



THOR INDUSTRIES, INC.
2000 ANNUAL REPORT



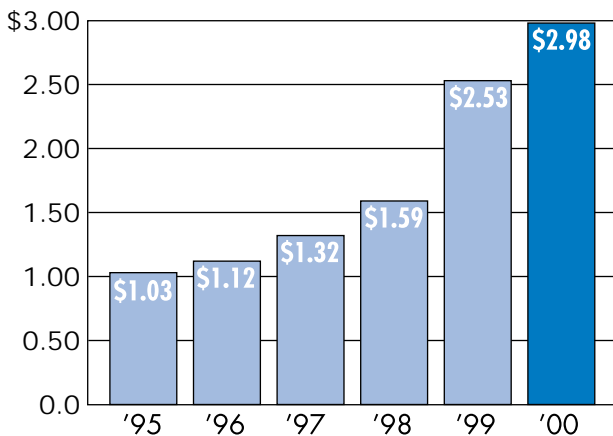
Thor was founded 20 years ago with the acquisition of Airstream on August 29, 1980 and we have been driving for excellence ever since. We have become the second largest manufacturer of recreation vehicles and the largest builder of mid-size buses, producing approximately 40,000 vehicles annually.

Thor traces its history to the founding of Airstream 70 years ago. Through world-class quality, excellent aerodynamics, and its distinctive aluminum body and profile, Airstream travel trailers are the most renowned recreation vehicles in the world. Airstream's 30 year association with America's space program demonstrates the Company's unwavering commitment to quality vehicles using state-of-the-art materials and construction. Every astronaut has ridden in specially equipped Airstream Astro vans commissioned by NASA for use at the Kennedy Space Center.

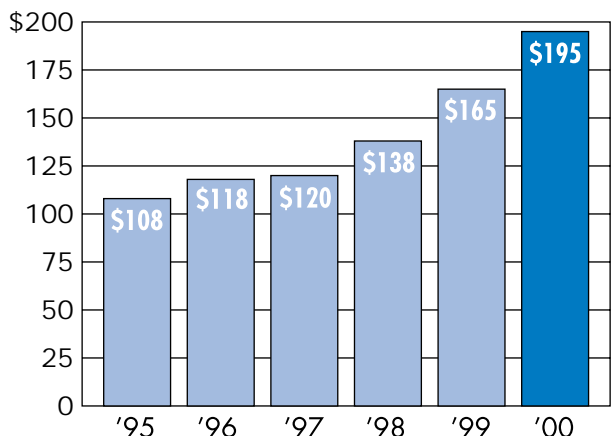
Major Thor products include Airstream, Land Yacht, Dutchmen, Signature, Four Winds, Hurricane, Fifth Avenue, Aerolite, Chateau, Citation, Corsair, General Coach, Komfort, Skamper, Wanderer, and Tahoe RVs and buses built by EIDorado National and Champion under model names such as Aerotech, Escort, MST, Transmark, E-Z Rider, Challenger, Contender, and SoLo.

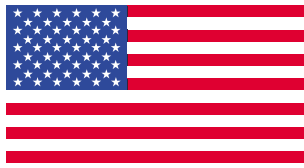
Thor has 3,521 employees, 10 RV plants and 3 bus plants in the United States, and 2 RV plants in Canada. Thor is listed on the New York Stock Exchange under the symbol THO.

E.P.S.



Stockholders' Equity (\$ millions)



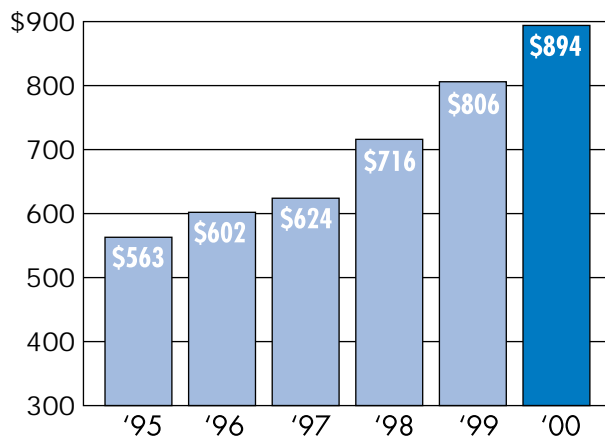


THOR INDUSTRIES, INC.

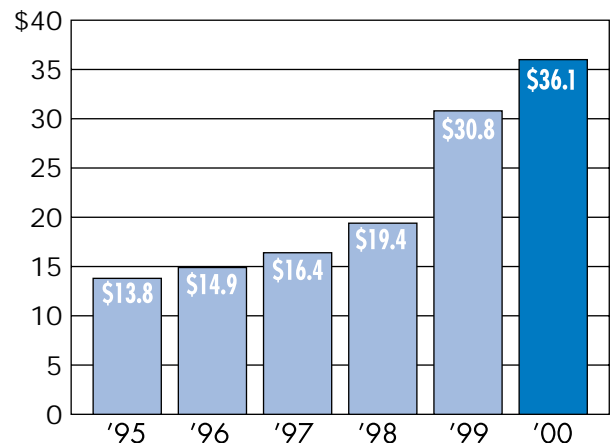
FINANCIAL HIGHLIGHTS

(\$000, except per share)	2000	1999	1998	1997	1996	1995	1994	1993
Net sales	\$ 893,997	\$ 805,806	\$ 715,600	\$ 624,435	\$ 602,078	\$ 562,681	\$ 491,079	\$ 412,223
Gross profit	\$ 118,011	\$ 104,906	\$ 82,601	\$ 65,768	\$ 66,057	\$ 64,358	\$ 67,512	\$ 51,192
Income before taxes	\$ 60,873	\$ 52,436	\$ 33,051	\$ 27,637	\$ 25,176	\$ 22,550	\$ 26,796	\$ 18,750
Net income	\$ 36,119	\$ 30,766	\$ 19,395	\$ 16,423	\$ 14,851	\$ 13,790	\$ 16,045	\$ 11,828
Stockholders' equity	\$ 195,204	\$ 165,373	\$ 138,214	\$ 119,819	\$ 117,939	\$ 107,903	\$ 95,923	\$ 80,845
Return on stockholders' equity	22%	22%	16%	14%	14%	14%	20%	17%
Cash & investments	\$ 77,963	\$ 68,866	\$ 43,532	\$ 12,753	\$ 12,738	\$ 6,821	\$ 13,564	\$ 10,615
Working capital	\$ 138,909	\$ 123,094	\$ 99,139	\$ 79,159	\$ 73,762	\$ 65,151	\$ 56,555	\$ 41,937
Current ratio	2.61	2.56	2.33	2.61	2.36	2.66	2.24	2.02
Capital expenditures	\$ 13,908	\$ 7,448	\$ 2,089	\$ 1,794	\$ 4,722	\$ 5,204	\$ 4,256	\$ 1,820
Depreciation and amortization	\$ 4,677	\$ 3,731	\$ 4,369	\$ 4,461	\$ 5,015	\$ 4,757	\$ 4,520	\$ 4,286
Total assets	\$ 282,131	\$ 245,912	\$ 213,981	\$ 170,969	\$ 173,818	\$ 148,461	\$ 142,446	\$ 122,747
Per share amounts:								
Net income	\$ 2.98	\$ 2.53	\$ 1.59	\$ 1.32	\$ 1.12	\$ 1.03	\$ 1.20	\$.89
Book value	\$ 16.29	\$ 13.82	\$ 11.27	\$ 9.80	\$ 9.05	\$ 8.07	\$ 7.14	\$ 6.06

Sales (\$ millions)



Net Income (\$ millions)



DEAR FELLOW STOCKHOLDERS:

Fiscal 2000, our twentieth anniversary, was another year of solid achievements by your company. Major accomplishments were:

- Record earnings per share of \$2.98, up 18% from \$2.53 last year and net income of \$36.1 million, up 17% from \$30.8 million last year.
- Record sales of \$894.0 million, up 11% from \$805.8 million last year.
- Cash of \$77.9 million at year end, the highest ever, no debt, and working capital of \$138.9 million.
- A return on beginning stockholders equity of 22%, an impressive return given our cash hoard and zero leverage.
- Record recreation vehicle sales of \$659.4 million, up 12% from \$588.9 million last year and RV income before tax of \$46.1 million, up 18% from \$39.0 million last year.
- Record bus sales of \$234.6 million, up 8% from \$216.9 million last year and Bus income before tax of \$17.1 million, up 2% from \$16.7 million last year.
- Capital expenditures of \$13.9 million, almost double any prior year, as we concentrated on upgrading and expanding our existing RV and Bus facilities.
- Our Total Quality Program, which continues to drive up product quality and drive down warranty costs.



Wade F. B. Thompson (left), Chairman, President and Chief Executive Officer, and Peter B. Orthwein, Vice Chairman and Treasurer.

