THOR INDUSTRIES INC
Form 10-K
September 26, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

FORM 10-K

(Mark one)

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended July 31, 2013, Commission File Number 1-9235

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 1-9235

THOR INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	93-0768752 (I.R.S. Employer Identification Number)
601 East Beardsley Ave., Elkhart, IN (Address of principal executive offices)	46514-3305 (Zip Code)

Registrant s telephone number, including area code: (574) 970-7460

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes þ No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes ¨ No þ

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 þ No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ 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. Yes ¨ No þ

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions, of large accelerated filer , accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated Filer þ	Accelerated Filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 126-2 of the Exchange Act.)

Yes ¨ No þ

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of January 31, 2013 was $1,597,873,332 based on the closing price of the registrant s common shares on January 31, 2013, 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 (ii) current executive officers of the registrant who are identified as named executive officers pursuant to Item 11 of the registrant s Form 10-K for the fiscal year ended July 31, 2012 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 September 13, 2013 was 53,186,093.

Documents incorporated by reference:

Portions of the Proxy Statement for the Annual Meeting of Stockholders to be held on December 10, 2013 are incorporated by reference in Part III of this Annual Report on Form 10-K.

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PART I

Unless otherwise indicated, all dollar amounts are presented in thousands except per share data.

ITEM 1. BUSINESS

The following discussion of our business solely relates to ongoing operations.

General Development of Business

Our company was founded in 1980 and manufactures and sells a wide range of recreational vehicles 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 601 East Beardsley Avenue, Elkhart, Indiana 46514 and our telephone number is (574) 970-7460. Our Internet address is *www.thorindustries.com*. We maintain copies of our recent filings with the Securities and Exchange Commission (SEC), available free of charge, on our web site. Unless the context otherwise requires or indicates, all references to Thor , the Company , we , our and refer to Thor Industries, Inc. and its subsidiaries.

Our principal recreational vehicle operating subsidiaries are Airstream, Inc. (*Airstream*), CrossRoads RV *(CrossRoads)*, Dutchmen Manufacturing, Inc. (*Dutchmen*), Thor Motor Coach, Inc. (*Thor Motor Coach*), Keystone RV Company (*Keystone*) and Heartland Recreational Vehicles, LLC *(Heartland).*

On September 16, 2010, we acquired 100% of Towable Holdings, Inc., the parent company of Heartland Recreational Vehicles, LLC (Heartland) pursuant to a stock purchase agreement for $99,732 in cash and 4,300,000 shares of our common stock. Heartland is located in Elkhart, Indiana and is a major manufacturer of towable recreational vehicles. Heartland is included in our Towables reportable segment.

On June 3, 2013, Thor Wakarusa, LLC, a wholly-owned subsidiary of Thor, purchased a recreational vehicle production campus in Wakarusa, Indiana for $5,819. The purchase included land and production facilities, comprised of approximately one million square feet of total production space on more than 150 acres, along with certain related equipment, including more than 35 paint booths specifically designed for painting recreational vehicles. The Company plans to use the facilities for motorized recreational vehicle production to better meet current and expected demand, and to vertically integrate certain paint operations through one of its towable recreational vehicle subsidiaries.

Subsequent to our year end, on August 30, 2013, the Company acquired the assets of recreational vehicle manufacturer Livin Lite, located in Wakarusa, Indiana, through a wholly-owned subsidiary for cash consideration of approximately $18,000, subject to working capital adjustments. The Company purchased the assets to expand its recreational vehicle market share and complement its existing brands with Livin Lite s advanced lightweight product offerings. Under our ownership, Livin Lite will continue as an independent operation in the same manner as our existing recreational vehicle subsidiaries.

Discontinued Operations

On July 31, 2013, we entered a definitive Stock Purchase Agreement to sell our bus business to Allied Specialty Vehicles, Inc. (ASV) for $100 million in cash, subject to closing adjustments including working capital changes from April 30, 2013 until closing. The sale is subject to customary closing conditions and is expected to be completed by November 1, 2013. Thor s bus business includes Champion Bus, Inc., General Coach America, Inc., Goshen Coach, Inc., El Dorado National California, Inc., and El Dorado National Kansas, Inc. As a result of our plan to divest the bus business, the assets and liabilities of the bus business are reported as assets or liabilities of discontinued operations in the Consolidated Balance Sheet as of July 31, 2013 and the results of operations as income from discontinued operations, net of income taxes on the Consolidated Statements of Income and Comprehensive Income for the years ended July 31, 2013, 2012, and 2011. Discontinued operations also reflect the results of the ambulance product line, through the date of its sale on April 30, 2013. See Note 3, Discontinued Operations, in the Notes to the Consolidated Financial Statements for further information.

Recreational Vehicles

Thor is one of the largest unit and revenue manufacturers of recreational vehicles (RVs) in North America based on retail statistics published by Statistical Surveys, Inc. and other reported data.

Airstream

Our Airstream subsidiary manufactures and sells premium quality travel trailers and motorhomes. Airstream vehicles are distinguished by their rounded shape and bright aluminum finish and, in our opinion, constitute the most recognized product in the recreational vehicle industry. Airstream manufactures and sells travel trailers under the trade names *Airstream International, Classic Limited, Sport, Flying Cloud, Land Yacht* and *Eddie Bauer*. Airstream also sells the *Interstate* Class B motorhome.

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CrossRoads

Our CrossRoads subsidiary manufactures and sells conventional travel trailers and fifth wheels under the trade names *Cruiser, Rushmore, Zinger, Elevation,* and *Sunset Trail* and luxury fifth wheels under the trade name *Redwood.*

Dutchmen

Our Dutchmen subsidiary manufactures and sells conventional travel trailers, fifth wheels and park models primarily under the trade names *Dutchmen*, *Aerolite, Kodiak, Denali, Komfort*, *Voltage, Aspen Trail, Coleman* and *Infinity*.

Thor Motor Coach

Thor Motor Coach manufactures and sells gasoline and diesel Class A and Class C motorhomes. Its products are sold under trade names such as *Four Winds*, *Hurricane*, *Windsport, Chateau, Daybreak, Challenger, Tuscany, Outlaw, Palazzo* and *A.C.E.*

Keystone

Our Keystone subsidiary manufactures and sells conventional travel trailers and fifth wheels under trade names such as *Montana*, *Springdale*, *Hornet*, *Sprinter*, *Outback*, *Laredo*, *Alpine*, *Bullet*, *Fuzion, Raptor, Passport* and *Cougar*.

