keystone RV Company, which was acquired on November 9, 2001.

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

RESULTS OF OPERATIONS

Net sales in fiscal 2004 totaled $2,187,738,526 versus $1,571,404,414 in fiscal 2003. Net income in fiscal 2004 totaled $106,085,336 versus $78,630,765 in 2003. Basic earnings per share of our common stock in fiscal 2004 were $1.85 compared to $1.38 in fiscal 2003. Our consolidated statements of income for the years ended July 31, 2004, 2003 and 2002 shown as a percentage of net sales are:

	Fiscal years ended July 31,		
	2004	**2003**	**2002**
Net Sales	100.0%	100.0%	100.0%
Cost of products sold	86.3	85.9	87.4
Gross profit	13.7	14.1	12.6
Selling, general and administrative expenses	6.3	6.2	6.1
Impairment of equity securities		(.1)	(.2)
Gain on equity securities	.1		
Other income (net)	.2	.2	.2
Income before income taxes	7.7	8.0	6.6
Income taxes	2.8	3.0	2.5
Net income	4.8%	5.0%	4.1%

Executive Overview

We were founded in 1980 and have grown to be the largest manufacturer of Recreation Vehicles (RV s) and small and mid-size buses in North America. Our position in the travel trailer and fifth wheel segment of the industry gives us an approximate 28% market share and in the motorized segment of the industry an approximate 12% market share. Our market in small and mid-size buses is approximately 35%. We have recently entered the 40-foot bus market with a new facility in Southern California designed for that product as well as our existing 30-foot and 35-foot buses.

Our growth has been internal and by acquisition. Our strategy has been to increase our profitability in North America in the recreation vehicle industry and in the bus business by improving our facilities, product innovation, opportunistic acquisitions and manufacturing quality products. We have not purchased unrelated businesses and have no plans to do so in the future. We rely on internally generated cash flows from operations to finance our growth although we may borrow to make an acquisition if we believe the incremental cash flows will assure rapid payback. We have invested significant capital to modernize our plant facilities and have expended approximately $54 million for that purpose in the past two years.

Our business model includes decentralized operating units and we compensate operating management based upon profitability of the unit which they manage. Our corporate staff provides financial management, centralized purchasing services, insurance, legal and human resources. Senior corporate management interacts regularly with operating management to assure that corporate objectives are understood clearly and are monitored appropriately.

Our RV products are sold to dealers who, in turn, retail those products. Our buses are sold through dealers to municipalities and private purchasers such as rental car companies and hotels. We do not directly finance dealers but do provide repurchase agreements in order to facilitate the dealers obtaining floor plan financing. We have a joint venture, Thor Credit, which provides retail credit to ultimate purchasers of recreation vehicles.

For management and reporting purposes, we segment our business into Recreation Vehicles Towables and Motorized and Buses.

Trends and Business Outlook

The most important determinants of demand for Recreation Vehicles are demographics. The baby boomer population is now reaching retirement age and retirees are a large market for our products. The baby boomer population in the United States is expected to grow 48% by 2010, or five times the expected 9% growth in the total United States population. We believe a primary indicator of the strength of the recreation vehicle industry is retail sales, which we closely monitor to determine industry trends.

Government entities are primary users of our buses. Demand in this segment is subject to fluctuations in government spending on transit. In addition, hotel and rental car companies are also major users of our small and mid-size buses and therefore airline travel is an important indicator for this market. The majority of our buses have a 5-year useful life, so that many of the buses we sold in 1999 and 2000 will need to be replaced.

Fuel price fluctuations have not historically influenced our sales materially and we do not anticipate that modest increases in interest rates will have a significant negative effect on such sales. Retail sales in the recreation vehicle industry have been strong due to low inflation, favorable interest rates, population trends and concerns about the safety of international travel. Both segments of our recreation vehicle business experienced record sales due to exceptional industry strength. To satisfy that demand, we have hired 1,130 employees since July 31, 2003, increasing our employee total by more than 19%.

Economic or industry-wide factors affecting our recreation vehicle business include raw material costs of commodities used in the manufacture of our product. Materials cost is the primary factor determining our cost of goods sold. During fiscal 2004, we increased product prices on our RV s segment by approximately 2.3% to offset increased raw material costs. Price increases for buses were less than 1% due to continued soft market conditions and competitive pressures. Additional increases in raw material costs would impact our profit margins if we were unable to raise prices for our products by corresponding amounts without negatively affecting sales.

Effective for the quarter ending April 30, 2004, the Company began presenting three reportable segments: 1.) towable recreation vehicles, 2.) motorized recreation vehicles, and 3.) buses. The towable recreation vehicle segment consists of the following operating companies that have been aggregated: Airstream, Breckenridge, Dutchmen, General Coach Hensall and Oliver, Keystone, Komfort, Thor America and Thor California. The motorized recreation vehicle segment consists of the following operating companies that have been aggregated: Airstream, Damon, Four Winds and Oliver. The bus segment consists of the following operating companies that have been aggregated: Champion Bus, ElDorado California and ElDorado Kansas. Previously, the Company was organized into two reportable segments, total recreation vehicles and buses. Previous segment information has been restated to conform to the current reportable segment presentation.