OUR FIRST 20 YEARS

The acquisition of Airstream on August 29, 1980 marked our founding. It was the depths of a worldwide recession and a depression in the RV industry. Airstream had lost \$12 million on sales of \$22 million in the year prior to purchase. We set about to immediately improve quality, foster dealer relationships, and enhance the product. In our first year, sales increased to \$26 million and we achieved net income before tax of \$1 million, a \$13 million turnaround. Since then, through significant internal growth and strategic acquisitions based primarily on product and geographic fit, we have become the second largest RV builder in North America.

On September 8, 1988, we entered the small and mid-size bus industry, a related diversification move, with the acquisition of EIDorado, Salina, KS. Since then, EIDorado has more than quadrupled its sales, all from internal growth, and it has become the largest manufacturer of small buses. Purchase of National Coach, then a bankrupt builder of mid-size buses, took place in 1991 and in 2000 it was our most profitable bus operation. Champion was acquired in early 1998 and today Thor Bus, the combined EIDorado-National-Champion group is the largest small and mid-size bus manufacturer and a major profit contributor.

Despite current softness in the recreation vehicle industry, which we believe results from temporarily high gasoline prices and higher interest rates, our future is very positive. We are confident the RV market will improve because the RV lifestyle is the most affordable way for a family to travel. In addition, the 50-65 "baby boomer" age group, which purchases most recreation vehicles is expected to grow 5 times faster than the total population between now and 2005. Bus backlogs and order input continue at high levels and we expect bus operations to offset weakness in the RV market. Our small and mid-size buses are the most cost effective, fuel efficient means of mass transportation.

UPGRADE AND EXPANSION OF CURRENT FACILITIES

Our largest capital expenditure program totaling over \$40 million is about half completed. A total of about 700,000 sq. ft. of state-of-the-art manufacturing space, a 35% increase, is being added. Better quality, improved efficiency, reduced waste, increased safety, and better working conditions are the goal. The result will be the best, most efficient facilities in our two industries, well equipped for the 21st century.

Facilities expansion highlights in 2000 were:

- Completion of Four Winds' 162,000 sq. ft. facility for Class A motorhomes. This world-class, highly efficient state-of-the-art plant enables us to separate Class A and Class C production, which were formerly combined.
- Construction is partially completed on a 195,000-sq. ft. addition for our Kansas bus operations. When completed in mid-2001 this facility will be one of the largest and most efficient bus production plants in the world. Four smaller plants are being consolidated into a single integrated complex, which will improve efficiencies and quality.
- Construction of a new 49,000-sq. ft. plant at Thor CA that will enable us to build laminated fifth wheels, a fast growing product segment. This facility should be completed in time for the important upcoming winter market in the western U.S.
- Purchase of land for expansion of our profitable Komfort operation, which has been manufacturing at capacity. Construction of a 108,000-sq. ft. plant has begun.
- Purchase of Airstream's land and buildings, which were formerly leased. This provides us with increased flexibility and lower costs.

MERGER OFFER

On April 17, 2000, we offered to acquire a major competitor, Coachmen Industries, Inc., in a cash and stock transaction valued at \$289.6 million. Although this offer was a substantial premium above Coachmen's price and we made it clear we wished to complete a friendly transaction, our proposal was rejected by Coachmen's board of directors and withdrawn by us.

We are convinced the RV industry, an \$8 billion industry with about 75 manufacturers, will consolidate and we continue to seek acquisition opportunities in RVs, buses, and related industries.

FORBES PLATINUM LIST

Forbes magazine (1/10/00) named Thor to its Platinum 400 list of "exceptional big corporations that pass a stringent set of hurdles measuring both long- and short-term growth and profitability." Thor was one of 18 consumer durables companies listed and the only one with zero long-term debt. Thor's net income increase in the latest trailing 12 months made it one of the fastest growing companies on the list. *Forbes* noted that the "Platinum 400 is made up of time-tested champions, not overnight sensations".

DRIVE AGAINST PROSTATE CANCER

At the Louisville RV Show in December, we launched the Drive Against Prostate Cancer, a public service we offer to men over 40 in our industries and beyond. Our goal is to raise the awareness level of prostate cancer and to encourage early detection. The centerpiece of this 'grassroots' program is a specially equipped 39' mobile medical vehicle built by Airstream's commercial division.



The statistics between breast cancer and prostate cancer are eerily similar. Two hundred thousand American and Canadian men are diagnosed with prostate cancer each year and about 40,000 die of it. About the same number of women get breast cancer and die of it. Women have done an exceptional job of eliminating the stigma of breast cancer and saving lives accordingly. The goal of the Drive is to save men's lives by eliminating the stigma and misperceptions of prostate cancer.

We have given free screenings to about 8,000 men, well on the way to our goal of 10,000 in 2000 and we have raised significant funds for Cancer Research Institute's Prostate Cancer Initiative. In recognition of the Drive's importance, Thor rang the closing bell at the New York Stock Exchange on June 16, 2000. We have received national coverage in Newsweek, Fortune, ABC-TV, and other media for this altruistic program, which was initiated by your chairman, a prostate cancer survivor.

OUR PLANS

We will continue our strategy of, *profitable* growth in our industries. We plan to continue being profitable every year, as we have been since our inception, which makes us unique in our two businesses. We plan to be number 1 or number 2 in our industries. We will continue to place maximum emphasis on product innovation and improving product quality. Each of our three Bus facilities has received the ISO 9001 certification, demonstrating their world-class quality standards.

We are executing our Internet development plan. We will lead our two industries in providing all constituents with the electronic tools necessary to communicate and transact more efficiently with us. Our dealers will have the ability to sell and service Thor products, our owners a greater ability to acquire product and dealer information, and the investment community the facility to access financial information. Thor's website, www.thorindustries.com, recently underwent a redesign and is now a primary source of Thor information.

We will continue the entrepreneurial philosophy we started with in 1980. Thor's decentralized management structure enables Thor managers to get closer to their markets and end customers. This increases our ability to produce the highest value RV and Bus products in North America.

Our sincere thanks to our dedicated employees, several of whom have been with us for twenty years and to you our fellow stockholders.

We are committed to continued market leadership and profitable growth and start the 21st century with high expectations. We have been driving for excellence for 20 years and will continue this pursuit for the next two decades and beyond.

Wade F.B. Thompson,
Chairman, President and Chief Executive Officer

Peter B. Orthwein,
Vice Chairman and Treasurer

AIRSTREAM AT 70 AN AMERICAN LEGEND

Wally Byam, Airstream's founder, started building travel trailers for \$100 each in the late 1920s. He was the first to incorporate aerodynamics and in 1934 introduced the name 'Airstream' because his improved trailers cruised down the road like a "stream of air". In 1936, Airstream introduced the "Clipper" with a monocoque riveted aluminum body based on aircraft technology, a revolutionary concept that enabled the company to be the only survivor of 300 travel trailer builders of the Great Depression.

In 1979, Airstream launched its first motor homes featuring riveted aluminum construction like the trailer and pioneered a level of aerodynamic efficiency unavailable in any other motor home. The Land Yacht motor home was rolled out in 1989 with front and rear caps so innovative that a patent was granted for the design.

Over 60% of all Airstreams ever built are still cruising down highways. Airstreams have survived millions of miles across some of the roughest roads in the world and Airstreamers have enjoyed the freedom to go where others only dream of traveling. They are living the Airstream way of life.

Airstream's long tradition of design and manufacturing excellence led *Money* magazine to declare them one of "99 Things That, Yes, Americans Make Best." Airstreams are exhibited at both the Smithsonian Institution and the Henry Ford Museum. An Airstream trailer was selected by NASA to house the first astronauts back from the moon and Airstream motor homes continue today to be an integral part of the space shuttle program. Airstream has truly become an American legend.



Restored 1937 Airstream Clipper travel trailer with revolutionary aircraft type technology.

AIRSTREAM – AN AMERICAN LEGEND

French cyclist demonstrating the light weight efficiency of a 1948 Airstream.



Airstream's first motor home, introduced in 1979, provided unsurpassed handling and fuel efficiency.

The Land Yacht, launched in 1989, was so innovative it was granted a design patent.



The Wally Byam Caravan Club International has led caravans through North and Central America, Europe, Africa, and China.

AIRSTREAM – AN AMERICAN LEGEND



The design excellence and superior engineering of Airstream trailers and motorhomes have made them the first choice for government and military applications. Specially equipped Airstream trailers were located at various points around the vast White Sands Missile range to serve President Kennedy and his staff.

When astronauts Neil Armstrong, Mike Collins and Ed Aldrin returned from the first lunar landing in 1969, they were greeted by President Nixon in the special Airstream Mobile Quarantine Facility aboard the carrier USS Hornet.



On October 29, 1998, astronauts, including Senator John Glenn, boarded one of the specially equipped Airstreams built for NASA for use at the Kennedy Space Center. The Airstream carried the crew to the space shuttle Discovery for their historic nine-day mission. Every shuttle astronaut has ridden in one of these vehicles.

