

THOR
DRIVING FOR EXCELLENCE

2002 ANNUAL REPORT



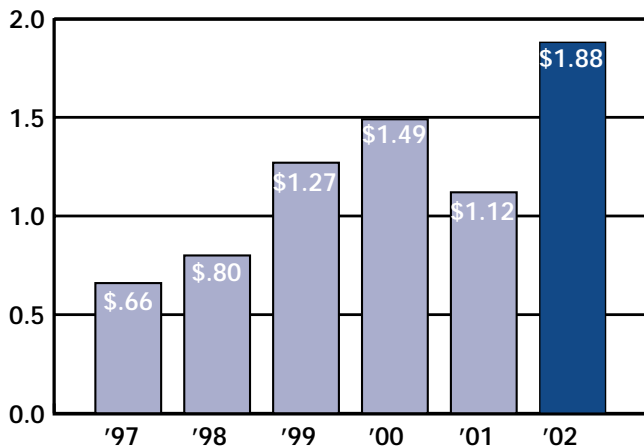
Thor was founded 22 years ago with the acquisition of Airstream on August 29, 1980, and we have been driving for excellence ever since.

We trace our history to the founding of Airstream over 70 years ago. Through world-class quality, excellent aerodynamics, and their 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 Astrovans commissioned by NASA for use at the Kennedy Space Center.

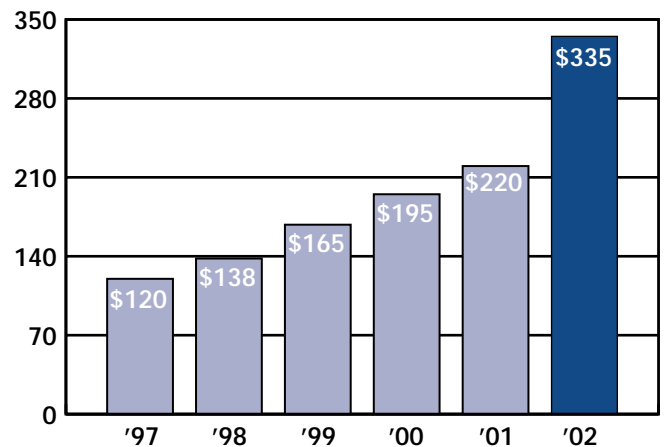
Our major RV products include Airstream, Land Yacht, Keystone, Montana, Cougar, Sprinter, Hornet, Springdale, Outback, Dutchmen, Colorado, Four Winds, Hurricane, Infinity, Fun Mover, Aerolite, Chateau, Citation, Corsair, General Coach, Komfort, Skamper, Wanderer, Tahoe, Mirage, and Jazz. Buses built by EIDorado National and Champion are sold under model names such as Aerotech, Escort, MST, Transmark, E-Z Rider, Axess, Versashuttle, Activan, Challenger, Contender, General, Brigadier, and EZ-Trans.

We have 5,384 employees, 16 RV plants and 3 bus plants in the United States and 2 RV plants in Canada. We are listed on the New York Stock Exchange under the symbol THO.

E.P.S.



Stockholders' Equity (\$ millions)



DRIVING FOR EXCELLENCE



Outback by *Keystone*



Colorado by *Dutchmen*



Infinity by *Four Winds*



Jazz by *Thor California*



International CCD by *Airstream*



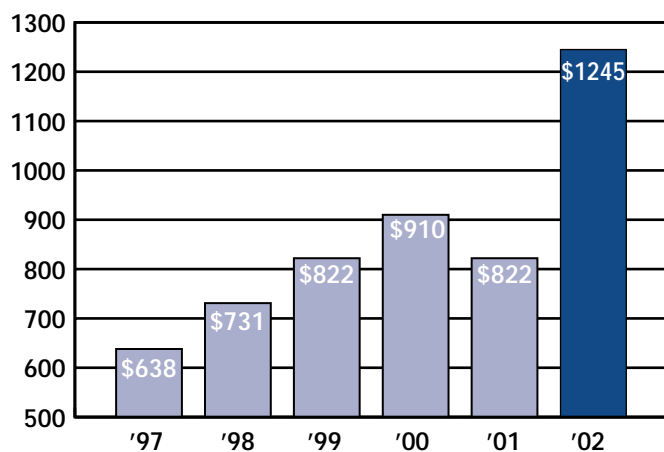
Citation by *Thor America*

FINANCIAL HIGHLIGHTS

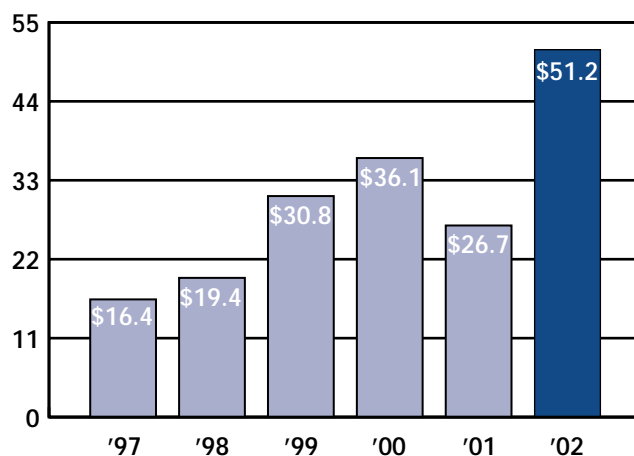
(\$000, except per share)

	2002	2001	2000	1999	1998	1997
Net sales	\$ 1,245,300	\$ 821,728	\$ 910,079	\$ 822,072	\$ 731,332	\$ 637,612
Gross profit	\$ 157,404	\$ 89,808	\$ 113,265	\$ 101,337	\$ 80,018	\$ 63,087
Income before taxes	\$ 81,827	\$ 43,287	\$ 60,873	\$ 52,436	\$ 33,051	\$ 27,637
Net income	\$ 51,182	\$ 26,722	\$ 36,119	\$ 30,766	\$ 19,395	\$ 16,423
Stockholders' equity	\$ 334,619	\$ 219,946	\$ 195,204	\$ 165,373	\$ 138,214	\$ 119,819
Return on beginning stockholders' equity	23%	14%	22%	22%	16%	14%
Cash & investments	\$ 117,815	\$ 107,193	\$ 77,963	\$ 68,866	\$ 43,532	\$ 12,753
Working capital	\$ 134,318	\$ 150,697	\$ 138,909	\$ 123,094	\$ 99,139	\$ 79,159
Current ratio	1.86	2.73	2.61	2.56	2.33	\$ 2.61
Capital expenditures	\$ 7,484	\$ 17,198	\$ 13,908	\$ 7,448	\$ 2,089	\$ 1,794
Depreciation and amortization	\$ 5,225	\$ 4,942	\$ 4,677	\$ 3,731	\$ 4,369	\$ 4,461
Total assets	\$ 497,503	\$ 309,067	\$ 282,131	\$ 245,912	\$ 213,981	\$ 170,969
Per share amounts:						
Net income	\$ 1.88	\$ 1.12	\$ 1.49	\$ 1.27	\$.80	\$.66
Book value	\$ 11.75	\$ 9.24	\$ 8.15	\$ 6.91	\$ 5.64	\$ 4.90

Sales (\$ millions)



Net Income (\$ millions)



DEAR FELLOW STOCKHOLDERS:

Fiscal 2002 was, by any measure, the most successful in your company's 22-year history.