Fiscal 2004 vs. Fiscal 2003

Net sales for fiscal 2004 were $2,187,738,526 compared to $1,571,404,414 for fiscal 2003, up 39.2%. Income before income taxes for fiscal 2004 was $168,219,502, a 33.2% increase from $126,244,258 in fiscal 2003. Included in fiscal 2004 are sales of $210,106,402 and income before income taxes of $10,928,806 for Damon Corporation acquired on September 2, 2003. Excluding Damon, net sales are up 25.9% and income before income taxes are up 24.6%. The increase in income before income taxes of $41,975,244 for fiscal 2004 is the result of the following items: $10,928,806 of income generated by Damon Corporation, $39,313,144 of income from increased recreation vehicle revenues, $1,801,901 of income from the gain on the sale and reclassification of certain equity securities previously held as investments available-for-sale, and no impairment losses versus a $1,580,334 loss last year. Offsetting these increases in income before income taxes was reduced income of $2,729,280 generated by our bus companies, and increased corporate costs of $8,919,661 primarily due to a charge relating to product liability and property insurance of approximately $6,500,000. The reduction in bus income before income taxes was due to continued competitive pressure on the pricing of buses and delayed purchases of buses affected by state and municipal budget constraints.

Other income increased by $950,309 due primarily to a gain on a sale of excess land at our ElDorado Kansas facility for approximately $222,000 and increased profits of Thor Credit and CAT joint venture for recreation vehicles retail financing and rentals, respectively.

Recreation vehicle revenues increased in fiscal 2004 by 45.7% to $1,973,006,616 compared to $1,354,412,440 in fiscal 2003 and accounted for 90.2% of total company revenues compared to 86.2% in fiscal 2003. Bus revenues in fiscal 2004 decreased by 1% to $214,731,910 compared to $216,991,974 in fiscal 2003 and accounted for 9.8% of the total company revenue compared to 13.8% in fiscal 2003.

Gross profit as a percentage of sales for fiscal 2004 decreased to 13.7% from 14.1% for the same period last year. This reduction in gross margin in 2004 is the result of competitive pressure in the bus business, losses at our Thor California operation during the first two quarters of 2004, cost increases in aluminum, copper, lumber, plywood and steel and changes in product mix in recreation vehicles. Price increases during our third and fourth quarters of 2004 on recreation vehicles improved our margins. Gross profit as a percentage of net sales increased slightly in 2004 in both the towable and motorized segments; however, the change in mix for the combined results for recreational vehicles resulted in a decrease in gross profit as a percentage of net sales in 2004.

Selling, general and administrative expenses and amortization of intangibles were $138,459,898 compared to $97,895,716 for the same period in fiscal 2003. As a percentage of sales, selling, general, and administrative expense was 6.3% in fiscal 2004 compared to 6.2% in fiscal 2003. The additional selling, general, and administrative costs are due to increased insurance, legal and professional fees as discussed earlier and increased costs associated with the overall 39.2% increase in revenues.

The overall effective tax rate was 36.9% for fiscal 2004 compared to 37.7% for fiscal 2003. The primary reduction of fiscal 2004 tax was the result of increased tax benefit from US sales to Canada and reduction of state and local taxes.

The following table represents the results of our reporting segments for fiscal 2004 and 2003:

Fiscal 2004

	Towables	Motorized	Total RV	Buses	Corporate	Total Company

Net Sales	$1,433,996,485	$539,010,131	$1,973,006,616	$214,731,910		$2,187,738,526
Gross Profit	$ 227,199,404	$ 53,189,596	$ 280,389,000	$ 20,195,537	$ (47,795)	$ 300,536,742
% of Net Sales	15.8%	9.9%	14.2%	9.4%		13.7%
Income Before Income Taxes	$ 144,907,169	$ 28,063,900	$ 172,971,069	$ 9,577,157	$(14,328,724)	$ 168,219,502
% of Net Sales	10.1%	5.2%	8.8%	4.5%		7.7%

Fiscal 2003

	Towables	Motorized	Total RV	Buses	Corporate	Total Company
Net Sales	$1,126,740,247	$227,672,193	$1,354,412,440	$216,991,974		$1,571,404,414
Gross Profit	$ 176,899,436	$ 22,058,257	$ 198,957,693	$ 23,469,615	$ (160,419)	$ 222,266,889
% of Net Sales	15.7%	9.7%	14.7%	10.8%		14.1%
Income Before Income Taxes	$ 110,712,788	$ 12,016,331	$ 122,729,119	$ 12,306,437	$(8,791,298)	$ 126,244,258
% of Net Sales	9.8%	5.3%	9.1%	5.7%		8.0%

	Order Backlog As of July 31, $(000)	
	2004	**2003**
Recreation Vehicles:		
Towables	$251,573	$141,188
Motorized	108,991	59,924
Total	$360,564	$201,112
Buses	$134,414	$108,256
Total Company	$494,978	$309,368

Fiscal 2003 vs. Fiscal 2002

Net sales for fiscal 2003 were $1,571,404,414 compared to $1,245,299,721 for fiscal 2002. Income before income taxes for fiscal 2003 was $126,244,258, a 54.3% increase from $81,827,235 in fiscal 2002. The increase in income before income taxes of $44,417,023 is the result of the following items: $45,220,000 of income from increased recreation vehicle revenues, reduced impairment losses of $538,777 compared to fiscal 2002, and reduced corporate costs of $1,368,246. Offsetting these increases in income before income taxes was reduced income of $2,710,000 gene