RECREATION VEHICLES

The recreation vehicle industry is a solid, long-term growth business. RV industry shipments, after small increases in 1996 and 1997, were up 15% in 1998, 10% in 1999, and are about level through August 2000. Recent softness in the RV industry appears to have been caused by a) increases in fuel prices b) higher interest rates, and c) a short term decline in the consumer confidence index.

Retail fuel prices have now declined somewhat, interest rates were not increased at the Federal Reserves' three recent meetings and consumer confidence continues at a high level. We believe the RV industry will continue to grow and that cyclicity in the industry will be reduced in the future.

- Positive demographics are the most important determinants of demand. The baby boomer age group, 50-65, is expected to grow by 44%, 5 times the expected 8% growth in the total population through 2005. Between now and 2005, 4 million people each year will reach age 50, the RV market's prime demographic. That is 11,000 new potential buyers each day!
- RV owners save significantly on family travel. RV trips are more affordable than travel by personal car, airline, or cruise ships. A family of four can save up to 70% when traveling by RV, even factoring ownership costs, according to PKF Consulting, a travel research firm.
- Low interest rates, high consumer confidence and plentiful gasoline supplies should fuel growth.
- The Go RVing promotion campaign, of which we were a prime mover, has resulted in substantial increases in consumer awareness and purchase intent of RVs.

One in ten North American households own an RV. RVing enables millions of Americans and Canadians to tour the highways and byways of our great land. The RV lifestyle encourages life long friendships, strengthens family bonding, and promotes freedom.



Today's Airstream combines 70 years of engineering excellence with unsurpassed living features for modern travelers.

Four Winds' innovative Fun Mover, based on vehicles built for the Atlanta Olympic Games, provides sports enthusiasts with an ideal multi-purpose motor home.



RECREATION VEHICLES

FOUR WINDS

Four Winds, Thor's largest company, again hit record levels in sales and net income and increased its market share in both Class A and Class C motorhomes. In the quarter ended June 30, it became the largest Class C builder with a 21% market share.

To satisfy increasing demand, a state-of-the-art 162,000 sq. ft plant was completed in March enabling separate facilities for Class A and Class C production. The move to the new facility was accomplished with remarkable speed, no down time, and no interruption of production.

Four Winds is a major supplier to most of the large RV rental operations throughout the United States and Canada. Cruise America, the largest RV rental operator, has agreed to make Four Winds its primary supplier. Cruise America was recently re-acquired by its founding family members and our new alliance with them strengthens our already strong relationship and ensures Four Winds increased long term business in the rapidly growing RV rental market.

DUTCHMEN

Dutchmen, Thor's largest towable company, achieved record sales and profits.

Dutchmen's new state-of-the-art plant is now operating with improved efficiencies and product quality. Dutchmen's warranty costs dropped, demonstrating a strong commitment to improved quality. Stringent workmanship standards were set and a quality audit system was established to track quality by product line. A new service operation was opened next to the new travel trailer plant and customer service personnel were increased, resulting in reduced lead times for service and repairs.

Emphasis will continue to be placed on standardization of components at Dutchmen and all our RV operations to facilitate ease of manufacturing and improved product quality.

AIRSTREAM

Airstream, our flagship company and a renowned American icon, increased sales and will celebrate its 70th year in fiscal 2001.

The all new Limited 34' travel trailer with a slide-out room to extend space and improve comfort achieved good sales. To celebrate its 70th birthday, Airstream will debut a special edition Anniversary travel trailer line, will introduce two new versions of the Bambi, a lightweight trailer for first time buyers, and add to its slide-out trailer and motor home line ups.

Thor started with the acquisition of Airstream on August 29, 1980. Nearly one third of Airstream's current employees have been employed for 20 years, a testament to their dedication and satisfaction.

Another union attempt was overwhelmingly defeated by Airstream employees who again sent a strong message that they do not wish to have any interference from outside third parties that are not knowledgeable about our people or business.



Four Winds' state-of-the-art Class A motor home plant.

KOMFORT

Komfort again achieved record sales and net income and superior returns on sales and assets employed. It expanded its dealer network and enhanced its position as a brand leader in the northwestern states of Oregon, Washington, and Idaho. A fifteen acre site was acquired for a new facility and construction has started on a 108,000 square foot plant to satisfy strong customer demand. The facility should be completed by 2001.

THOR AMERICA

Thor America expanded its offering of aluminum framed laminated travel trailers and fifth wheels, resulting in a strong sales increase and a substantial profit improvement.

For over fifty years, Citation and Chateau travel trailers have been built in Thor America's Pennsylvania plant. These brand names are among the best-recognized towable RVs in the eastern U.S. It now also builds self-contained bodies for Kingsley Coach atop class eight truck chassis, a new profitable venture.

Thor America's success is exemplified by a tough "never give up" attitude that was exhibited during a six week strike. We will not submit to pressure from unions at any Thor company.

THOR CALIFORNIA

Thor California continued its growth pattern, with sales and earnings at a record. Since its start-up 4^{1/2} years ago, Thor California has established a solid brand equity with its Tahoe and Wanderer travel trailers and fifth wheels and has developed a strong distribution network with emphasis in the western U.S. and Canada. It commands 12% of the California market and Tahoe or Wanderer is the #1 retail seller in Colorado, Arizona, Nevada, New Mexico, and Alberta, Canada. It recently introduced sport utility trailers which combine the best features of a trailer and a cargo carrier. It is a multi-purpose vehicle ideal for hauling bicycles, motor cycles, and other enthusiast vehicles.

Thor California has recently entered laminated towable production with the start-up of a new facility adjacent to its current operations.

GENERAL COACH

Our Canadian operations, located in British Columbia and Ontario, build Citation and Corsair travel trailers, fifth wheels, motorhomes, and truck campers. Each facility had increases in sales and earnings and improved product quality substantially. General Coach maintains one of the highest customer satisfaction indexes and the lowest warranty costs of any North American RV manufacturer.

AERO COACH

Aerolite, our lightweight, laminated, aerodynamic European style travel trailer is the most innovative towable product in the last twenty years. Sales were a record.

A variation on Aerolite, the Cub, offers the advantages of a solid side trailer and the affordability and extended sleeping area of a fold down camping trailer. This hybrid vehicle, launched in 1998 continues its enormous initial success. Folddown sales and earnings grew and market share increased. A management team dedicated to excellence was hired in the final quarter, boding well for a stronger 2001.

BUSES

Thor Bus is the number one manufacturer in the growing \$700 million mid-size bus industry. We have an estimated 35% market share and are larger than our next 3 competitors combined. We are the leader in low floor buses which have easy access and exit, in low cost fuel-efficient transit, and in alternative clean burning fuels.

Mid-size buses, those up to 35', are the most cost effective, common sense, mass transportation. They offer vastly superior fuel efficiency and much lower up front and operating costs. Congress has allocated a 14% increase for transit in 2000 and a further 8% increase in 2001 to \$6.3 billion.

Major bus customers include Hertz, Alamo, Avis, National, Budget, Dollar, Los Angeles DOT, Cal Trans, Laidlaw, Michigan DOT, New Jersey Transit, Park-N-Fly, SEPTA, SMART, UCLA, VIA, Tempe and Scottsdale AZ, and Marriott Hotels.

Our three bus facilities were the first mid-size bus plants to receive the International Organization for Standardization 9001 certification, the highest international standard for quality assurance in design, development, production, installation, and servicing. This coveted certification recognizes our world class quality standards.

Fuel cells are the power of the future and in June we announced that we will build the world's first commercially-viable, fuel cell powered, zero emissions transit buses in an exclusive alliance with International Fuel Cells Inc., a United Technologies company, and ISE Research. The first bus will be built in California in 2001. IFC is the world's largest and most advanced manufacturer of fuel cells and their fuel cells have powered every NASA space shuttle mission. We have exclusive rights for use of IFC's fuel cells in the complete drive system, called ThunderPower, for all North American mid-sized buses.

EL DORADO NATIONAL

ElDorado National achieved record sales and earnings.

Our California operations achieved record sales, earnings, and order input and received the coveted ISO 9001 certification, demonstrating its world-class quality. Our Kansas operations increased sales, production, and market share despite a severe chassis shortage in the third quarter.

Our Kansas plant is currently constructing a 195,000 sq. ft. state-of-the-art facility. When completed in mid 2001, our largest bus operation will be consolidated into a single integrated plant for better quality, improved efficiency and enhanced working conditions.

We are actively seeking a new, larger California facility to satisfy growing demand for mid-size buses.

CHAMPION

Champion's sales declined slightly after an exceptional prior year. Its results were impacted by a chassis shortage, a very tight labor market, and a union attempt which was decisively defeated. Its affiliate, General Coach, showed improved results and Champion starts 2001 with a record backlog which augurs well for significant growth and profitability in 2001.