With the acquisition of Keystone RV Company on November 9, 2001, for \$151 million in cash and stock, we became the largest unit builder of recreation vehicles. Keystone is the fastest growing RV manufacturer and its performance since acquisition has continued to be exceptional.

We maintained our leading role in the mid-size bus industry, increasing our market share to 38% and achieving profits despite a severe downturn in the industry caused in part by the terrorist attacks of 9/11/01.

We increased sales 52% to a record \$1,245,300,000 from \$821,728,000 last year.

We increased net income 92% to a record \$51.2 million, up from \$26.7 million last year. Earnings per share were a record \$1.88, up 68% from \$1.12 last year.

RV sales were a record \$973.7 million, up 84% from \$529.7 million last year. Bus sales were \$271.6 million versus \$292.0 million in the prior year.

Cash and short term investments at year-end were \$117.8 million and we continue to have zero debt. Our return on beginning stockholders' equity was 23% and our overall financial condition is the strongest in our two industries.

Because of our exceptional growth and to provide additional liquidity for all our stockholders, we split our stock 2 for 1, effective July 8, 2002.

This unprecedented performance has spurred your management to stretch our goals, take bolder, prudent risks, and to raise the bar to the next level. There are no signs of complacency or hubris in your company. Quite the contrary. We expect to expand our role in each of our segments, highly profitably.

On Corporate Integrity

We are appalled at the almost daily headlines of accounting fraud and corporate malfeasance. Here is the way we will continue to operate:

- Your chairman and vice-chairman have never been and will not be paid excessive compensation. Neither have we been nor will we be granted the company's stock options or restricted stock. We believe that far too many public shareholders are ripped off by dishonest CEOs and other top managers who are paid unconscionable amounts for inferior and sometimes even fraudulent performance.
- Our philosophy of executive compensation has always been simple: pay our key people primarily cash compensation, without a cap and based on the income before taxes of the operations they are directly responsible for. Our corporate staff, which now totals 19, is paid based on Thor's total income before tax. Stock options, restricted stock, and similar benefits provide a small part of compensation. The effect of stock options on your company's E.P.S. is clearly shown in note J to the financial statements.



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

- You will not see any mention in our reports of pro forma or other euphemistically termed income (unless such nomenclature is required for GAAP or other regulations). We will always provide you with our *net* income, not some phony version thereof.
- Neither will you see us referring to EBITDA (earnings before interest, taxes, depreciation, and amortization). The last time we looked, interest and taxes were both cash expenses and in most industries depreciation is required so that fixed assets can be replaced.
- We have no assets or liabilities off balance sheet (except those that are clearly disclosed in the notes to the financial statements).
- We will not re-price our stock options.
- Your CEO and CFO have each certified your company's fiscal 2002 financial statements.

In brief, we will maintain the integrity we have exhibited from day one. This is not to suggest that we will not make mistakes. We certainly will. But we will continue to treat our associates, customers, and you, our stockholders, with the utmost respect, fairness, and openness.

Your management owns approximately 45% of Thor stock and has been, and will continue to be, closely aligned with the interests of our outside stockholders. This is one reason we have been the most successful company in our two industries and why we expect to expand our leading position in each. An investment of \$11,000 for 1,000 shares in our initial public offering in January 1984 was worth approximately \$203,000 on October 7, 2002. We will continue to maintain our objective of maximizing shareholder value.



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



Peter B. Orthwein,
Vice Chairman and Treasurer



In September, Airstream employees and retirees got together at a company-hosted lunch to celebrate Airstream's fiftieth year at its Jackson Center, Ohio, location.

RECREATION VEHICLES

THE INDUSTRY

Recreation vehicle industry shipments, which accounted for 78% of our revenues, have surged 16% in the 7 months through July, after declining in 2000 and 2001. July 2002 industry shipments were up 31%, the largest increase in over 2 years and the industry appears to be on the road to a strong recovery.

Positive demographics are the most important determinant of RV demand. The baby boomer age group, 55-64, is expected to grow by 48%, 5 times the expected 9% growth in the total population through 2010. This demographic "sweet spot" brings 11,000 potential new buyers into the market each day.

RVs will continue to be in demand because they offer more freedom, control, and flexibility than any other travel option. Rather than travel overseas by air, with all its attendant hassles, Americans and Canadians are traveling closer to home, enjoying the sights and marvels of North America. RVers go where they want, when they want, without worry or stress from the uncertainties of airline schedules, long security check-in lines, and luggage problems. Traveling by RV promotes family bonding and helps relieve stress. Even after factoring in RV ownership costs, RV vacations are the least expensive trips, costing up to 70% less than travel using cars, planes, hotels, or cruise ships.

According to *American Demographics* July/August, 2002, issue, our culture is now undergoing a shift from buying things to buying experiences. "As Boomers pursue new experiential passions, they will need tools, equipment and accessories to support their new pursuits. Discretionary product providers can position themselves for success by offering new products to enhance their experiences and adventures . . . For example, Boomers will need new recreation vehicles to take them on their new adventures." This trend should drive consumer spending in our favor.

With the acquisition of Keystone RV on November 9, 2001, we enhanced our position as the best company in the RV industry. Our unmatched 22-year record of uninterrupted profits combined with Keystone's spectacular growth makes us easily the #1 RV builder in units. In the major RV categories: travel trailers, fifth wheels, Class A motorhomes, and Class C motorhomes, Thor is almost as large as the #2 and #3 companies combined and we account for nearly one in four of these RVs sold. The acquisition has provided us with several million dollars of purchasing savings and enables us to share best practices among our companies while maintaining each company's autonomy, identity, and personality.

KEYSTONE

Keystone is one of the most successful start-up companies ever, growing from zero in 1995 to \$400 million sales and \$30 million income before tax in calendar 2001.

Since its acquisition on November 9, 2001, through July 31, 2002, its sales increased 52% and its income before tax has about doubled over the prior year. Its Montana and Cougar brands are the #1 and #2 fifth wheel trailers, with a combined 13% market share. To accelerate this exceptional, profitable growth, a new facility has been completed and two other plants are currently under construction.



Keystone's Montana is the best selling fifth-wheel trailer in the recreation vehicle industry.

Keystone's business model is remarkably similar to Thor's – entrepreneurial, autonomous, customer driven, profit driven, and product driven. These shared characteristics have smoothed the transition process and enabled us to implement purchasing savings and best practices to the benefit of all Thor RV companies.