Heartland

Our Heartland subsidiary manufactures and sells conventional travel trailers and fifth wheels under trade names such as *Landmark, Bighorn, Sundance, Elk Ridge, Trail Runner, Cyclone, Prowler* and *Wilderness.*

Product Line Sales and Segment Information

We have two reportable segments: 1) towable recreational vehicles and 2) motorized recreational vehicles. The towable recreational vehicle reportable segment consists of product lines from the following operating segments that have been aggregated: Airstream, CrossRoads, Dutchmen, Heartland (since its acquisition on September 16, 2010) and Keystone. The motorized recreational vehicle reportable segment consists of product lines from the following operating segments that have been aggregated: Airstream and Thor Motor Coach.

The table below sets forth the contribution of each of the Company s segments to net sales in each of the last three fiscal years:

	2013 Amount	%	2012 Amount	%	2011 Amount	%
Recreational Vehicles:						
Towables	$ 2,650,253	82	$ 2,285,863	87	$ 1,977,416	84
Motorized	591,542	18	353,935	13	363,026	16
Total Net Sales	$ 3,241,795	100	$ 2,639,798	100	$ 2,340,442	100

Recreational Vehicles

Overview

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

Travel trailers are non-motorized vehicles which are designed to be towed by passenger automobiles, pickup trucks, SUVs or vans. Travel trailers provide comfortable, self-contained living facilities for camping and vacationing purposes. 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 a receiver in 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 in the United States is 400 square feet. They provide comfortable self-contained living and are second homes for their owners, according to RPTIA.

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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 drivetrain components by motor vehicle manufacturers such as Ford and Freightliner. We design, manufacture and install the living area and driver s compartment of Class A motorhomes. Class C and Class B motorhomes are built on a Ford, General Motors or Mercedes Benz small truck or van chassis which includes an engine, drivetrain 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, motorhomes can provide comfortable living facilities for camping and vacationing purposes.

Production

In order to minimize finished inventory, our recreational vehicles generally are produced to dealer order. Our facilities are designed to provide efficient assembly line manufacturing of products. Capacity increases can be achieved at relatively low cost, largely by increasing the number of production employees or by acquiring or leasing additional facilities and equipment.

We purchase in finished form many of the components used in the production of our recreational 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 and key towable RV components sourced from a major supplier, Drew Industries, Inc. (Drew), substitute sources for raw materials and components are available with no material impact on our operations.

Our relationship with our chassis suppliers is similar to our other vendor relationships in that no long-term contractual commitments are engaged in by either party. Historically, Ford and General Motors resort to an industry-wide allocation system during periods when chassis supply is restricted. These allocations are based on the volume of chassis previously purchased. Sales of motorhomes rely on these chassis and are affected accordingly. Recent limitations in the availability of certain motorhome chassis have hindered our ability to increase production levels and are anticipated to continue at least through early calendar year 2014. To date, we have not experienced any unusual cost increases from our chassis suppliers.

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

Seasonality

Since recreational vehicles are used primarily by vacationers and campers, our recreational 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, recreational vehicle sales are historically lowest during our second fiscal quarter, which ends on January 31 of each year.

Marketing and Distribution

We market our recreational vehicles through independent dealers located throughout the United States and Canada. Each of our recreational vehicle operating subsidiaries maintains its own dealer organization, with some dealers carrying more than one of our product lines. As of July 31, 2013, there were approximately 1,900 dealerships carrying our products in the U.S. and Canada. We believe that close working relationships between our management and sales personnel and the many independent dealers we work with 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 targeted to be competing against competitors 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 recreational vehicle operating subsidiaries has an independent sales force to call on their dealers. Our most important sales promotions occur at the major recreational vehicle shows which take place throughout the year at different locations across the country. We benefit from the recreational vehicle awareness advertising and major marketing programs sponsored by the RVIA in national print media and television. We engage in a limited amount of consumer-oriented advertising for our recreational vehicles, primarily through industry magazines, product brochures, direct mail advertising campaigns and the internet.

In our selection of individual dealers, we emphasize the dealer s ability to maintain a sufficient inventory of our products, as well as their financial stability, credit worthiness, reputation, experience and ability to provide service. Many of our dealers carry the recreational vehicle lines of one or more of our competitors. Generally, each of our operating subsidiaries has sales agreements with their dealers and these agreements are subject to annual review.

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During fiscal 2013, 2012 and 2011, one of our dealers, FreedomRoads, LLC, accounted for 17%, 14% and 14% of our continuing consolidated net sales, respectively. This dealer also accounted for 24% of the Company s continuing consolidated trade accounts receivable at July 31, 2013 and 23% at July 31, 2012.

We generally do not finance dealer purchases. Most dealers are financed on a floor plan basis by an unrelated bank or financing 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 recreational 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. Repurchase agreements provide that, for a period of up to 18 months after a unit is financed, and in the event of default by the dealer and notification from the lending institution of the dealer default, we will repurchase all the dealer units repossessed by the lending institution for the amount then due, which is often less than 100% of the dealer s cost. The risk of loss under repurchase agreements is spread over numerous dealers and is further reduced by the resale value of the units which we would be required to repurchase. 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 $906, $360 and $853 in fiscal 2013, 2012 and 2011, respectively.

Backlog

As of July 31, 2013, the backlog for towable and motorized recreational vehicle orders was $228,416 and $213,116, respectively, compared to $224,603 and $110,757, respectively, at July 31, 2012. Backlog represents unfilled dealer orders on a particular day which can and do fluctuate on a seasonal basis. In the recreational vehicle business our manufacturing time is relatively short. The existing backlog of towable and motorized recreational vehicles is expected to be filled in fiscal 2014.

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.

Product Warranties

We generally provide retail purchasers of our recreational vehicles with a one-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.

Regulation

We are subject to the provisions of the National Traffic and Motor Vehicle Safety Act (NTMVSA) and the safety standards for recreational vehicles and recreational vehicle 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 RVIA, a voluntary association of recreational vehicle manufacturers which promulgates recreational vehicle safety standards. We place an RVIA seal on each of our recreational 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 our 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 (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 plants and 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 ongoing compliance with the regulations discussed above will have a material effect on our capital expenditures, earnings or competitive position.