EIDorado National's second generation MST II is built for efficient mass transit.



The all-new General is an ideal shuttle bus.



Ring the closing bell in recognition of the *Drive Against Prostate Cancer* — New York Stock Exchange, June 16, 2000.



Thor's *Drive Against Prostate Cancer* mobile medical vehicle built by Airstream, provides free prostate cancer screenings across the U.S. and Canada.

THOR INDUSTRIES, INC., AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The consolidated statements of income for the years ended July 31, 2000, 1999 and 1998 shown as a percentage of net sales are:

	Fiscal years ended July 31,		
	2000	1999	1998
Net sales	100.0%	100.0%	100.0%
Cost of products sold	86.8	87.0	88.5
Gross profit	13.2	13.0	11.5
Selling, general and administrative expenses	6.5	6.6	6.6
Loss on divestment of subsidiaries	(.3)	(.2)	(.4)
Other income (net) .....	.4	.3	.1
Income before income taxes	6.8	6.5	4.6
Provision for income taxes	2.8	2.7	1.9
Net income	4.0%	3.8%	2.7%

2000 vs. 1999

Net sales totaled \$893,997,086 up 10.9% from \$805,805,904 in the same period last year. Income before income taxes was \$60,872,947 up 16.1% from \$52,435,679 last year. The increase in income before income taxes of \$8,437,268 was primarily attributed to increased sales, increase in net interest income of approximately \$1,053,000 and offset by an increase in costs associated with the divestment of a former subsidiary of approximately \$511,000.

Recreation vehicle revenues of \$659,410,865 were 12% higher than last years \$588,936,150 and accounted for 73.8% of total company revenues compared to 73.1% last year. Recreation vehicle revenues were up primarily due to increased unit sales. Bus revenues of \$234,586,221 were 8.2% higher than last years \$216,869,754 and accounted for 26.2% of total company revenue compared to 26.9% last year. Bus revenues were up primarily due to increased unit sales and product mix. The Company incurred a shortage of Ford chassis during the year which affected its ability to produce buses, and to a lesser extent Class C motor homes, for its customers.

Manufacturing gross profit increased as a percentage of sales from 13.0% to 13.2% in 2000 due primarily to higher volumes. Price increases averaged 1.5% for the twelve months ended July 31, 2000. Selling, general and administrative expenses and amortization of intangibles increased to \$58,559,078, 6.5% of sales, from \$53,338,397, 6.6% of sales, primarily due to increased income related compensation and selling expenses related to increased volume. Interest income increased by \$1,134,093 primarily due to increased investable cash and higher returns during this year compared to last year. Interest expense increased by \$81,339.

During fiscal 2000 the Company recognized \$2,323,714 for losses related to the divestment of Thor West and the subsequent bankruptcy of Mountain High Coachworks, the entity that purchased the Thor West operation. Thor was required to honor its guarantee of \$750,000 of Mountain High debt as well as assume responsibility for warranties of Thor West product sold prior to December 1998. In addition, losses were incurred in subletting the Thor West facility and writing off debt to Thor from Mountain High. The combined income tax rate was 40.7% in the current year compared to 41.3% last year primarily due to recording of tax savings generated by the Company's foreign sales corporation.

1999 VS. 1998

Net sales totaled \$805,805,904 up 12.6% from \$715,600,390 in the same period in 1998. Income before income taxes was \$52,435,679, up 58.7% from \$33,050,894 in 1998. Of this \$19,384,785 increase in income before income taxes, \$4,459,874 represented an increase in income of Champion Bus, Inc. acquired February 9, 1998, \$5,810,116 represented reduced losses of Thor West in 1999 of \$2,539,292 versus \$8,349,408 in 1998 and \$1,836,883 represented reduced losses of EIDorado National Michigan in 1999 of \$35,014 versus \$1,871,897 in 1998. Included in 1998 income is a gain on the sale of Henschen Industrial of \$1,269,000. In general the Company did not materially adjust its sales prices in fiscal 1999.

Recreation vehicle revenues of \$588,936,150 were 7.6% higher than \$547,484,994 in 1998. Recreation vehicle revenues were 73% of total Company revenue compared to 77% in 1998. Recreation vehicle revenues were up primarily due to increased unit sales and product mix. Bus revenues of \$216,869,754 were 29% higher than \$168,115,396 in 1998. Bus revenues were 27% of total Company revenue compared to 23% in 1998. Bus revenues included sales of \$55,990,999 of Champion Bus, Inc. versus \$25,809,948 in 1998 and sales of \$1,458,418 in 1999 versus \$8,851,486 in 1998 of EIDorado National Michigan, which was shut down effective July 31, 1998.

Manufacturing gross profit increased as a percentage of sales from 11.5% in 1998 to 13.0% in 1999 due primarily to higher volumes and the Eldorado National Michigan and Thor West losses in 1998. Selling, general and administrative expense and amortization of intangibles increased to \$53,338,397, 6.6% of sales, from \$47,505,569, 6.6% of sales in 1998, primarily due to increased income related compensation and selling expenses related to increased volume. Interest income increased by \$1,314,102 primarily due to investment of cash. Interest expense decreased by \$131,713. The combined income tax rate was 41.3% in both 1999 and 1998.

LIQUIDITY

On July 31, 2000, Thor had \$77,963,445 in cash, cash equivalents and short term investments, compared to \$68,865,635 on July 31, 1999. Working capital on July 31, 2000, was \$138,909,444 compared to \$123,094,097 on July 31, 1999. Inventory valued at current cost on July 31, 2000, exceeded LIFO inventory by \$4,880,846. The Company has no long term debt. The Company currently has a \$30,000,000 revolving line of credit. There were no borrowings on the line at July 31, 2000. The loan agreement contains certain covenants, including restrictions on additional indebtedness, and the Company must maintain certain financial ratios. The line of credit bears interest at negotiated rates below prime and expires on November 30, 2000. The Company anticipates renewing its line of credit prior to expiration.

During fiscal 2000 Thor purchased 192,400 shares of its common stock, increasing treasury stock by \$4,305,881.

The Company believes that internally generated funds and the revolving credit agreement already in place will be sufficient to meet current needs and anticipated capital requirements. Capital expenditures of \$13,908,163 were primarily for expansion of the Company's Dutchmen, Four Winds, Thor California and Komfort manufacturing facilities and the purchase of land and buildings formerly leased by Airstream and Eldorado National, Kansas. Additional funds to complete these expansions will be approximately \$9,800,000. The Company anticipates additional capital expenditures in 2001 of approximately \$13,400,000 primarily to expand its Komfort RV operations and its bus operations in total.

ACCOUNTING PRONOUNCEMENTS

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin 101 (SAB 101), "Revenue Recognition in Financial Statements", which provides guidance on applying accounting principles generally accepted in the United States of America, for recognizing revenue. SAB 101 is effective for the fourth quarter of fiscal years beginning after December 15, 1999. The impact, if any, of adopting SAB 101 on our consolidated financial position, results of operations and cash flows, has not been determined.

Statement of Financial Accounting Standards No. 133 (SFAS 133) "Accounting for Derivative Instruments and Hedging Activities," was issued in June 1998. The statement requires derivatives to be recorded on the balance sheet as assets or liabilities, measured at fair value. Gains or losses resulting from changes in fair value of the derivatives are recorded, either as a separate component of stockholders' equity or in the income statement, depending upon whether the instruments meet the criterion for hedge accounting. This statement is effective for fiscal years beginning after June 15, 2000. The effect of adopting SFAS 133 will not be significant.

FORWARD LOOKING STATEMENTS

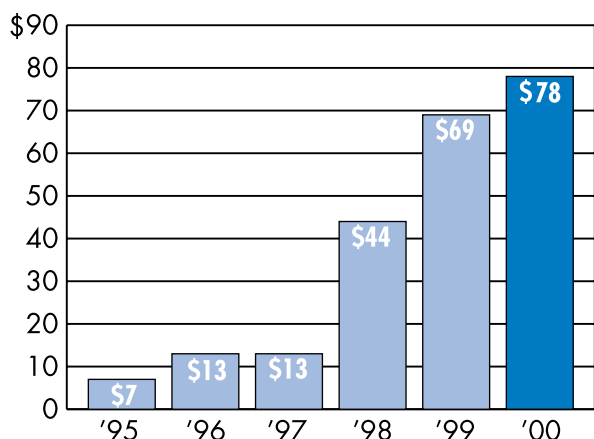
This annual report includes certain statements that are "forward looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934 as amended. These forward looking statements involve uncertainties and risks. There 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. The Company disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements contained herein or to reflect any change in expectations of the Company after the date hereof or any change in events, conditions or circumstances on which any statement is based.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

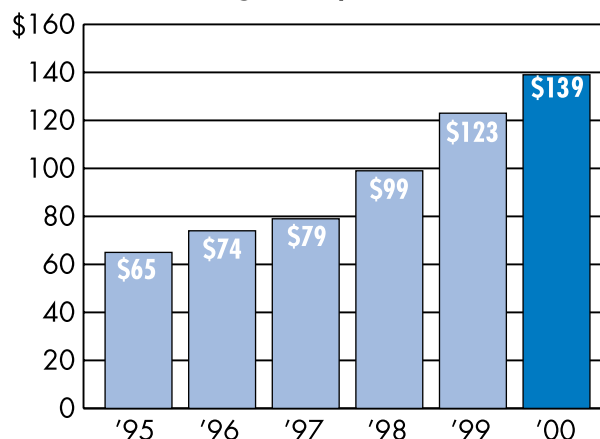
The Company is exposed to market risk from changes in foreign currency related to its operations in Canada. However because of the size of Canadian operations, a hypothetical 10% change in the Canadian dollar as compared to the U.S. dollar would not have a significant impact on the Company's financial position or results of operations. The Company is also exposed to market risks related to interest rates because of its investments in corporate debt securities. A hypothetical 10% change in interest rates would not have a significant impact on the Company's financial position or results of operations.