FOUR WINDS

Four Winds increased sales and net income and maintained its position as the second largest manufacturer of Class C motorhomes. It started F2003 with a 47% increase in August sales and has a significantly increased backlog, boding well for a strong year. It plans to soon add diesel Class A motorhomes, which account for about 40% of the market, to its current gas-powered Class As. 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, purchased a record number of Four Winds vehicles for its expanding fleet.

DUTCHMEN

Dutchmen increased sales and net income significantly and recorded its second best year. In November, 2001, Aero was combined into Dutchmen, achieving major operating efficiencies and lower costs. Its new state-of-the-art plant is now operating with improved efficiencies and product quality. Warranty costs were reduced, inventory turns were substantially improved, and productivity was increased.

THOR CALIFORNIA

Thor California achieved record sales and net income, hitting over \$100 million in sales for the first time since its start-up 6 years ago. It introduced the Jazz fifth wheel, a fully laminated, more affordable vehicle. Its Tahoe and Wanderer travel trailers are top sellers in several western states, including California, Colorado, Nevada, and Utah. To accommodate increased demand a nearby facility was purchased in August to build the company's Mirage and Jazz fifth wheels.

AIRSTREAM

Airstream, our flagship company, celebrated its 71st year, reduced its operating costs, and continued its record of profits for 22 consecutive years since its acquisition. It starts F2003 with a backlog double last year's, a reinvigorated management team, and products that are extremely well received by their dealers.

KOMFORT

Komfort introduced its affordable Trailblazer line and for 2003 has converted its Komfort brand to an all aluminum frame for lighter weight and increased strength. It continues to maintain the highest quality standards and lowest warranty costs and enhanced its position as a brand leader in the states of Oregon, Washington, California, and Idaho.

THOR AMERICA

Thor America increased sales and net income of its Citation and Chateau travel trailers and reintroduced the Corsair brand for 2003. 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.

GENERAL COACH

Our Canadian operations, located in British Columbia and Ontario, increased sales and market share and were profitable. General Coach maintains one of the highest customer satisfaction indexes and the lowest warranty costs of any North American RV manufacturer.

BUSES

THE INDUSTRY

The small and mid-size bus industry, after a decade of strong growth, declined by 17% in the first 6 months of 2002 as a result of the drop in air travel after the terrorist attacks of 9/11/01 and budget deficits in many states. Thor's market share increased to 38% and we continue to be larger than our next three competitors combined, but the industry has suffered from intense pricing competition for the past 12 months. Congress has allocated a 7% increase for transit funding in 2003, to \$7.2 billion, following increases of 8% in 2001 and 2002. Approximately 56% of Thor's bus business is transit.

We are the leader in mid-size buses, easy access and exit low-floor buses, low cost fuel-efficient transit buses, and alternative clean-burning fuel buses. Mid-size buses, those up to 35', are the most cost effective, common sense, mass transportation. They offer superior fuel efficiency, much lower up front and operating costs, and are an obvious answer to traffic congestion. According to a report published in Business Week (July 22, 2002), time wasted per automobile commuter in Los Angeles was 136 hours annually and fuel wasted was 204 gallons annually.

Our hydrogen fuel cell hybrid bus is undergoing testing in the California desert. This innovative zero emissions technology should further enhance our position as the industry leader.

ELDORADO NATIONAL

ElDorado National achieved solid sales and earnings in the toughest bus market in many years. We received a contract from Caltrans for approximately 5,000 buses over the next 3 years, with an option for a further 2 years. This is the largest unit bus contract ever awarded, to our knowledge, and reflects our leading role in the mid-size bus industry.

Our California operation recently completed a 40-ft. low floor easy access bus, the Axess. This natural extension of our product line enables us to compete in the large bus category, a \$1 billion market segment we have not been in. Municipalities are becoming more interested in purchasing their fleets from a limited number of proven suppliers. Our newly purchased mini-bus operation was moved from temporary facilities to our new plant in Salina, Kansas.

CHAMPION

Champion achieved solid sales and net income, maintained its market share and developed a new lower priced, rear engine mid-size bus and a trolley bus. An aggressive cost and capital employed reduction program was highly successful and the company is well positioned for the inevitable upturn in the industry.

In all of our locations, Thor Bus is certified ISO 9001, the international standard for world class quality. We are the only mid-sized bus manufacturer recognized by the International Organization of Standards.



EIDorado National's all new forty-foot, low floor Axess will move Thor into the large bus category.



The newly redesigned Signature Series from EIDorado National offers a top-of-the-line bus with maximum value.



Champion's new Trolley Bus, Thor's first entry into this fast growing segment, fills a need at tourist destinations and others.

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

RESULTS OF OPERATIONS

Net sales in fiscal 2002 totaled \$1,245,299,721 versus \$821,728,255 in fiscal 2001. Net income in fiscal 2002 totaled \$51,181,673 versus \$26,722,273 in 2001. Basic earnings per share of our common stock in fiscal 2002 were \$1.88 compared to \$1.12 in fiscal 2001. Our consolidated statements of income for the years ended July 31, 2002, 2001 and 2000 shown as a percentage of net sales are:

	Fiscal years ended July 31,		
	2002	2001	2000
Net sales	100.0%	100.0%	100.0%
Cost of products sold	87.4	89.1	87.6
Gross profit.....	12.6	10.9	12.4
Selling, general and administrative expenses.....	6.1	6.2	5.9
Loss on divestment of subsidiaries.....	—	—	(.3)
Loss on impairment of equity security.....	(.2)	—	—
Other income (net) .....	.2	.5	.4
Income before income taxes.....	6.6	5.3	6.7
Provision for income taxes	2.5	2.0	2.7
Net income.....	4.1	3.3	4.0

FISCAL 2002 VS. FISCAL 2001

Net sales in fiscal 2002 were \$1,245,299,721, a 51.5% increase from \$821,728,255 in fiscal 2001. Income before income taxes in fiscal 2002 was \$81,827,235 an 89.0% increase from \$43,287,016 in fiscal 2001. The increase in income before income taxes of \$38,540,219 in fiscal 2002 was primarily caused by increased recreation vehicle revenue of \$444,003,459 which resulted in an increase in income before income taxes of approximately \$52,224,000. Included in fiscal 2002 are sales of \$391,431,389 and income before income taxes of \$44,952,817 for Keystone RV acquired on November 9, 2001. Bus revenues were \$20,431,993 less in fiscal 2002 than in fiscal 2001. Bus income before income taxes in fiscal 2002 was approximately \$5,166,000 less than the same period last year because of reduced revenues and overall lower margins. This was due to continued competitive pressure on pricing of buses and decline in airline traffic after the terrorist attacks of September 11, 2001 which affected the hotel, motel, rental car and other businesses and delayed purchase of buses. State and municipal budget constraints have also affected bus sales. Corporate costs were higher than fiscal 2001 by approximately \$8,500,000 due primarily to increased tax related expenses on research and development tax credits and other tax planning of \$1,052,000, additional funding of group medical reserves of \$1,035,000, increases of approximately \$1,390,000 in profit related bonuses, and an impairment loss of \$2,119,000 recorded on an equity investment classified as available for sale. In addition, interest income was reduced by \$2,286,000.