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Competition

The recreational vehicle industry is generally characterized by 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 recreational vehicle market is intensely competitive with a number of other manufacturers selling products which compete directly with our products. Competition in the recreational 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 recreational vehicles. There are approximately 70 RV manufacturers in the U.S. and Canada.

Our primary competitors within the towables segment include Forest River, Inc. and Jayco, Inc. while our primary competitors within the motorized segment are Winnebago Industries, Inc. and Forest River, Inc. We estimate that we are one of the largest recreational vehicle manufacturers in terms of units produced and revenue. According to Statistical Surveys, Inc., for the six months ended June 30, 2013 our U.S. market share for travel trailers and fifth wheels is approximately 37% and our U.S. market share for motorhomes is approximately 25%.

Trademarks and Patents

We have registered United States trademarks, Canadian trademarks, certain international trademarks and licenses carrying the principal trade names and model lines under which our products are marketed. We hold and protect certain patents related to our business. We are not dependent upon any patents or technology licenses of others for the conduct of our business.

Employee Relations

At July 31, 2013, our continuing operations employed approximately 8,300 full-time employees in the United States, of which approximately 940 were salaried. None of our employees are represented by certified labor organizations. We believe that we maintain a good working relationship with our employees.

Information about Foreign and Domestic Operations and Export Sales

Export sales, primarily to Canada, from our continuing U.S. operations were $537,374, $456,073 and $428,907 in fiscal 2013, 2012 and 2011, respectively.

Forward Looking Statements

This Annual Report on Form 10-K includes certain statements that are forward looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, 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 are made based on management s current expectations and beliefs regarding future and anticipated developments and their effects upon Thor Industries, Inc., and inherently involve uncertainties and risks. These forward looking statements are not a guarantee of future performance. There can be no assurance that actual results will not differ from our expectations. Factors which could cause materially different results include, among others, price fluctuations, material or chassis supply restrictions, legislative and regulatory developments, the costs of compliance with increased governmental regulation, legal issues, the potential impact of increased tax burdens on our dealers and retail consumers, lower consumer confidence and the level of discretionary consumer spending, interest rate fluctuations, restrictive lending practices, recent management changes, the success of new product introductions, the pace of acquisitions, the impact of the divestiture of the Company s bus businesses, asset impairment charges, cost structure improvements, competition and general economic, market and political conditions and the other risks and uncertainties discussed more fully in ITEM 1A. RISK FACTORS below. 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.

Available Information

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports and the Proxy Statement for our Annual Meeting of Stockholders are made available, free of charge, on our website, *www.thorindustries.com*, as soon as reasonably practicable after such reports have been filed with or furnished to the SEC. You may also read and copy any materials that we file with the SEC at the SEC s Public Reference Room at 100 F Street, NE, Room 1580, Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains a website that contains reports, proxy and information statements and other information that is filed electronically with the SEC. The website can be accessed at *www.sec.gov*.

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ITEM 1A. RISK FACTORS

The following risk factors, which relate to our continuing operations, should be considered carefully in addition to the other information contained in this filing.

The risks and uncertainties described below are not the only ones we face and represent some of the risks that our management believes are material to our Company and our business. If any of the following risks actually occur, our business, financial condition or results of operations could be harmed.

Risks Relating To Our Business

The industry in which we operate is highly competitive.

The industry that we are engaged in is highly competitive and we have numerous existing and potential competitors. The recreational vehicle industry is generally characterized by 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. Competition is based upon price, design, value, quality and service. Competitive pressures have, from time to time, resulted in a reduction of our profit margins. Sustained increases in these competitive pressures could have a material adverse effect on our results of operations. There can be no assurance that existing or new competitors will not develop products that are superior to ours or that achieve better consumer acceptance, thereby adversely affecting our market share, sales volume and profit margins.

Our business is cyclical and this can lead to fluctuations in our operating results.

The recreational vehicle industry in which we operate is cyclical and there can be substantial fluctuations in our production levels, shipments and operating results. Consequently, the results for any prior period may not be indicative of results for any future period.

Our business is seasonal and this leads to fluctuations in sales, production and net income.

We have experienced, and expect to continue to experience, significant variability in sales, production and net income as a result of seasonality in our business. Since recreational vehicles are used primarily by vacationers and campers, demand in the recreational vehicle industry generally declines during the winter season, while sales and profits are generally highest during the spring and summer months. In addition, unusually severe weather conditions in some markets may delay the timing of shipments from one quarter to another.

Our business may be affected by certain external factors beyond our control.

Companies within the recreational vehicle industry are subject to volatility in operating results due to external factors such as general economic conditions, including credit availability, consumer confidence, employment rates, prevailing interest rates, inflation, other economic conditions affecting consumer attitudes and disposable consumer income, demographic changes and political changes. Specific factors affecting our business include:

- overall consumer confidence and the level of discretionary consumer spending;
- inventory levels, including the level of retail sales by our dealers;
- general economic, market and political conditions;
- demographics, such as the retirement of baby boomers ;

- interest rates and the availability of credit;
- employment trends;
- industry demand; and
- increases in raw material costs.

The loss of our largest dealer could have a significant effect on our business.

FreedomRoads, LLC, accounted for 17% of our consolidated net sales for fiscal 2013. The loss of this dealer could have a significant adverse effect on our business. In addition, deterioration in the liquidity or credit worthiness of FreedomRoads, LLC could negatively impact our sales and accounts receivable and could trigger repurchase obligations under our repurchase agreements.

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Certain of our notes receivable may have collectability risk.

In January 2009, we entered into two credit agreements, for $10,000 each, with Stephen Adams, in his individual capacity, and Stephen Adams and his successors, as trustee under the Stephen Adams Living Trust (the Trust and, together with each of the foregoing persons, the January 2009 Loan Borrowers), pursuant to which $4,000 of original principal is outstanding as of July 31, 2013 and due on January 15, 2014.

In addition, in December 2009, we entered into a $10,000 credit agreement with Marcus Lemonis, Stephen Adams, in his individual capacity, and Stephen Adams and his successors, as trustee under the Trust (collectively, the December 2009 Loan Borrowers), and later modified in December 2012, pursuant to which $8,500 of original principal is outstanding as of July 31, 2013 with the final payment due on August 30, 2015.

The January 2009 Loan Borrowers and the December 2009 Loan Borrowers own, directly or indirectly, a controlling interest in FreedomRoads Holding Company, LLC, the parent company of FreedomRoads, LLC, our largest dealer.