YOUR COMPANY'S DRIVE FOR EXCELLENCE

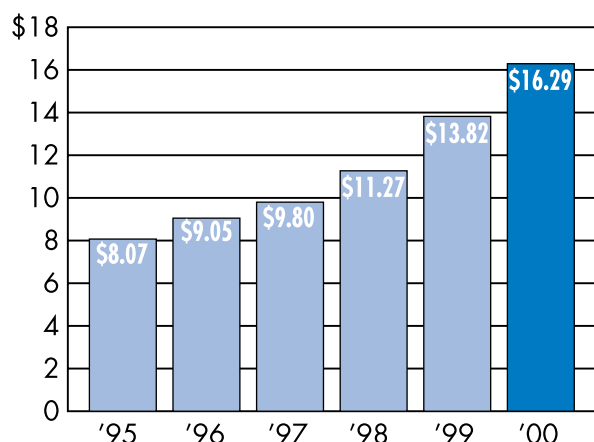
Cash (\$ millions)



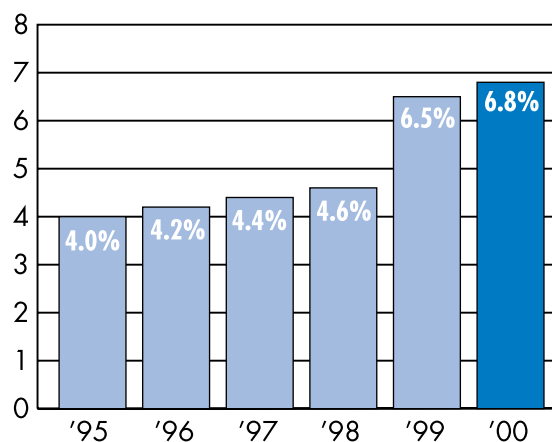
Working Capital (\$ millions)



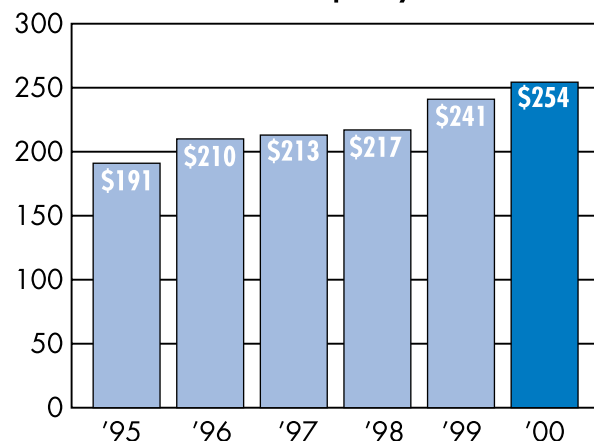
Book Value Per Share



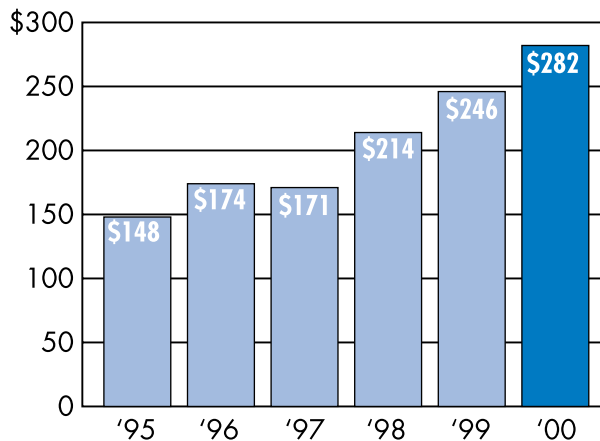
Income Before Tax (as % of Sales)



Sales Per Employee (\$ 000)



Total Assets (\$ millions)



THOR INDUSTRIES, INC., AND SUBSIDIARIES

QUARTERLY FINANCIAL DATA

	October 31	January 31	April 30	July 31
	(\$000, except per share amounts)			
2000				
Net sales	\$ 221,021	\$ 193,709	\$ 243,943	\$ 235,324
Gross profit.....	29,570	24,965	32,401	31,075
Net income (1)	9,660	6,710	10,090	9,659
Earnings per common share:				
Basic .....	.80	.55	.83	.80
Diluted .....	.79	.55	.83	.80
Dividends paid per common share .....	.02	.02	.02	.02
Market prices per common share:				
High	\$ 30.25	\$ 30.50	\$ 30.56	\$ 27.31
Low	\$ 24.50	\$ 23.00	\$ 23.50	\$ 20.75
1999				
Net sales	\$ 189,177	\$ 165,533	\$ 223,708	\$ 227,388
Gross profit.....	23,022	20,985	29,818	31,081
Net income (1)	6,992	5,452	8,950	9,372
Earnings per common share:				
Basic .....	.57	.45	.73	.78
Diluted .....	.57	.44	.73	.78
Dividends paid per common share .....	.02	.02	.02	.02
Market prices per common share:				
High	\$ 26.25	\$ 27.00	\$ 31.50	\$ 30.63
Low	\$ 20.00	\$ 20.63	\$ 22.25	\$ 24.38

(1) Net income in the fourth quarter was increased by \$340,000 in 2000 and by \$535,000 in 1999 due to adjustments to physical inventories, warranty reserves, management incentives, and \$200,000 for recording the tax benefits of a newly formed foreign sales corporation in 2000.

SELECTED FINANCIAL DATA

	Fiscal years ended July 31,				
	2000	1999	1998	1997	1996
(\$000, except per share amounts)					
Income statement data:					
Net sales	\$ 893,997	\$ 805,806	\$ 715,600	\$ 624,435	\$ 602,078
Net income	36,119	30,766	19,395	16,423	14,851
Earnings per common share:					
Basic	2.98	2.53	1.59	1.32	1.12
Diluted.....	2.97	2.52	1.58	1.31	1.12
Dividends per common share.....	.08	.08	.08	.08	.08
Balance sheet data:					
Total assets.....	\$ 282,131	\$ 245,912	\$ 213,981	\$ 170,969	\$ 173,818

THOR INDUSTRIES, INC., AND SUBSIDIARIES

Consolidated Balance Sheets, July 31, 2000 and 1999

<u>Assets</u>	<u>2000</u>	<u>1999</u>
Current assets:		
Cash and cash equivalents	\$ 59,655,251	\$ 68,865,635
Investments-short term (Note A)	18,308,194	—
Accounts receivable:		
Trade, less allowance for doubtful accounts— \$43,959 in 2000 and \$63,485 in 1999	50,970,187	52,167,539
Other	973,265	1,667,486
Inventories (Note B)	89,545,213	72,850,279
Deferred income taxes and other (Note D)	5,835,370	6,572,972
Total current assets	225,287,480	202,123,911
Property, plant and equipment:		
Land	5,573,144	1,400,995
Buildings and improvements	24,330,742	19,010,749
Machinery and equipment	17,926,415	14,122,834
Total cost	47,830,301	34,534,578
Accumulated depreciation	14,525,634	12,218,224
Net property, plant and equipment	33,304,667	22,316,354
Investments:		
Joint ventures	2,628,282	3,419,101
Investments available-for-sale (Note A)	3,486,150	—
Total investments	6,114,432	3,419,101
Other assets:		
Goodwill	10,741,131	11,251,342
Noncompete agreements	1,132,614	2,235,010
Trademarks	1,844,981	2,020,319
Other (Note D)	3,706,087	2,545,698
Total other assets	17,424,813	18,052,369
Total	\$ 282,131,392	\$ 245,911,735