Recreation vehicle revenues increased in fiscal 2002 by 83.8% to \$973,697,307 compared to \$529,693,848 in fiscal 2001 and accounted for 78.2% of total company revenues compared to 64.5% in fiscal 2001. Recreation vehicle order backlog of \$251,354,000 (includes \$160,724,000 for Keystone RV) at July 31, 2002 was up 385.7% compared to the same period last year. Excluding Keystone RV backlog, recreation vehicle backlogs were \$90,630,000 at July 31, 2002, up 75.1% compared to the same period last year. This increase is due to the continued strengthening of the marketplace. Bus revenues in fiscal 2002 decreased by 7.0% to \$271,602,414 compared to \$292,034,407 in fiscal 2001 and accounted for 21.8% of total company revenues compared to 35.5% in fiscal 2001. Bus vehicle order backlog of \$99,228,000 at July 31, 2002 was down 42.1% compared to the same period last year. This reduction is a reflection of delayed purchases and funding as a result of September 11, 2001 circumstances and state and municipal budget constraints.

Gross profit as a percentage of sales in fiscal 2002 increased to 12.6% from 10.9% in fiscal 2001 primarily due to increased recreation vehicle sales. Recreation vehicle price increases averaged 2% for fiscal 2002. Price increases for buses were 1% due to soft market conditions and competitive pressures. Selling, general and administrative expenses and amortization of intangibles was \$75,751,515 compared to \$50,813,028 for the same period in fiscal 2001. As a percentage of sales, selling, general and administrative expenses were 6.1% in fiscal 2002 compared to 6.2% in fiscal 2001. Amortization of intangibles decreased in fiscal 2002 to \$570,176 compared to \$1,346,080 in fiscal 2001. This \$775,904 reduction is primarily due to expirations of certain non-compete expenses offset by the Keystone non-compete cost of \$433,926 for fiscal 2002, and the reduction in goodwill and trademark amortization expenses in fiscal 2002 of \$688,050 resulting from the Company's adoption of Statement of Financial Accounting Standard No. 142 "Goodwill and Other Intangible Assets". The additional selling, general and administrative costs offsetting the reduction of amortization of intangibles is due primarily to the increased costs associated with the substantial 51.5% increase in revenue. Interest income decreased by \$2,334,215 due primarily to lower market rates in fiscal 2002 and the use of cash investments to primarily fund the acquisition of Keystone RV Company on November 9, 2001.

The overall effective income tax rate was 37.5% for fiscal 2002 compared to 38.3% for fiscal 2001 due primarily to research and development tax credits and lower than expected state tax audit assessments.

FISCAL 2001 VS. FISCAL 2000

Net sales in fiscal 2001 were \$821,728,255, a 9.7% decrease from \$910,079,280 in fiscal 2000. Income before income taxes in fiscal 2001 was \$43,287,016, a 28.9% decrease from \$60,872,947 in fiscal 2000. The decrease in income before income taxes of \$17,585,931 in fiscal 2001 was primarily caused by reduced recreation vehicle revenues of \$142,652,071. Bus revenues were \$54,301,046 greater in fiscal 2001 than in fiscal 2000, which resulted in an increase in income before income taxes in fiscal 2001 of approximately \$1,300,000. There were no losses in divestment of operations for the year ended July 31, 2001, which resulted in an increase in income before income taxes of \$2,323,714 compared to the same period last year.

Recreation vehicle revenues decreased in fiscal 2001 by 21.2% to \$529,693,848 compared to \$672,345,919 in fiscal 2000 and accounted for 64.5% of our total revenues, compared to 73.9% of our total revenues in fiscal 2000. Recreation vehicle order backlog of \$51,754,000 at July 31, 2001 was down 17.2% compared to the same period in fiscal 2000 and reflected the continuing softness in the overall recreation vehicle market. Bus revenues in fiscal 2001 increased by 22.8% to \$292,034,407 compared to \$237,733,361 in fiscal 2000 and accounted for 35.5% of our total revenues in fiscal 2001 compared to 26.1% of our total revenues in fiscal 2000. Bus order backlog of \$171,319,000 at July 31, 2001 was 16.3% lower than the same period in fiscal 2000, reflecting increased competition from newer entrants in the industry that were able to deliver buses to customers faster.

Gross profit as a percentage of sales in fiscal 2001 decreased to 10.9% from 12.4% in fiscal 2000 primarily due to the lower volume of recreation vehicle sales. Due to a soft recreation vehicle market and competitive pressures, there were no price increases for our products during fiscal 2001. Selling, general and administration expenses and amortization of intangibles decreased to \$50,813,028 in fiscal 2001 from \$53,813,328 in fiscal 2000. However, as a percentage of net sales, selling, general and administrative expenses were 6.2% in fiscal 2001 compared to 5.9% in fiscal 2000. The \$3,000,300 decrease in selling, general and administrative expenses is primarily due to a reduction of approximately \$3,700,000 in income-related compensation which resulted from our reduced profits in fiscal 2001.

Interest income in fiscal 2001 increased by \$558,598, primarily due to the amount of investable cash being higher than fiscal 2000 and offsetting the lower market rate. Interest expense increased by \$573,826 primarily due to interest paid on increased bus chassis pools.

Our overall effective income tax rate was 38.3% for fiscal 2001 compared to 40.7% for fiscal 2000. The decrease in overall effective income tax rate in fiscal 2001 is primarily due to a tax benefit of \$1,047,000 recorded in fiscal 2001. Based on judicial decisions in late fiscal 2001, we recorded a tax benefit of \$1,047,000 associated with the stock basis of our west coast motorhome divestiture in fiscal 1998.

FINANCIAL CONDITION AND LIQUIDITY

As of July 31, 2002, we had \$117,814,513 in cash, cash equivalents and short-term investments, compared to \$107,192,871 on July 31, 2001. We classify our debt and equity securities as trading or available-for-sale securities. The former are carried on our consolidated balance sheets as "Cash and cash equivalents" or "Investments – short term". The latter are carried on our consolidated balance sheet as "Investments – investments-available-for-sale."

Trading securities, principally investment grade securities composed of asset-based notes, mortgage-backed notes and corporate bonds, are generally bought and held for sale in the near term. All other securities are classified as available-for-sale. In each case, securities are carried at fair market value. Unrealized gains or losses on trading securities are included in earnings. Unrealized gains and losses in investments classified as available-for-sale, net of related tax effect, are not included in earnings, but appear as a component of "Accumulated other comprehensive loss" on our consolidated balance sheets until the gain or loss is realized upon the disposition of the investment or if a decline in the fair market value is determined to be other than temporary. (See Footnote A to Consolidated Financial Statements-"Investments")

Due to the relative short-term maturity (average 3 months) of our trading securities, we do not believe that a change in the fair market value of these securities will have a significant impact on our financial position or results of future operations.