While we believe that the notes receivable from the January 2009 and December 2009 Loan Borrowers are collectable, deterioration in the liquidity or credit worthiness of the January 2009 Loan Borrowers or the December 2009 Loan Borrowers could impact the collectability of the notes receivable.

Fuel shortages, or high prices for fuel, could have a negative effect on sales of our recreational vehicles.

Gasoline or diesel fuel is required for the operation of our vehicles. There can be no assurance that the supply of these petroleum products will continue uninterrupted, that rationing will not be imposed or that the price of or tax on these petroleum products will not significantly increase in the future. Shortages of gasoline and diesel fuel and substantial increases in the price of fuel have had a material adverse effect on the recreational vehicle industry as a whole in the past and could have a material adverse effect on our business in the future.

Our business is affected by the availability and terms of financing to dealers and retail purchasers.

Our business is affected by the availability and terms of financing to dealers and retail purchasers. Generally, recreational vehicle dealers finance their purchases of inventory with financing provided by lending institutions. A decrease in the availability of this type of wholesale financing can prevent dealers from carrying adequate levels of inventory, which limits product offerings and could lead to reduced demand. In addition, two of the major financial flooring institutions held approximately 86% of our portion of our dealers total floored dollars outstanding at July 31, 2013. Substantial increases in interest rates and decreases in the general availability of credit have also had an adverse impact upon our business and results of operations in the past and may do so in the future. In particular, credit availability may have a significant impact on our business. Further, a decrease in availability of consumer credit resulting from unfavorable economic conditions may cause consumers to reduce discretionary spending which could, in turn, reduce demand for our products and negatively affect our profitability.

Changes in consumer preferences for our products or our failure to gauge those preferences could lead to reduced sales and additional costs.

We cannot be certain that historical consumer preferences for our products in general, and recreational vehicles in particular, will remain unchanged. We believe that the introduction of new features, designs and models will be critical to the future success of our recreational vehicle operations. Delays in the introduction or market acceptance of new models, designs or product features could have a material adverse effect on our business. Products may not be accepted for a number of reasons, including changes in consumer preferences or our failure to properly gauge consumer preferences. Further, we cannot be certain that new product introductions will not reduce revenues from existing models and adversely affect our results of operations. In addition, there can be no assurance that any of these new models or products will be introduced to the market on time or that they will be successful when introduced.

If the frequency and size of product liability and other claims against us rise, our business, results of operations and financial condition may be harmed.

We are subject, in the ordinary course of business, to litigation involving product liability and other claims against us, including wrongful death, personal injury and warranties. We generally self-insure our product liability and other claims and also purchase product liability and other insurance in the commercial insurance market. We cannot be certain that our insurance coverage will be sufficient to cover all future claims against us. We have a self-insured retention (SIR) for products liability and personal injury matters of $5,000 per occurrence. Beginning April 1, 2012, this SIR for bus related matters is $7,500 per occurrence. In accordance with the Stock Purchase Agreement with ASV, dated July 31, 2013, we retain the SIR for any bus related occurrence prior to the closing date.

Amounts above the SIR, up to a certain dollar amount, are covered by our excess insurance policy. Currently, we maintain excess liability insurance aggregating $50,000 with outside insurance carriers to minimize our risks related to catastrophic claims in excess of our self-insured positions for products liability and personal injury matters. Any material change in the aforementioned factors could have an adverse impact on our operating results. Any increase in the frequency and size of these claims, as compared to our experience in prior years, may cause the premium that we are required to pay for insurance to rise significantly. It may also increase the amounts we pay in punitive damages, not all of which are covered by our insurance.

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When we introduce new products into the marketplace we may incur expenses that we did not anticipate, which, in turn, can result in reduced earnings.

The introduction of new models is critical to our future success. We may incur unexpected expenses, however, when we introduce new models. For example, we may experience unexpected engineering or design flaws that will force a recall of a new product. The costs resulting from these types of problems could be substantial and could have a significant adverse effect on our earnings.

Our repurchase agreements with floor plan lenders could result in increased costs.

In accordance with customary practice in the recreational vehicle industry, upon the request of a lending institution financing a dealer s purchase of our products, we will execute a repurchase agreement with the lending institution. Repurchase agreements provide that, for a period of up to 18 months after a recreational vehicle is financed and in the event of default by the dealer, we will repurchase the recreational vehicle repossessed by the lending institution for the amount then due, which is usually less than 100% of the dealer s cost. In addition to the guarantee under these repurchase agreements, we may also be required to repurchase inventory relative to dealer terminations in certain states in accordance with state laws or regulatory requirements. The difference between the gross repurchase price and the price at which the repurchased product can then be resold, which is typically at a discount to the original sale price, is an expense to us. Thus, if we were obligated to repurchase a substantially greater number of recreational vehicles, or incurred substantially greater discounting to resell these units in the future, this would increase our costs. In difficult economic times this amount could increase significantly compared to recent years.

For some of our components, we depend on a small group of suppliers and the loss of any of these suppliers could affect our ability to obtain components at competitive prices which would decrease our margins.

Most components are readily available from a variety of sources. However, a few components are currently produced by only a small group of quality suppliers that have the capacity to supply large quantities on a national basis. Primarily, this occurs in the case of 1) motorized chassis, where Ford Motor Company and General Motors are dominant suppliers, and 2) windows and doors, chassis and slide-out mechanisms, axles and upholstered furniture for our recreational vehicles, where Drew Industries is a major supplier for these items within the RV industry.

The recreational vehicle industry as a whole has, from time to time, experienced shortages of chassis due to the concentration or allocation of available resources by suppliers of chassis to the manufacturers of vehicles other than recreational vehicles or for other causes. Historically, in the event of an industry-wide restriction of supply, Ford Motor Company and General Motors have allocated chassis among us and our competitors based on the volume of chassis previously purchased. If Ford Motor Company or General Motors were to discontinue the manufacturing of motorhome chassis, or if, as a group, all of our chassis suppliers significantly reduced the availability of chassis to the industry; our business could be adversely affected. Similarly, shortages at, or production delays or work stoppages by the employees of Ford Motor Company, General Motors or other chassis suppliers, could have a material adverse effect on our sales. If the condition of the U.S. auto industry were to significantly deteriorate, this could result in supply interruptions and a decrease in our sales and earnings while we obtain replacement chassis from other sources. Recent limitations in the availability of certain motorhome chassis have hindered our ability to increase production levels and are anticipated to continue through early calendar year 2014.