<u>Liabilities and Stockholders' Equity</u>	<u>2000</u>	<u>1999</u>
Current liabilities:		
Accounts payable	\$ 49,824,276	\$ 48,290,096
Accrued liabilities:		
Compensation and related items	13,356,378	13,676,462
Product warranties	11,878,469	11,543,598
Taxes	4,599,864	522,874
Other	6,719,049	4,996,784
Total current liabilities	86,378,036	79,029,814
Deferred income taxes and other liabilities (Note D)	549,080	1,508,756
Contingent liabilities (Note G)	—	—
Stockholders' equity (Note H):		
Preferred stock—authorized 1,000,000 shares; none outstanding	—	—
Common stock—par value of \$.10 a share; authorized, 20,000,000 shares; issued 13,743,997 shares in 2000 and 13,715,147 in 1999, at cost	1,374,400	1,371,515
Additional paid-in capital	26,169,020	25,684,380
Retained earnings	197,171,503	162,018,698
Restricted stock plan	(297,305)	(216,168)
Accumulated other comprehensive income (loss)	(2,620,712)	(1,198,511)
Total	221,796,906	187,659,914
Less 1,759,037 treasury shares in 2000 and 1,566,637 in 1999, at cost	(26,592,630)	(22,286,749)
Total stockholders' equity	195,204,276	165,373,165
Total	\$ 282,131,392	\$ 245,911,735

THOR INDUSTRIES, INC., AND SUBSIDIARIES

Consolidated Statements of Income for the Years Ended July 31, 2000, 1999 and 1998

	2000	1999	1998
Net sales	\$ 893,997,086	\$ 805,805,904	\$ 715,600,390
Cost of products sold.....	775,985,892	700,900,070	632,999,085
Gross profit	118,011,194	104,905,834	82,601,305
Selling, general and administrative expenses	56,771,133	51,863,559	45,601,175
Amortization of intangibles	1,787,945	1,474,838	1,904,394
Loss on divestment of subsidiaries (Note L).....	(2,323,714)	(1,812,526)	(2,721,000)
Interest income	3,317,484	2,183,391	869,289
Interest expense	(197,296)	(115,957)	(247,670)
Other	624,357	613,334	54,539
Income before income taxes	60,872,947	52,435,679	33,050,894
Income taxes (Note D).....	24,753,539	21,669,484	13,655,666
Net income	\$ 36,119,408	\$ 30,766,195	\$ 19,395,228
Earnings per common share (Note A)			
Basic	\$ 2.98	\$ 2.53	\$ 1.59
Diluted.....	\$ 2.97	\$ 2.52	\$ 1.58

Consolidated Statements of Stockholders' Equity for the Years Ended July 31, 2000, 1999 and 1998

	Treasury Stock		Common Stock		Additional Paid-In Capital	Restricted Stock Plan	Accumulated Other Compre- hensive Loss	Retained Earnings	Compre- hensive Income
	Shares	Amount	Shares	Amount					
July 31, 1997	955,758	\$ (19,376,248)	9,099,247	\$ 909,925	\$ 25,105,120	\$ —	\$ (629,546)	\$113,810,210	—
Net income	—	—	—	—	—	—	—	19,395,228	\$19,395,228
Stock option activity	—	—	36,100	3,610	513,070	—	—	—	—
Restricted stock activity	—	—	5,150	515	154,950	(155,465)	—	—	—
Stock split	477,879	—	4,552,200	455,220	(456,497)	—	—	—	—
Cash dividends - \$.08 per common share	—	—	—	—	—	—	—	(978,250)	—
Foreign currency translation adjustment	—	—	—	—	—	—	(555,393)	—	(555,393)
Compensation expense	—	—	—	—	—	17,921	—	—	—
July 31, 1998	1,433,637	(19,376,248)	13,692,697	1,369,270	25,316,643	(137,544)	(1,184,939)	132,227,188	<u>\$18,839,835</u>
Net income	—	—	—	—	—	—	—	30,766,195	\$30,766,195
Shares purchased	133,000	(2,910,501)	—	—	—	—	—	—	—
Stock option activity	—	—	17,000	1,700	241,910	—	—	—	—
Restricted stock activity	—	—	5,450	545	125,827	(126,372)	—	—	—
Cash dividends - \$.08 per common share	—	—	—	—	—	—	—	(974,685)	—
Foreign currency translation adjustment	—	—	—	—	—	—	(13,572)	—	(13,572)
Compensation expense	—	—	—	—	—	47,748	—	—	—
July 31, 1999	1,566,637	(22,286,749)	13,715,147	1,371,515	25,684,380	(216,168)	(1,198,511)	162,018,698	<u>\$30,752,623</u>
Net income	—	—	—	—	—	—	—	36,119,408	\$36,119,408
Shares purchased	192,400	(4,305,881)	—	—	—	—	—	—	—
Stock option activity	—	—	22,500	2,250	320,175	—	—	—	—
Restricted stock activity	—	—	6,350	635	164,465	(165,100)	—	—	—
Cash dividends - \$.08 per common share	—	—	—	—	—	—	—	(966,603)	—
Unrealized depreciation on investments	—	—	—	—	—	—	(1,504,298)	—	(1,504,298)
Foreign currency translation adjustment	—	—	—	—	—	—	82,097	—	82,097
Compensation expense	—	—	—	—	—	83,963	—	—	—
July 31, 2000	1,759,037	\$ (26,592,630)	13,743,997	\$1,374,400	\$ 26,169,020	\$(297,305)	\$(2,620,712)	\$197,171,503	<u>\$34,697,207</u>

THOR INDUSTRIES, INC., AND SUBSIDIARIES

Consolidated Statements of Cash Flows for the Years Ended July 31, 2000, 1999 and 1998

	2000	1999	1998
Cash flows from operating activities:			
Net income	\$ 36,119,408	\$30,766,195	\$19,395,228
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation.....	2,888,601	2,255,956	2,464,843
Amortization of intangibles	1,787,945	1,474,838	1,904,394
Deferred income taxes.....	(318,357)	(382,386)	(2,672,630)
Net loss on divestment of subsidiaries	2,323,714	1,812,526	2,721,000
Purchase of trading investments	(29,753,354)	—	—
Proceeds from sale of trading investments	11,423,052	—	—
Gain on sale of investments available-for-sale.....	(621,464)	—	—
Changes in assets and liabilities, net of effects from acquisitions and divestments:			
Accounts receivable	1,891,573	4,041,278	(2,214,503)
Inventories.....	(16,694,934)	(10,901,788)	3,812,032
Deferred taxes and other	240,226	(1,007,998)	(290,390)
Accounts payable	1,534,180	292,026	8,769,480
Accrued liabilities.....	3,490,328	7,474,363	6,833,229
Other.....	319,471	225,348	(391,926)
Net cash provided by operating activities	14,630,389	36,050,358	40,330,757
Cash flows from investing activities:			
Purchases of property, plant and equipment	(13,908,163)	(7,448,325)	(2,088,698)
Disposals of property, plant and equipment.....	114,343	124,991	289,742
Purchase of available-for-sale investments.....	(11,535,508)	—	—
Proceeds from sale of available-for-sale investments	6,356,517	—	—
Acquisitions—net of cash acquired.....	—	—	(9,670,735)
Proceeds from divestment of subsidiary.....	—	261,954	2,934,973
Net cash used in investing activities	(18,972,811)	(7,061,380)	(8,534,718)
Cash flows from financing activities:			
Cash dividends	(966,603)	(974,685)	(978,250)
Purchase of treasury shares	(4,305,881)	(2,910,501)	—
Proceeds from issuance of common stock.....	322,425	243,610	516,680
Net cash used in financing activities	(4,950,059)	(3,641,576)	(461,570)
Effect of exchange rate changes on cash	82,097	(13,572)	(555,393)
Net increase (decrease) in cash and cash equivalents	(9,210,384)	25,333,830	30,779,076
Cash and cash equivalents, beginning of year	68,865,635	43,531,805	12,752,729
Cash and cash equivalents, end of year	\$ 59,655,251	\$68,865,635	\$43,531,805
Supplemental cash flow information:			
Income taxes paid.....	\$20,404,124	\$23,353,329	\$12,332,383
Interest paid	197,296	115,957	247,670
Non-cash transactions:			
Issuance of restricted stock	165,100	126,372	155,465
Note from divestment of subsidiary	—	750,000	—

Notes to the Consolidated Financial Statements Years Ended July 31, 2000, 1999 and 1998

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation—The accompanying consolidated financial statements include the accounts of Thor Industries, Inc. and its wholly-owned domestic and foreign subsidiaries. All intercompany balances and transactions are eliminated in consolidation.

Cash and Cash Equivalents—Interest-bearing deposits and other investments with maturities of three months or less when purchased are considered cash equivalents. Cash, cash equivalents and short term investments of \$68,492,238 are held by Harris Trust and Savings Bank. The remaining \$9,471,207 is held at various banks.

Investments—The Company classifies its debt and equity securities as trading or available-for-sale. Trading securities are bought and held principally for the purpose of selling them in the near term. All securities not included in trading are classified as available-for-sale.