Working capital at July 31, 2002 was \$134,318,285 compared to \$150,697,245 at July 31, 2001. We have no long-term debt. We currently have a \$30,000,000 revolving line of credit which bears interest at negotiated rates below prime and expires on November 29, 2002. We expect to renew our credit line. There were no borrowings on this line of credit at July 31, 2002. The loan agreement executed in connection with the line of credit contains certain covenants, including restrictions on additional indebtedness, and required us to maintain certain financial ratios. We believe that internally generated funds and the line of credit will be sufficient to meet our current needs and any additional capital requirements. Capital expenditures of approximately \$7,484,000 in fiscal 2002 were primarily for the expansion of our Kansas bus operation, an expansion at our Four Winds operation to manufacture diesel motorhomes, expansion at our Keystone RV Company and a roof replacement at our Airstream operation.

The Company anticipates capital expenditures in 2003 of approximately \$31,000,000. The major components of this anticipated capital expenditure include additional plant expansion at our Keystone facility of \$7,000,000, expansion at our Four Winds facility of \$3,000,000, expansion at our Dutchmen facility of \$2,400,000, and expansion at our Thor California facility of \$2,600,000. The Company also plans to spend \$9,000,000 on a new facility and equipment for our Eldorado National California bus operations. The expansion will allow the Company to increase production efficiencies and techniques and produce 40 foot buses. The balance of capital expenditures will be for purchase or replacement of machinery and equipment in the ordinary course of business.

On November 9, 2001, Thor acquired 100% of the common and preferred stock of Keystone RV Company ("Keystone"). Keystone is engaged in the business of manufacturing travel trailers and fifth wheel recreation vehicles. The purchase price of \$151,104,000 consisted of cash of \$88,824,000 and 4,500,000 shares of Thor common stock valued at \$62,280,000, of which 2,744,832 shares are restricted. The value of the common stock was based on the average market price of Thor's common shares over the two-day period before and after the terms of the acquisition were agreed to and announced. The value of the restricted shares was based on an independent appraisal.

CRITICAL ACCOUNTING PRINCIPLES

The consolidated financial statements of Thor are prepared in conformity with accounting principles generally accepted in the United States. The preparation of these financial statements requires the use of estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. We believe that of our critical accounting policies, the following may involve a higher degree of judgments, estimates, and complexity:

IMPAIRMENT OF LONG-LIVED ASSETS

Thor at least annually reviews the carrying value of its long-lived assets held and used and assets to be disposed of, including goodwill and other intangible assets, or when events and circumstances warrant such a review. This review is performed using estimates of future cash flows. 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. Management believes that the estimates of future cash flows and fair value are reasonable; however, changes in estimates of such cash flows and fair value could affect the evaluations.

INSURANCE RESERVES

Generally, we are self-insured for workers' compensation and group medical insurance. Under these plans, liabilities are recognized for claims incurred, including those incurred but not reported, and changes in the reserves. At the time a workers' compensation claim is filed, a liability is estimated to settle the claim. The liability for workers' compensation claims is determined by a third party administrator using various state statutes and reserve requirements. Group medical reserves are funded through a Trust and are estimated using historical claims' experience. We have a self-insured retention for products liability and personal injury matters of \$2,500,000 per occurrence with an annual aggregate of \$5,000,000. We have established a reserve on our balance sheet for such occurrences based on historical data. We maintain excess liability insurance with outside insurance carriers to minimize our risks related to catastrophic claims in excess of all our self-insured positions. Any material change in the aforementioned factors could have an adverse impact on our operating results.

WARRANTY

Thor provides customers of our products with a warranty covering defects in material or workmanship for periods generally ranging from one to two years, with longer warranties on certain structural components. We record a liability based on our best estimate of the amounts necessary to settle future and existing claims on products sold as of the balance sheet date. Factors we use in estimating the warranty liability include a history of units sold, existing dealer inventory, average cost incurred and a profile of the distribution of warranty expenditure over the warranty period. A significant increase in dealer shop rates, the cost of parts or the frequency of claims could have a material adverse impact on our operating results for the period or periods in which such claims or additional costs materialize. Management believes that the warranty reserve is adequate; however, actual claims incurred could differ from estimates, requiring adjustments to the reserves. Warranty reserves are reviewed and adjusted as necessary on a quarterly basis.

PRINCIPAL CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

Our principal contractual obligations and commercial commitments at July 31, 2002 are summarized in the following charts.

<u>Contractual Obligations</u>	<u>Total</u>	<u>Payments Due By Period</u>			
		<u>Fiscal 2003</u>	<u>Fiscal 2004-2005</u>	<u>Fiscal 2006-2007</u>	<u>After 5 Years</u>
Long-term debt	\$ 0	\$ —	\$ —	\$ —	\$ —
Capital lease obligations	\$ 0	\$ —	\$ —	\$ —	\$ —
Operating leases	\$ 19,190,968	\$ 4,782,163	\$ 5,762,593	\$ 3,632,263	\$ 5,013,949
Unconditional purchase obligations	\$ 0	\$ —	\$ —	\$ —	\$ —
Other long-term obligations	\$ 0	\$ —	\$ —	\$ —	\$ —
Total contractual cash obligations	\$ 19,190,968	\$ 4,782,163	\$ 5,762,593	\$ 3,632,263	\$ 5,013,949

<u>Other Commercial Commitments</u>	<u>Total Amounts Committed</u>	<u>Amount of Commitment Expiration Per Period</u>			
		<u>Less Than 1 Year</u>	<u>1-3 Years</u>	<u>4-5 Years</u>	<u>Over 5 Years</u>
Lines of credit	\$ 30,000,000	\$ 30,000,000	—	—	—
Guarantees	\$ 3,262,000	\$ 3,262,000	—	—	—
Standby repurchase obligations	\$ 201,655,000	\$ 201,655,000	—	—	—
Other commercial commitments	\$ 0	—	—	—	—
Total commercial commitments	\$ 234,917,000	\$ 234,917,000	\$ 0	\$ 0	\$ 0

ACCOUNTING PRONOUNCEMENTS

In June 2002, the FASB issued Statement No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" ("SFAS 146"). SFAS 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies EITF Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (Including Certain Costs Incurred in a Restructuring)" ("Issue 94-3"). SFAS 146 requires that a liability be recognized for those costs only when the liability is incurred. In contrast, under Issue 94-3, a company recognized a liability for an exit cost when it committed to an exit plan. SFAS 146 also establishes fair value as the objective for initial measurement of liabilities related to exit or disposal activities. SFAS 146 is effective for exit or disposal activities that are initiated after December 31, 2002. The Company does not anticipate any near term impact on the financial statements as a result of adopting this statement.