Drew Industries is a major supplier of a number of key components of our recreational vehicles such as windows and doors, towable chassis and slide-out mechanisms, axles and upholstered furniture. We have not experienced any significant shortages or delays in delivery related to these items; however, if industry demand were to increase faster than Drew Industries can respond, or other factors impact their ability to continue to supply our needs for these key components, our business could be adversely affected.

Finally, as is standard in the industry, arrangements with chassis and other suppliers such as Ford Motor Company, General Motors and Drew Industries are terminable at any time by either our Company or the supplier. If we cannot obtain an adequate supply of chassis or key components, this could result in a decrease in our sales and earnings.

Our business is subject to numerous federal, state and local regulations.

We are subject to numerous federal, state and local regulations governing the manufacture and sale of our products, including the provisions of the National Traffic and Motor Vehicle Safety Act (NTMVSA) and the safety standards for vehicles and components which have been promulgated under the NTMVSA by the Department of Transportation. The NTMVSA authorizes the National Highway Traffic Safety Administration to require a manufacturer to recall and repair vehicles which contain certain hazards or defects. Any recalls of our vehicles, voluntary or involuntary, could have a material adverse effect on our Company.

We are also subject to federal and numerous state consumer protection and unfair trade practice laws and regulations relating to the sale, transportation and marketing of motor vehicles, including so-called lemon laws . Federal and state laws and regulations also impose upon vehicle operators various restrictions on the weight, length and width of motor vehicles that may be operated in certain jurisdictions or on certain roadways. Certain jurisdictions also prohibit the sale of vehicles exceeding length restrictions. Federal and state authorities also have various environmental control standards relating to air, water, noise pollution and hazardous waste generation and disposal which affect our business and operations.

As a publicly-traded company, we are subject to the regulations promulgated by the Securities and Exchange Commission and the rules of the New York Stock Exchange.

Failure to comply with any of the foregoing laws or regulations could have an adverse impact on our business. Additionally, amendments to these regulations and the implementation of new regulations could increase the cost of manufacturing, purchasing, operating or selling our products and therefore could have an adverse impact on our business.

Compliance with conflict mineral disclosure requirements will create additional compliance cost and may create reputational challenges.

Recently, the SEC adopted new rules pursuant to Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act setting forth new disclosure requirements concerning the use or potential use of certain minerals, deemed conflict minerals (tantalum, tin, gold and tungsten), that are mined from the Democratic Republic of Congo and adjoining countries. These new requirements will necessitate due diligence efforts by the Company to assess whether such minerals are used in our products in order to make the relevant required disclosures beginning in May 2014. There will be costs associated with complying with these new disclosure requirements, including for diligence to determine the sources of those minerals that may be used or necessary to the production of our products. We may face reputational challenges that could impact future sales if we determine that certain of our products contain minerals not determined to be conflict free or if we are unable to sufficiently verify the origins for all conflict minerals used in our products.

Our risk management policies and procedures may not be fully effective in achieving their purposes.

Our policies, procedures, controls and oversight to monitor and manage our enterprise risks may not be fully effective in achieving their purpose and may leave exposure to identified or unidentified risks. Past or future misconduct by our employees or vendors could result in violations of law by us, regulatory sanctions and/or serious reputational harm or financial harm. The Company monitors its policies, procedures and controls; however, there can be no assurance that our policies, procedures and controls will be sufficient to prevent all forms of misconduct. We review our compensation policies and practices as part of our overall enterprise risk management program, but it is possible that our compensation policies could incentivize inappropriate risk taking or misconduct. If such inappropriate risks or misconduct occurs, it is possible that it could have a material adverse effect on our results of operations and/or our financial condition.

Interruption of information service or misappropriation or breach of our cyber systems could cause disruption and damage to our reputation.

Our business relies on information systems and other technology (information systems) to support our business operations, including but not limited to procurement, supply chain, manufacturing, distribution, invoicing and collection of payments. We use information systems to report and audit our operational results. Additionally, we rely upon information systems in our marketing and communication efforts. Due to our reliance on our information systems, we have established backup and disaster recovery procedures. Our business processes and operations may, however, be negatively impacted in the event of substantial disruption of service. Further, misuse, leakage or falsification of information could result in a violation of privacy laws and damage to our reputation which could, in turn, have a negative impact on our results.

We may not be able to protect our intellectual property and may be subject to infringement claims.

We rely on certain trademarks and patents, including contractual rights with third parties. We endeavor to protect our rights; however, third parties may infringe upon our intellectual property rights. We may be forced to take steps to protect our rights, including through litigation. This could result in a diversion of resources. The inability to protect our intellectual property rights could have a material adverse effect on our business. We may also be subject to claims by third parties, seeking to enforce their claimed intellectual property rights.

We could incur asset impairment charges for goodwill, intangible assets or other long-lived assets.

We have a significant amount of goodwill, intangible assets and other long-lived assets. At least annually, we review goodwill for impairment. Long-lived assets, identifiable intangible assets and goodwill are also reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable from future cash flows. These events or circumstances could include a significant change in the business climate, legal factors, operating performance indicators, competition, sale or disposition of a significant portion of the business or other factors. If the carrying value of a long-lived asset is considered impaired, an impairment charge is recorded for the amount by which the carrying value of the long-lived asset exceeds its fair value. Our determination of future cash flows, future recoverability and fair value of our long-lived assets includes significant estimates and assumptions. Changes in those estimates or assumptions or lower than anticipated future financial performance may result in the identification of an impaired asset and a non-cash impairment charge, which could be material. Any such charge could adversely affect our operating results and financial condition.

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Our operations are dependent upon the services of key individuals, the loss of whom could materially harm us.

We rely upon the knowledge, experience and skills of our employees to compete effectively in our business and manage our operations. In addition, our future success will depend on, among other factors, our ability to attract and retain executive management, key employees and other qualified personnel. Upon the departure of key employees, our success may depend upon the existence of adequate succession plans. The loss of key employees or the failure to attract or retain employees could have a material adverse effect on us in the event that our succession plans prove inadequate. If we are unable to attract and retain qualified employees, our operations could be materially adversely affected.

The sale of our bus business may not close in the anticipated timeframe, or at all, or we may encounter unanticipated closing adjustments.