Trading and available-for-sale investments are recorded at fair value. Unrealized holding gains and losses on trading investments are included in earnings. Unrealized holding gains and losses, net of the related tax effect, on available-for-sale investments are excluded from earnings and are reported as a separate component of accumulated other comprehensive income, net of income taxes until realized. Realized gains and losses from the sale of available-for-sale investments are determined on a specific-identification basis. Dividend and interest income are recognized when earned.

At July 31, 2000, the Company held equity investments with a fair value of \$3,486,150 and cost basis of \$5,800,456. The investments are classified as available-for-sale and included in other investments. Gross unrealized losses were \$2,314,306. Available-for-sale investments were sold during the year and a gain of \$621,464 was recognized in other income.

The Company has certain corporate debt investments that are classified as trading investments and reported as Investments – short term. Included in other income are net realized losses on trading investments of \$12,620.

Inventories—Inventories are stated at the lower of cost or market, determined principally by the last-in, first-out (LIFO) basis.

Depreciation—Property, Plant and Equipment is recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements—ten to thirty-nine years

Machinery and equipment—three to ten years

Other Assets—Other assets are amortized using the straight-line method over the estimated lives of the assets as follows:

Goodwill—twenty or thirty years

Noncompete agreements—five or ten years

Trademarks—ten or twenty years

Long-lived Assets—Long-lived assets, identifiable intangibles and goodwill related to those assets to be held and used, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable from undiscounted future cash flows.

Product Warranties—Estimated warranty costs are provided at the time of sale of the warranted products.

Revenue Recognition—Revenues from the sale of recreation vehicles and buses are recognized when title passes to dealers, distributors, or contract buyers.

Estimates—The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Foreign Currency—Assets and liabilities of Canadian operations reported in the consolidated balance sheets have been translated at current exchange rates. Revenues and expenses reported in the consolidated statements of income have been translated at the average exchange rate for the year. Transaction gains and losses are not significant.

Stock Options—The Company measures cost for stock options issued to employees using the method of accounting prescribed by APB Opinion No. 25, "Accounting for Stock Issued to Employees".

THOR INDUSTRIES, INC., AND SUBSIDIARIES

Earnings Per Share—Earnings per share is computed by dividing net income by the following:

	2000	1999	1998
Weighted average shares outstanding for basic earnings per share	12,106,199	12,179,962	12,227,307
Stock options.....	44,013	42,712	41,914
Total for diluted shares	<u>12,150,212</u>	<u>12,222,674</u>	<u>12,269,221</u>

Pending Accounting Pronouncements — In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin 101 (SAB 101), "Revenue Recognition in Financial Statements", which provides guidance on applying accounting principles generally accepted in the United States of America, for recognizing revenue. SAB 101 is effective for the fourth quarter of fiscal years beginning after December 15, 1999. The impact, if any, of adopting SAB 101 on our consolidated financial position, results of operations and cash flows, has not been determined.

Statement of Financial Accounting Standards No. 133 (SFAS 133) "Accounting for Derivative Instruments and Hedging Activities", was issued in June 1998. The statement requires derivatives to be recorded on the balance sheet as assets or liabilities, measured at fair value. Gains or losses resulting from changes in fair value of the derivatives are recorded, either as a separate component of stockholders' equity or in the income statement, depending upon whether the instruments meet the criterion for hedge accounting. This statement is effective for fiscal years beginning after June 15, 2000. The effect of adopting SFAS 133 will not be significant.

Reclassifications—Certain reclassifications have been made in the 1999 and 1998 consolidated financial statements to conform to the presentation used in 2000.

B. INVENTORIES

Major classifications of inventories are:

	As of July 31,	
	2000	1999
Finished products	\$ 7,881,216	\$ 4,128,011
Work in process	21,412,340	20,959,710
Raw materials	36,010,315	31,479,371
Chassis	29,122,188	19,944,422
Total	<u>94,426,059</u>	<u>76,511,514</u>
Less excess of FIFO costs over LIFO costs	4,880,846	3,661,235
Total inventories	<u>\$ 89,545,213</u>	<u>\$ 72,850,279</u>

C. LINE OF CREDIT

The Company has a \$30,000,000 unsecured revolving line of credit. There was no outstanding balance at July 31, 2000 and 1999. The loan agreement contains certain covenants and the Company must maintain certain financial ratios. The line of credit bears interest below the prime rate (7.5% at July 31, 2000) and expires on November 30, 2000.

D. INCOME TAXES

	Years ended July 31,		
	2000	1999	1998
Current:			
Federal	\$ 19,160,948	\$17,769,357	\$ 13,122,320
State and local	4,635,513	3,397,346	2,468,150
Foreign	1,275,435	885,167	737,826
Total current	25,071,896	22,051,870	16,328,296
Total deferred	(318,357)	(382,386)	(2,672,630)
Income taxes	\$ 24,753,539	\$21,669,484	\$13,655,666
		July 31,	July 31,
		2000	1999
A summary of deferred income taxes is:			
Current deferred tax asset (liability)			
Inventory basis		\$(1,108,368)	\$ (911,344)
Employee benefits		408,472	360,430
Self-insurance		831,457	766,435
Product warranties		4,157,464	3,861,327
Divestment of subsidiary		205,158	578,449
Other		(881,580)	(274,524)
Total current deferred tax asset included in deferred income taxes and other		3,612,603	4,380,773
Long-term deferred tax asset (liability):			
Property basis		(412,689)	(1,022,685)
Investments		810,007	—
Deferred compensation		202,479	117,488
Other		123,661	(267,879)
Total long-term deferred tax asset included in other assets (liability)		723,458	(1,173,076)
Net deferred tax asset		\$ 4,336,061	\$ 3,207,697

The differences between income taxes at the federal statutory rate and the actual income taxes are as follows:

	2000	1999	1998
Provision at statutory rates	\$21,305,531	\$18,352,488	\$ 11,567,813
State and local income taxes, net of federal tax benefit	3,013,083	2,208,275	1,604,298
Amortization of intangibles	220,966	321,866	212,936
FSC benefit	(200,000)	—	—
Non-deductible loss on divestment of subsidiary	—	—	351,293
Other	413,959	786,855	(80,674)
Income taxes	\$24,753,539	\$21,669,484	\$13,655,666

Income before income taxes includes foreign income of \$3,110,847 in 2000, \$2,158,651 in 1999 and \$1,878,422 in 1998.

THOR INDUSTRIES, INC., AND SUBSIDIARIES

E. LEASES

The Company has operating leases principally for land, buildings and equipment. Minimum future rental payments required under these operating leases are \$7,332,936, which includes the following amounts due in each of the next five years ending July 31: \$1,671,296 in 2001; \$1,267,773 in 2002; \$1,113,766 in 2003; \$1,085,360 in 2004; \$933,914 in 2005 and \$1,260,827 thereafter. Rent expense was \$2,250,404 in 2000, \$2,220,929 in 1999, and \$2,616,539 in 1998.

F. EMPLOYEE BENEFIT PLANS

Substantially all non-highly compensated employees can participate in a 401(k) plan. Company contributions are at the discretion of the Board of Directors, except that Company contributions for union employees are based on hours worked. Total expense for the plans was \$212,153 in 2000, \$219,942 in 1999, and \$164,217 in 1998.

During 2000, the Company established a deferred compensation plan for executives who do not participate in a 401(k) plan. The plan allows executives to defer a portion of their compensation, and direct the Company to invest the funds in mutual fund investments held by the Company. Participant benefits are limited to the value of the investments held on their behalf. Investments held by the Company are accounted for as trading securities, and the obligation to the participants is reported as a liability. The Company does not make contributions to the plan. At July 31, 2000, the balance of investments held in this plan was not significant.

G. CONTINGENT LIABILITIES AND COMMITMENTS

It is customary practice for companies in the recreation vehicle industry to enter into agreements with financing institutions to provide financing to their dealers. Generally, the agreements provide for the repurchase of products from the financing institution in the event of a dealer's default. Although the total contingent liability approximated \$188,000,000 at July 31, 2000, the risk of loss under the agreements is spread over numerous dealers and is further reduced by the resale value of the units which the Company would be required to repurchase. Losses under these agreements have not been significant in the periods presented in the accompanying consolidated financial statements, and management believes any future losses under the agreements will not have a significant effect on consolidated financial position or results of operations.

The Company obtains certain vehicle chassis from automobile manufacturers under converter pool agreements. The agreements generally provide that the manufacturer will supply chassis at the Company's various production facilities under the terms and conditions as set forth in the agreement. The manufacturer does not transfer the certificate of origin to the Company and, accordingly, the Company accounts for the chassis as consigned, unrecorded inventory. Typically, chassis are converted and delivered to customers within 90 days of delivery. If the chassis is not converted within 90 days of delivery to the Company, the Company purchases the chassis, and at that time the Company records the inventory. At July 31, 2000, chassis on hand accounted for as consigned, unrecorded inventory was approximately \$11,047,000.