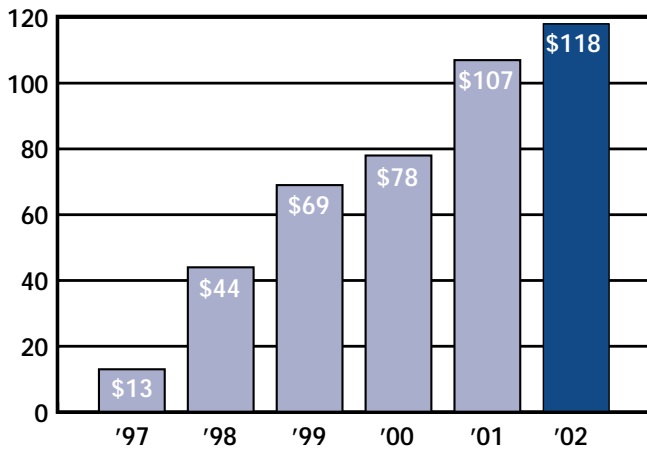
In August 2001, the FASB issued Statement of Financial Accounting Standards No. 144 ("SFAS 144") entitled "Accounting for the Impairment or Disposal of Long-Lived Assets", which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. While SFAS 144 supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of", it retains many of the fundamental provisions of that statement. The Company adopted SFAS 144 on August 1, 2002, and it did not have any impact on the Company's financial statements.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT RISK

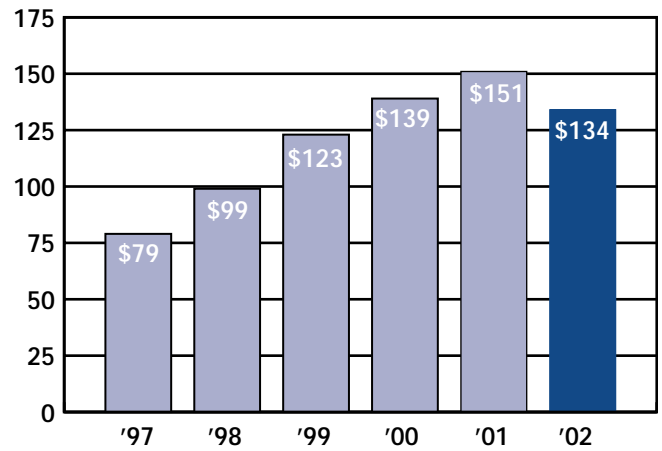
The Company is exposed to market risk from changes in foreign currency related to its operations in Canada. However, because of the size of Canadian operations, a hypothetical 10% change in the Canadian dollar as compared to the U.S. dollar would not have a significant impact of the Company's financial 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

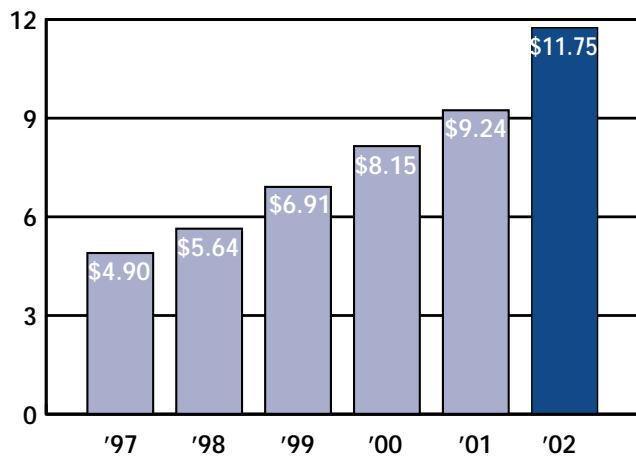
Cash (\$ millions)



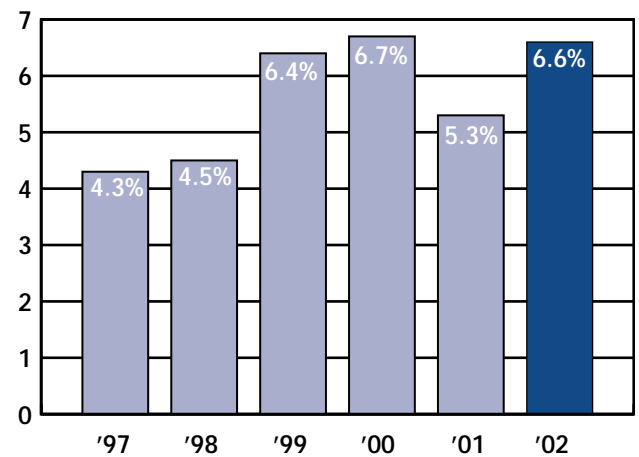
Working Capital (\$ millions)



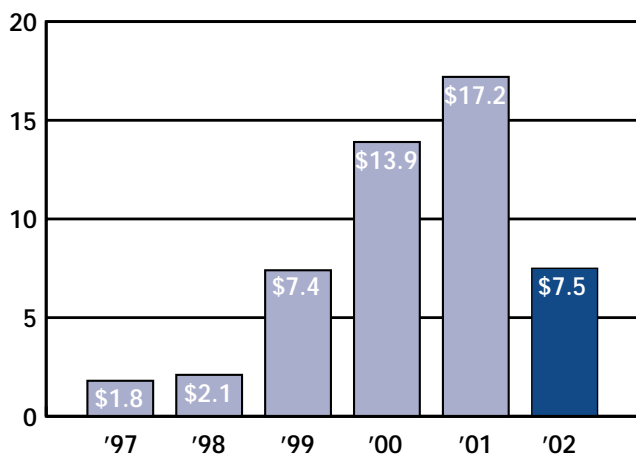
Book Value Per Share



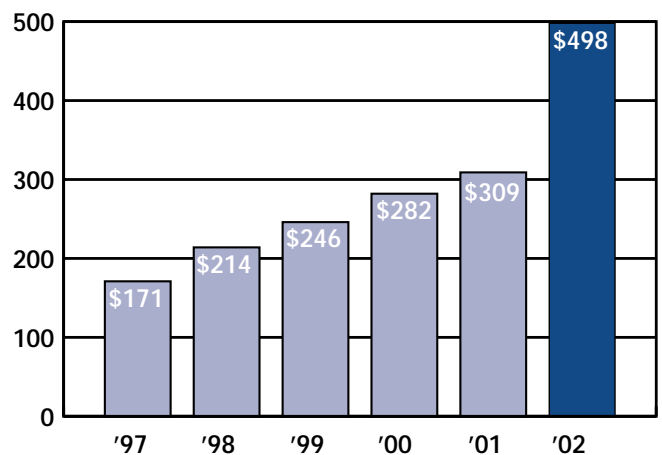
Income Before Tax (as % of sales)



Capital Expenditures (\$ millions)



Total Assets (\$ millions)