On July 31, 2013, we entered into a definitive agreement to sell our bus business to ASV for $100 million in cash, subject to closing adjustments including working capital changes until closing. The transaction is expected to close on or before November 1, 2013. Unanticipated closing or post-closing adjustments could have a material adverse effect on our financial condition and liquidity. The failure of the transaction to close or close in the expected timeframe could also have a material adverse effect on our results.

Planned re-configuration, relocation or expansion of certain production operations may incur unanticipated costs or delays that could adversely affect operating results.

The development and expansion of certain products and models require the re-configuration, relocation or expansion of certain production operations. Such activities may be delayed or incur unanticipated costs which could have a material adverse effect on our operating results and financial condition.

Risks Relating To Our Company

Provisions in our charter documents and of Delaware law may make it difficult for a third party to acquire our Company and could depress the price of our common stock.

Our Restated Certificate of Incorporation contains certain supermajority voting provisions that could delay, defer or prevent a change in control of our Company. These provisions could also make it more difficult for shareholders to elect directors, amend our Restated Certificate of Incorporation and take other corporate actions.

We are also subject to certain provisions of the Delaware General Corporation Law that could delay, deter or prevent us from entering into an acquisition, including provisions which prohibit a Delaware corporation from engaging in a business combination with an interested shareholder unless specific conditions are met. The existence of these provisions could limit the price that investors are willing to pay in the future for shares of our common stock and may deprive investors of an opportunity to sell shares at a premium over prevailing prices.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

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ITEM 2. PROPERTIES

As of July 31, 2013, we own or lease approximately 7,318,000 square feet of manufacturing 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 are adequate for our current and foreseeable purposes and that we would be able to obtain replacements for our leased premises at acceptable costs should our leases not be renewed.

The following table describes the location, number and size of our principal manufacturing plants and other materially important physical properties as of July 31, 2013:

Locations	Owned or Leased	No. of Buildings	Approximate Building Area Square Feet
RVs:			
Jackson Center, OH (Airstream) (A)(B)	Owned	9	299,000
Middlebury, IN (Dutchmen) (A)	Owned	1	90,000
Burley, ID (Dutchmen) (A)	Owned	5	162,000
Goshen, IN (Dutchmen) (A)	Owned	7	387,000
Bristol, IN (Dutchmen) (A)(C)	Owned	1	54,000
Syracuse, IN (Dutchmen) (A)	Owned	1	50,000
Clackamas, OR (Dutchmen) (A)	Owned	1	107,000
Nappanee, IN (Dutchmen) (A)	Owned	2	144,000
Elkhart, IN (Thor Motor Coach) (B)	Owned	13	711,000
Elkhart, IN (Thor Motor Coach) (B)	Leased	1	23,000
Topeka, IN (CrossRoads) (A)	Owned	7	386,000
Syracuse, IN (CrossRoads) (A)	Owned	3	134,000
Elkhart, IN (Heartland) (A)	Owned	8	587,000
Elkhart, IN (Heartland) (D)	Owned	2	68,000
Elkhart, IN (Heartland) (A)	Leased	4	234,000
Goshen, IN (Keystone) (A)	Owned	17	1,468,000
Pendleton, OR (Keystone) (A)	Owned	4	399,000
RV Subtotal		86	5,303,000
Corporate:			
Elkhart, IN	Owned	2	24,000
Wakarusa, IN (to be utilized by Keystone, Thor Motor Coach)	Owned	19	1,162,000
Corporate Subtotal		21	1,186,000
Buses (Discontinued Operations):			
Salina, KS (ElDorado Kansas)	Owned	2	255,000
Riverside, CA (ElDorado California)	Owned	1	227,000
Imlay City, MI (Champion Bus)	Owned	3	186,000
Elkhart, IN (Goshen Coach)	Owned	3	161,000
Buses Subtotal		9	829,000
Total		116	7,318,000

(A) Included in the towable recreational vehicles reportable segment.

(B) Included in the motorized recreational vehicles reportable segment.

(C) These locations are vacant and have been placed on the market.

(D) These locations are vacant and being held for future use.

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ITEM 3. LEGAL PROCEEDINGS

In addition to the matter described below, the Company is involved in certain litigation arising out of its operations in the normal course of its business, most of which is based upon state lemon laws , warranty claims and vehicle accidents (for which the Company carries insurance above a specified self-insured retention or deductible amount). The outcomes of legal proceedings and claims brought against the Company are subject to significant uncertainty. There is significant judgment required in assessing both the probability of an adverse outcome and the determination as to whether an exposure can be reasonably estimated. In management s opinion, the ultimate disposition of any current legal proceedings or claims against the Company will not have a material effect on the Company s financial condition, operating results or cash flows, except that an adverse outcome in a significant litigation matter could have a material effect on the operating results of a particular reporting period.

FEMA Trailer Formaldehyde Litigation

Beginning in 2006, a number of lawsuits were filed against numerous trailer and manufactured housing manufacturers, including complaints against the Company. The complaints were filed in various state and federal courts throughout Louisiana, Alabama, Texas and Mississippi on behalf of Gulf Coast residents who lived in travel trailers, park model trailers and manufactured homes provided by the Federal Emergency Management Agency (FEMA) following Hurricanes Katrina and Rita in 2005. The complaints generally alleged that residents who occupied FEMA supplied emergency housing units, such as travel trailers, were exposed to formaldehyde emitted from the trailers. The plaintiffs allege various injuries from exposure, including health issues and emotional distress. Most of the initial cases were filed as class action suits. The Judicial Panel on Multidistrict Litigation (the MDL panel) transferred the actions to the United States District Court for the Eastern District of Louisiana (the MDL Court). After denying class certification, the MDL Court commenced hearing both bellwether jury trials and bellwether summary jury trials.

In January and February of 2012, the Company s RV subsidiaries involved in the MDL proceedings participated in mediation and reached agreements in principle to resolve the litigation. On March 27, 2012, Heartland and its insurance carriers entered into a Memorandum of Understanding (MOU) memorializing a settlement. On March 30, 2012, Thor Industries, Inc., for itself and on behalf of its other RV subsidiaries involved in the MDL proceeding, and its insurance carriers, entered into an MOU memorializing a settlement reached in February 2012.