The Company is involved in various litigation generally incidental to normal operations. In the opinion of management, the resolution of pending litigation is not expected to have a material effect on financial condition, results of operations or liquidity of the Company.

The Company has commitments for the construction of manufacturing facilities totalling approximately \$11,000,000.

H. STOCKHOLDERS' EQUITY

Officers and key employees have been granted stock options under the 1988 Incentive Stock Option Plan. No further options may be granted under this plan.

A summary of option transactions under the Incentive Stock Option Plan is as follows:

	2000		1999		1998	
	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
Outstanding at beginning of year	133,000	\$14.33	153,000	\$14.33	193,650	\$ 14.33
Exercised	(22,500)	14.33	(17,000)	14.33	(36,150)	14.33
Canceled	—	—	(3,000)	14.33	(4,500)	14.33
Outstanding at end of year	110,500	\$14.33	133,000	\$14.33	153,000	\$ 14.33
Exercisable at year-end	110,500	\$14.33	71,500	\$14.33	27,000	\$ 14.33

The Company applies APB Opinion No. 25 and related interpretations in accounting for the plan. Accordingly, no compensation cost has been recognized for the stock option plan.

The following summarizes information about stock options outstanding at July 31, 2000, under the 1988 Incentive Stock Option Plan.

Options Outstanding			Options Exercisable			
Exercise Price	Number Outstanding at July 31, 2000	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable at July 31, 2000	Exercise Price	Shares Available For Future Grants
\$14.33	110,500	7 years	\$14.33	110,500	\$14.33	0

Had compensation cost for the Company's grants been determined based on the fair value at the grant dates for awards under those plans consistent with the method of SFAS No. 123, the Company's net income and earnings per common share would have been as follows:

	2000	1999	1998
Net income			
As reported	\$36,119,408	\$30,766,195	\$19,395,228
Pro forma	\$36,119,408	\$30,626,400	\$19,255,433
Earnings per common share—basic			
As reported	\$ 2.98	\$ 2.53	\$ 1.59
Pro forma	\$ 2.98	\$ 2.51	\$ 1.57
Earnings per common share—diluted			
As reported	\$ 2.97	\$ 2.52	\$ 1.58
Pro forma	\$ 2.97	\$ 2.51	\$ 1.57

On September 16, 1999, the Board of Directors approved the 1999 Stock Option Plan. Under the Plan, 500,000 options are available for grant. As of July 31, 2000, no options have been granted.

On September 29, 1997, the Board of Directors approved a stock award plan which allows for the granting of up to 150,000 shares of restricted stock to selected executives. Restrictions expire 50% after 5 years following the date of issue, and the balance after six years. As of July 31, 2000, the Company issued 19,525 shares of restricted stock under the plan and 130,475 shares remain outstanding. Compensation cost related to the plan which is being amortized over the restriction period was \$83,963 in 2000, \$47,748 in 1999, and \$17,921 in 1998.

I. RESEARCH AND DEVELOPMENT

Research and development expenses were approximately \$521,000 in 2000, \$619,000 in 1999, and \$847,000 in 1998.

J. JOINT VENTURES

In March 1996, the Company and Cruise America, Inc. formed a joint venture, CAT Joint Venture LLC, to rent recreation vehicles to the public. The Company's total investment of \$1,519,732 includes a subordinated note receivable of \$1,210,000 due in quarterly installments beginning in fiscal 2001.

In March 1994, the Company and a financial services company formed a joint venture, Thor Credit Corporation, to finance the sales of recreation vehicles to consumer buyers. The Company's total investment of \$1,108,550 includes a note receivable of \$300,000 due in May 2004.

These investments are 50% owned and are accounted for using the equity method.

K. ACQUISITION

On February 9, 1998, the Company purchased certain assets and liabilities of Champion Motor Coach, Inc. (now Champion Bus, Inc.). The cash price of the acquisition was approximately \$9,671,000 which was paid from internal funds. The revenues and operating results of the entity are reflected in the consolidated statements of income of Thor Industries from time of acquisition forward.

THOR INDUSTRIES, INC., AND SUBSIDIARIES

L. DIVESTMENT OF SUBSIDIARIES

The Company sold its Thor West operations in December 1998. A loss of \$3,990,000 was recognized as of July 31, 1998. Additional losses of \$1,812,526 and \$2,323,714 were recognized during 1999 and 2000, respectively. During 2000, MountainHigh Coach Works, the entity that purchased the Thor West operation, filed bankruptcy which resulted in Thor being required to honor its guarantee of \$750,000 of MountainHigh debt as well as assume responsibility for warranties of Thor West product sold prior to December 1998. In addition, losses were incurred in subletting the Thor West facility and writing off debt due Thor from MountainHigh. Thor West's net sales and loss before income taxes included in the consolidated statements of income was, for fiscal 1998, \$29,156,641 and \$4,359,408, respectively, and, for fiscal 1999, \$4,050,351 and \$726,766, respectively.

On December 31, 1997, the Company sold for \$2,934,973 certain assets and liabilities of Henschen Corp., a division of Airstream, Inc. The transaction resulted in a one time pre-tax gain of approximately \$1,269,000.

M. BUSINESS SEGMENTS

The Company operates in principally two segments - recreation vehicles and small and mid-size buses. Manufacturing and sales are conducted in the United States and, to a much lesser extent, in Canada. Operating income is total revenue less cost of sales and operating expenses. Identifiable assets are those assets used in the operation of each industry segment. Corporate assets primarily consist of cash, deferred income tax assets, the cash value of Company-owned life insurance, and various investments.

	2000	1999	1998
	(\$000)	(\$000)	(\$000)
Net sales:			
Recreation vehicles			
Towables	\$ 387,749	\$ 353,456	\$ 333,619
Motorized	265,947	227,902	204,494
Other	5,715	7,578	9,372
Buses	234,586	216,870	168,115
Total	\$ 893,997	\$ 805,806	\$ 715,600
Income before income taxes:			
Recreation vehicles	\$ 46,125	\$ 38,977	\$ 27,907
Buses	17,149	16,726	8,327
Net loss on divestment of subsidiaries (Note L)	(2,324)	(1,813)	(2,721)
Corporate	(77)	(1,454)	(462)
Total	\$ 60,873	\$ 52,436	\$ 33,051
Identifiable assets:			
Recreation vehicles	\$ 118,700	\$ 108,343	\$ 96,920
Buses	66,251	52,203	57,247
Corporate	97,180	85,366	59,814
Total	\$ 282,131	\$ 245,912	\$ 213,981
Depreciation and amortization expense:			
Recreation vehicles	\$ 3,985	\$ 3,075	\$ 3,444
Buses	692	656	925
Total	\$ 4,677	\$ 3,731	\$ 4,369
Capital expenditures:			
Recreation vehicles	\$ 11,207	\$ 6,839	\$ 1,749
Buses	2,701	609	340
Total	\$ 13,908	\$ 7,448	\$ 2,089

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders
Thor Industries, Inc.:

We have audited the accompanying consolidated balance sheets of Thor Industries, Inc. and subsidiaries (the "Company") as of July 31, 2000 and 1999, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended July 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company as of July 31, 2000 and 1999, and the results of its operations and its cash flows for each of the three years in the period ended July 31, 2000, in conformity with accounting principles generally accepted in the United States of America.

DELOITTE & TOUCHE LLP

Dayton, Ohio
September 28, 2000

DIRECTORS

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Chairman, President and Chief Executive Officer

Peter B. Orthwein
Vice Chairman and Treasurer

Neil D. Chrisman
Managing Director (retired) J.P. Morgan & Co.

Alan Siegel, Esq.
Partner, Akin, Gump, Strauss, Hauer & Feld, L.L.P., Attorneys-at-Law

Jan H. Suwinski
Professor, Business Operations, Graduate School of Management, Cornell University

William C. Tomson
President, Board Member, Inc.

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Chief Financial Officer

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Senior Vice President, Purchasing

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Jeffery L. Kime
President, Four Winds

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The use of recycled paper in this annual report and our product brochures is part of Thor's effort to minimize waste, conserve our resources and reduce litter. Providing our customers with safe, fuel-efficient recreation vehicles and buses is another major objective. It's our way of demonstrating we are the industry leader in preserving our nation's environment.

DRIVING FOR EXCELLENCE

RECREATION VEHICLES



AIRSTREAM



THOR AMERICA



GENERAL COACH - ONTARIO



GENERAL COACH - BRITISH COLUMBIA



DUTCHMEN



FOUR WINDS



AERO COACH



KOMFORT



THOR CALIFORNIA

BUSES



ELDORADO NATIONAL - KANSAS



ELDORADO NATIONAL - CALIFORNIA



CHAMPION BUS

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