THOR INDUSTRIES, INC., AND SUBSIDIARIES

QUARTERLY FINANCIAL DATA

	October 31	January 31	April 30	July 31
	(\$000, except per share amounts)			
2002				
Net sales (3).....	\$ 208,460	\$ 267,695	\$ 367,735	\$ 401,410
Gross profit (3).....	\$ 22,203	29,257	47,150	58,794
Net income (1).....	6,693	7,678	16,595	20,216
Earnings per common share (2)				
Basic .....	.29	.29	.59	.71
Diluted.....	.29	.29	.58	.71
Dividends paid per common share (2)	.01	.01	.01	.01
Market prices per common share (2)				
High	\$ 17.86	\$ 24.25	\$ 31.00	\$ 36.80
Low	\$ 10.74	\$ 16.62	\$ 21.04	\$ 24.60
2001				
Net sales (3).....	\$ 208,299	\$ 171,819	\$ 219,510	\$ 222,100
Gross profit (3).....	25,039	15,786	23,633	25,350
Net income (1).....	8,391	3,164	6,731	8,436
Earnings per common share (2).....				
Basic .....	.34	.13	.29	.36
Diluted.....	.34	.13	.29	.35
Dividends paid per common share (2)	.01	.01	.01	.01
Market prices per common share (2)				
High	\$ 12.28	\$ 13.19	\$ 13.43	\$ 17.79
Low	\$ 9.78	\$ 9.53	\$ 10.08	\$ 11.59

- (1) Net income in the fourth quarter was decreased by \$1,212,304 in fiscal 2002 for an equity investment impairment charge, net of tax benefit and increased by \$1,047,000 in fiscal 2001 for recording the tax benefit associated with the stock basis of a 1998 divestiture.
- (2) Per share amounts and market prices per common share were adjusted for the two-for-one stock split in July of 2002.
- (3) To comply with EITF 01-09, quarterly amounts for fiscal 2002 and 2001 have been restated from the amounts previously reported in our Quarterly Report on Form 10-Q to reflect the reclassification of dealer incentives which were previously recorded in selling, general and administrative expenses, as a reduction of net sales.

	<u>1st Qtr 2002</u>	<u>2nd Qtr 2002</u>	<u>3rd Qtr 2002</u>
Net sales - previously reported	\$ 209,794	\$ 269,216	\$ 369,755
Net sales - as reported	\$ 208,460	\$ 267,695	\$ 367,735
Gross profit - previously reported	\$ 23,537	\$ 30,779	\$ 49,169
Gross profit - as reported	\$ 22,203	\$ 29,257	\$ 47,150

	<u>1st Qtr 2001</u>	<u>2nd Qtr 2001</u>	<u>3rd Qtr 2001</u>	<u>4th Qtr 2001</u>
Net sales - previously reported	\$ 209,821	\$ 173,181	\$ 221,029	\$ 222,900
Net sales - as reported	\$ 208,299	\$ 171,819	\$ 219,510	\$ 222,100
Gross profit - previously reported	\$ 26,611	\$ 17,200	\$ 25,202	\$ 26,310
Gross profit - as reported	\$ 25,039	\$ 15,786	\$ 23,633	\$ 25,350

THOR INDUSTRIES, INC., AND SUBSIDIARIES

Consolidated Balance Sheets, July 31, 2002 and 2001

<u>Assets</u>	<u>2002</u>	<u>2001</u>
Current assets:		
Cash and cash equivalents	\$ 113,192,639	\$ 60,058,777
Investments-short term (Note A).....	4,621,874	47,134,094
Accounts receivable:		
Trade, less allowance for doubtful accounts— \$245,964 in 2002 and \$68,210 in 2001	72,816,320	46,174,662
Other	2,445,578	1,341,033
Inventories (Note D)	94,665,354	80,286,637
Deferred income taxes and other (Note F)	3,496,589	2,970,082
Total current assets	291,238,354	237,965,285
Property, plant and equipment:		
Land	9,848,968	8,182,431
Buildings and improvements	37,249,824	35,936,200
Machinery and equipment	25,625,071	20,049,176
Total cost	72,723,863	64,167,807
Less accumulated depreciation	(20,882,575)	(17,232,199)
Net property, plant and equipment	51,841,288	46,935,608
Investments:		
Joint ventures (Note L)	2,137,946	2,192,453
Investments available-for-sale (Note A).....	3,920,746	5,406,286
Total investments	6,058,692	7,598,739
Other assets:		
Goodwill (Note C)	130,554,872	10,378,420
Noncompete agreements (Note C).....	4,454,408	524,584
Trademarks (Note C)	8,669,642	1,669,642
Other (Note F).....	4,685,877	3,994,601
Total other assets	148,364,799	16,567,247
Total	\$ 497,503,133	\$ 309,066,879

<u>Liabilities and Stockholders' Equity</u>	<u>2002</u>	<u>2001</u>
Current liabilities:		
Accounts payable	\$ 89,397,885	\$ 57,290,788
Accrued liabilities:		
Compensation and related items.....	20,463,363	11,630,556
Product warranties	25,374,825	12,541,890
Taxes	13,793,041	496,333
Other	7,890,955	5,308,473
Total current liabilities	156,920,069	87,268,040
Deferred income taxes and other liabilities (Note F).....	5,964,143	1,852,432
Contingent liabilities (Note I)	—	—
Stockholders' equity (Note J):		
Preferred stock—authorized 1,000,000 shares; none outstanding	—	—
Common stock—par value of \$.10 a share; authorized, 40,000,000 shares; issued 32,299,838 shares in 2002 and 27,635,694 shares in 2001,	3,229,984	2,763,570
Additional paid-in capital	89,941,287	25,876,538
Retained earnings	273,033,292	222,942,676
Restricted stock plan.....	(531,062)	(352,402)
Accumulated other comprehensive loss.....	(1,455,914)	(1,685,309)
Sub total	364,217,587	249,545,073
Less treasury shares of 3,816,874 in 2002 and 2001, at cost.....	(29,598,666)	(29,598,666)
Total stockholders' equity	334,618,921	219,946,407
Total	\$ 497,503,133	\$ 309,066,879

See notes to consolidated financial statements.

THOR INDUSTRIES, INC., AND SUBSIDIARIES

Consolidated Statements of Income for the Years Ended July 31, 2002, 2001 and 2000

	2002	2001	2000
Net sales	\$ 1,245,299,721	\$ 821,728,255	\$ 910,079,280
Cost of products sold	1,087,895,902	731,919,764	796,813,836
Gross profit	157,403,819	89,808,491	113,265,444
Selling, general and administrative expenses	75,181,339	49,466,948	52,025,383
Amortization of intangibles	570,176	1,346,080	1,787,945
Impairment of equity securities (Note A)	(2,119,111)	—	—
Loss on divestment of subsidiary (Note M)	—	—	(2,323,714)
Interest income	1,541,867	3,876,082	3,317,484
Interest expense	(325,378)	(771,122)	(197,296)
Other income	1,077,553	1,186,593	624,357
Income before income taxes	81,827,235	43,287,016	60,872,947
Income taxes (Note F)	30,645,562	16,564,743	24,753,539
Net income	\$ 51,181,673	\$ 26,722,273	\$ 36,119,408
Earnings per common share (Note A)			
Basic	\$ 1.88	\$ 1.12	\$ 1.49
Diluted	\$ 1.87	\$ 1.11	\$ 1.48

Consolidated Statements of Stockholders' Equity for the Years Ended July 31, 2002, 2001 and 2000