The Company and its RV subsidiaries involved in the MDL proceeding, their respective insurance carriers, several unaffiliated manufacturers of RVs and their insurers, and legal representatives of the plaintiffs each executed a Stipulation of Settlement in April 2012 (the Stipulation of Settlement).

On June 1, 2012, the Company paid $4,700 into the Registry of the United States District of Louisiana. This payment represents final payment of the Company and its subsidiaries obligation under the Stipulation of Settlement.

On September 27, 2012, after counsel for the plaintiffs produced the list of members of the class who requested exclusion from the proposed settlement, the MDL Court conducted a Fairness Hearing during which final approval of the proposed settlement was evaluated. On that same date, the Court approved the settlement and entered a final, appealable order dismissing all of the claims pending in the MDL litigation. Because no plaintiffs with claims against the Company or any of its subsidiaries opted out of the settlement, this order, in the absence of any filed appeal, effectively ends the litigation against the Company and its subsidiaries.

After no appeal was taken in relation to the claims against the Company or its subsidiaries, the MDL Court appointed a Special Master to allocate all pending settlements. On March 29, 2013, the MDL Court approved a methodology pertaining to the allocation of the settlements. On April 2, 2013, the Special Master filed a motion before the MDL Court seeking to establish an allocation and objection procedure. As mentioned above, the Company and all of its subsidiaries involved in this litigation have fully funded the settlements by depositing the agreed upon amounts into the Registry of the United States District of Louisiana.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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PART II

ITEM 5. MARKET FOR REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

The Company s Common Stock, par value $0.10 per share (the Common Stock), is traded on the New York Stock Exchange (NYSE). 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 NYSE Monthly Market Statistics and Trading Reports:

	Fiscal 2013		Fiscal 2012	
	High	Low	High	Low
First Quarter	$ 38.93	$ 26.93	$ 29.08	$ 17.62
Second Quarter	45.75	35.77	31.82	22.25
Third Quarter	42.67	34.51	34.56	29.81
Fourth Quarter	55.77	36.40	34.70	26.27

Holders

As of September 13, 2013, the number of holders of record of the Common Stock was 109.

Dividends

In fiscal 2013, we paid a $0.18 per share dividend in each quarter and a $1.50 special dividend in the second quarter. In fiscal 2012, we paid a $0.15 per share dividend in each quarter.

The Company s Board currently intends to continue quarterly cash dividend payments in the future. The declaration of future dividends and the establishment of the per share amounts, record dates and payment dates for any such future dividends are subject to the determination of the Board, and will be dependent upon future earnings, cash flows and other factors.

There are no limitations on the Company s ability to pay dividends pursuant to any credit facility.

Equity Compensation Plan Information see ITEM 12

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ITEM 6. SELECTED FINANCIAL DATA

	Fiscal Years Ended July 31,				
	2013(1)	2012	2011(2)(3)(4)	2010(4)(5)	2009(6)
Income statement data:					
Net sales	$ 3,241,795	$ 2,639,798	$ 2,340,442	$ 1,848,549	$ 1,115,006
Net income from continuing operations	151,676	111,435	91,647	91,224	2,452
Net income	152,862	121,739	106,273	110,064	17,143
Earnings per common share from continuing operations:					
Basic	2.86	2.07	1.66	1.72	0.04
Diluted	2.86	2.07	1.66	1.72	0.04
Earnings per common share:					
Basic	2.88	2.26	1.92	2.08	0.31
Diluted	2.88	2.26	1.92	2.07	0.31
Dividends declared and paid per common share	2.22	0.60	0.40	0.78	0.28
Balance sheet data:					
Total assets	$ 1,328,268	$ 1,243,054	$ 1,198,070	$ 964,073	$ 951,124

(1) Includes non-cash goodwill and intangible asset impairments of $6,810 and $4,715, respectively, associated with a subsidiary in our discontinued bus business, and a non-cash long-lived asset impairment of $2,000 associated with a subsidiary in our towables segment.

(2) Includes non-cash trademark impairments of $2,036 and $1,430 for trademarks associated with subsidiaries in our motorized segment and discontinued bus business, respectively.

(3) Includes expenses of $6,333 attributable to legal and professional fees in connection with the Heartland acquisition and costs associated with the resolution of an SEC matter.

(4) Includes gains on the involuntary conversion of assets of $9,417 and $7,593 in 2011 and 2010, respectively, related to the fiscal 2010 fire at a subsidiary in our discontinued bus business.

(5) Includes a non-cash trademark impairment of $500 for a trademark associated with a subsidiary in our towables segment.

(6) Includes non-cash goodwill and trademark impairments of $9,717 and $564, respectively, for goodwill and trademarks associated with subsidiaries in our motorized segment.

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

Our Management s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) should be read in conjunction with the Company s Consolidated Financial Statements and Notes thereto included in ITEM 8 of this Report.

Our MD&A discussion focuses on our ongoing operations. Discontinued operations are excluded from our MD&A discussion except as indicated otherwise.

Executive Overview

We were founded in 1980 and have grown to be one of the largest manufacturers of RVs in North America. Our U.S. market share in the travel trailer and fifth wheel portion of the towable segment is approximately 37% for the calendar year to date period ended June 30, 2013. In the motorized segment of the RV industry, we have a U.S. market share of approximately 25% for the calendar year to date period ended June 30, 2013.

Our business model includes decentralized operating units and we compensate operating management primarily with cash, based upon the profitability of the business unit which they manage. Our corporate staff provides financial management, insurance, legal, human resource, risk management and internal audit functions. Senior corporate management interacts regularly with operating management to assure that corporate objectives are understood and are monitored appropriately.

Our RV products are sold to dealers who, in turn, retail those products. We generally do not finance dealers directly, but do provide repurchase agreements to the dealers floor plan lenders.

Our growth has been internal and by acquisition. Our strategy has been to increase our profitability in North America in the RV industry through product innovation, service to our customers, manufacturing quality products, improving our facilities and processes and acquisitions. We have not entered unrelated businesses and have no plans to do so in the future.

We generally rely on internally generated cash flows from continuing operations to finance our growth. Capital acquisitions of $24,190 in fiscal 2013 were made primarily for RV plant and office additions and to replace machinery and equipment used in the ordinary course of business.

Discontinued Operations

On July 31, 2013, we entered a definitive Stock Purchase Agreement to sell our bus business to Allied Specialty Vehicles, Inc. (ASV) for $100 million in cash, subject to closing adjustments, including working capital changes from April 30, 2013 until closing. The sale is subject to customary closing conditions and is expected to be completed by November 1, 2013. Thor s bus business includes Champion Bus, Inc., General Coach America, Inc., Goshen Coach, Inc., El Dorado National California, Inc., and El Dorado National Kansas, Inc. As a result of our plan to divest the bus business, the assets and liabilities of the bus business are reported as assets or liabilities of discontinued operations in the Consolidated Balance Sheet as of July 31, 2013 and the results of operations as income from discontinued operations, net of income taxes on the Consolidated Statements of Income and Comprehensive Income for the years ended July 31, 2013, 2012, and 2011. Discontinued operations also reflect the results of the ambulance product line, through the date of its sale on April 30, 2013. See Note 3, Discontinued Operations, in the Notes to the Consolidated Financial Statements for further information. The following table summarizes the results of discontinued operations:

	2013	2012	2011
Discontinued Operations:			
Net sales	$ 448,385	$ 444,862	$ 415,066
Operating income of discontinued operations	$ 12,080	$ 15,303	$ 12,303
Gain on involuntary conversion			9,417
Impairment charges	11,525		1,430
Income tax benefit (expense)	631	(4,999)	(5,664)
Income from discontinued operations, net of taxes	$ 1,186	$ 10,304	$ 14,626

Other Significant Events

During the year ended July 31, 2012, we purchased a combined total of 3,000,000 shares of the Company s common stock and held them as treasury stock at a total cost of $77,000. Of the 3,000,000 shares, 2,000,000 were repurchased from the Estate of Wade F.B. Thompson (the Estate) in two separate private transactions at a total cost of $48,500. Both of these transactions were evaluated and approved by members of our board of directors who are not affiliated with the Estate. In a third separate private transaction, we repurchased 1,000,000 shares from Catterton Partners VI, L.P., Catterton Partners VI Offshore, L.P., CP6 Interest Holdings, L.L.C., and CPVI Coinvest, L.L.C. at a total cost of $28,500. We used available cash to purchase all of these shares, which collectively represented 5.4% of our issued and outstanding common stock prior to the repurchases. Each of these transactions is more fully discussed in Note 15 to the Consolidated Financial Statements.

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On September 16, 2010, we acquired 100% of Towable Holdings, Inc., the parent company of Heartland Recreational Vehicles, LLC (Heartland), pursuant to a stock purchase agreement. Heartland is located in Elkhart, Indiana and is a major manufacturer of towable recreational vehicles. Under our ownership, Heartland continues as an independent operation, in the same manner as our existing recreational vehicle companies, and its operations are included in our Towables reportable segment.

Industry Outlook

The Company monitors the industry conditions in the RV market through the use of monthly wholesale shipment data as reported by the Recreation Vehicle Industry Association (RVIA), which is typically issued on a one month lag and represents the manufacturers RV production and delivery to dealers. In addition, the Company also monitors monthly retail sales trends as reported by Statistical Surveys, Inc., whose data is typically issued on a month and a half lag. The Company believes that monthly RV retail sales data is important as consumer purchases impact future dealer orders and ultimately our production.

We believe our dealer inventory is at appropriate levels for seasonal consumer demand, with dealers remaining optimistic yet cautious in advance of the RV Open House in September 2013. RV dealer inventory of Thor products as of July 31, 2013 increased 16.9% to 57,473 units from 49,166 units as of July 31, 2012. Thor s RV backlog as of July 31, 2013 increased 32% to $441,532 from $335,360 as of July 31, 2012.

Industry Wholesale Statistics Calendar YTD

Key wholesale statistics for the RV industry, as reported by RVIA, are as follows:

	U.S. and Canada Wholesale Shipments			
	Calendar Year through June 30,			
	2013	2012	Increase	Change
Towables - Units (1)	146,680	131,497	15,183	11.5%
Motorized - Units	19,472	14,576	4,896	33.6%
Total	166,152	146,073	20,079	13.7%

(1) Excluding camping trailers and truck campers, which we did not manufacture in fiscal 2013 and fiscal 2012.

According to the RVIA, calendar year 2013 wholesale shipments for all RV categories are forecast to total 319,300 units, an 11.7% increase over calendar year 2012, with most of the 2013 unit growth expected in travel trailers and fifth wheels. Calendar year 2013 motorized unit shipments are forecasted to increase 31.6% over calendar year 2012. Travel trailers and fifth wheels are expected to account for 84% of all RV shipments in 2013. The outlook for calendar 2013 growth in RV sales is based on rising consumer confidence, rising home and stock values, improved credit availability and continued slow gains in job and income prospects. RVIA has also forecast that 2014 calendar year shipments will total 334,300 units, a 4.7% increase from the expected 2013 wholesale shipments.

Industry Retail Statistics Calendar YTD

We believe that retail demand is the key to continued improvement in the RV industry. With appropriate levels of dealer inventory currently, we believe that RV industry wholesale shipments will generally be on a one-to-one replenishment ratio with retail sales going forward.

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Key retail statistics for the RV industry, as reported by Statistical Surveys, Inc., are as follows:

	U.S. and Canada Retail Registrations Calendar Year through June 30, 2013	2012	Increase	Change
Towables - Units (1)	136,037	124,359	11,678	9.4%
Motorized - Units	17,624	13,912	3,712	26.7%
Total	153,661	138,271	15,390	11.1%

(1) Excluding camping trailers, which we did not manufacture in fiscal 2013 and 2012.

Note: Data reported by Statistical Surveys, Inc. is based on official state records. This information is subject to adjustment and is continuously updated.

Company Wholesale Statistics Calendar YTD

The Company s wholesale RV shipments, for the calendar year periods through June 30, 2013 and 2012, (using data to correspond to the industry periods denoted above) were as follows:

	U.S. and Canada Wholesale Shipments Calendar Year through June 30, 2013	2012	Increase	Change
Towables - Units	55,033	50,706	4,327	8.5%
Motorized - Units	4,487	3,153	1,334	42.3%
Total	59,520	53,859	5,661	10.5%

Company Retail Statistics Calendar YTD

Retail shipments of the Company s RV products, as reported by Statistical Surveys, Inc. were as follows for the calendar year periods through June 30, 2013 and 2012 (to correspond to the industry periods denoted above):

	U.S. and Canada Retail Registrations Calendar Year through June 30, 2013	2012	Increase	Change