	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					
August 1, 1999	3,133,274	\$(22,286,749)	27,430,294	\$2,743,030	\$24,312,865	\$(216,168)	\$(1,198,511)	\$162,018,698	
Net income	—	—	—	—	—	—	—	36,119,408	\$36,119,408
Shares purchased	384,800	(4,305,881)	—	—	—	—	—	—	—
Stock option activity	—	—	45,000	4,500	317,925	—	—	—	—
Restricted stock activity	—	—	12,700	1,270	163,830	(165,100)	—	—	—
Cash dividends - \$.04 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	<u>3,518,074</u>	<u>(26,592,630)</u>	<u>27,487,994</u>	<u>2,748,800</u>	<u>24,794,620</u>	<u>(297,305)</u>	<u>(2,620,712)</u>	<u>197,171,503</u>	<u>\$34,697,207</u>
Net income	—	—	—	—	—	—	—	26,722,273	\$26,722,273
Shares purchased	298,800	(3,006,036)	—	—	—	—	—	—	—
Stock option activity	—	—	135,000	13,500	953,775	—	—	—	—
Restricted stock activity	—	—	12,700	1,270	128,143	(129,413)	—	—	—
Cash dividends - \$.04 per common share	—	—	—	—	—	—	—	(951,100)	—
Unrealized appreciation on investments	—	—	—	—	—	—	1,049,017	—	1,049,017
Foreign currency translation adjustment	—	—	—	—	—	—	(113,614)	—	(113,614)
Compensation expense	—	—	—	—	—	74,316	—	—	—
July 31, 2001	<u>3,816,874</u>	<u>(29,598,666)</u>	<u>27,635,694</u>	<u>2,763,570</u>	<u>25,876,538</u>	<u>(352,402)</u>	<u>(1,685,309)</u>	<u>222,942,676</u>	<u>\$27,657,676</u>
Net income	—	—	—	—	—	—	—	51,181,673	\$51,181,673
Shares purchased	—	—	—	—	—	—	—	—	—
Stock option activity	—	—	144,644	14,464	1,213,680	—	—	—	—
Restricted stock activity	—	—	19,500	1,950	344,249	(346,199)	—	—	—
Shares issued	—	—	4,500,000	450,000	62,506,820	—	—	—	—
Cash dividends - \$.04 per common share	—	—	—	—	—	—	—	(1,091,057)	—
Unrealized appreciation on investments	—	—	—	—	—	—	455,281	—	455,281
Foreign currency translation adjustment	—	—	—	—	—	—	(225,886)	—	(225,886)
Compensation expense	—	—	—	—	—	167,539	—	—	—
July 31, 2002	<u>3,816,874</u>	<u>\$(29,598,666)</u>	<u>32,299,838</u>	<u>\$3,229,984</u>	<u>\$89,941,287</u>	<u>\$(531,062)</u>	<u>\$(1,455,914)</u>	<u>\$273,033,292</u>	<u>\$51,411,068</u>

THOR INDUSTRIES, INC., AND SUBSIDIARIES

Consolidated Statements of Cash Flows for the Years Ended July 31, 2002, 2001 and 2000

	2002	2001	2000
Cash flows from operating activities:			
Net income	\$ 51,181,673	\$ 26,722,273	\$ 36,119,408
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation.....	4,655,184	3,595,547	2,888,601
Amortization of intangibles	570,176	1,346,080	1,787,945
Deferred income taxes.....	4,219,343	3,582,045	(318,357)
Impairment of equity securities.....	2,119,111	—	—
Net loss on divestment of subsidiaries	—	—	2,323,714
Purchase of trading investments	(8,273,407)	(58,377,034)	(29,753,354)
Proceeds from sale of trading investments	50,027,883	30,371,983	11,423,052
Gain on sale of investments available-for-sale.....	(29,322)	(189,255)	(621,464)
Gain on sale of trading investments	(407,012)	(180,000)	—
Unrealized (gain) loss on trading investments.....	1,164,756	(640,849)	22,108
Changes in assets and liabilities, net of effects from acquisitions and divestments:			
Accounts receivable	(2,914,958)	4,675,817	1,891,573
Inventories.....	4,570,827	9,258,576	(16,694,934)
Deferred taxes and other	(48,238)	(1,033,861)	240,226
Accounts payable	10,149,604	7,466,512	1,534,180
Accrued liabilities.....	16,260,239	(6,576,508)	3,490,328
Other.....	626,301	1,002,107	297,363
Net cash provided by operating activities	133,872,160	21,023,433	14,630,389
Cash flows from investing activities:			
Purchases of property, plant and equipment.....	(7,483,710)	(17,197,774)	(13,908,163)
Disposals of property, plant and equipment.....	1,532,177	46,310	114,343
Purchase of available-for-sale investments.....	—	(642,691)	(11,535,508)
Proceeds from sale of available-for-sale investments	96,228	277,723	6,356,517
Acquisition of Keystone - net of cash acquired.....	(74,794,195)	—	—
Net cash used in investing activities	(80,649,500)	(17,516,432)	(18,972,811)
Cash flows from financing activities:			
Cash dividends.....	(1,091,057)	(951,100)	(966,603)
Purchase of treasury shares	—	(3,006,036)	(4,305,881)
Proceeds from issuance of common stock.....	1,228,145	967,275	322,425
Net cash provided by (used in) financing activities	137,088	(2,989,861)	(4,950,059)
Effect of exchange rate changes on cash	(225,886)	(113,614)	82,097
Net increase (decrease) in cash and cash equivalents	53,133,862	403,526	(9,210,384)
Cash and cash equivalents, beginning of year	60,058,777	59,655,251	68,865,635
Cash and cash equivalents, end of year	\$113,192,639	\$ 60,058,777	\$ 59,655,251
Supplemental cash flow information:			
Income taxes paid.....	\$ 17,787,259	\$ 17,594,918	\$ 20,404,124
Interest paid	325,378	771,122	197,296
Non-cash transactions:			
Issuance of restricted stock	\$ 346,199	\$ 129,413	\$ 165,100

Notes to the Consolidated Financial Statements Years Ended July 31, 2002, 2001 and 2000

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 (collectively, the "Company"). All inter-company 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 \$72,256,358 are held by a major financial institution. The remaining \$45,558,155 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 classified as trading are classified as available-for-sale.

Trading securities and available-for-sale securities are recorded at fair value. Unrealized holding gains and losses on trading securities are included in earnings. Unrealized holding gains and losses, net of the related tax effect, on available-for-sale securities 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 securities are determined on a specific-identification basis. Dividend and interest income are recognized when earned.

At July 31, 2002, the Company held equity securities with a fair value and cost basis of \$3,920,746 after recognized impairment. The Company recorded an impairment charge of \$2,119,111 in the fourth quarter of 2002, with an associated tax benefit of \$906,807 relating to its investment in an equity investment as it was determined that the decline in market value of the investment which is classified as a noncurrent investment "available-for-sale" equity security, was deemed to be other than temporary. For 2002, the impairment charge is included in the consolidated statement of income caption "Impairment of Equity Securities". As of September 27, 2002, the market value of the investment in equity securities has declined approximately \$1,349,000 from July 31, 2002. These securities are classified as available-for-sale and are included in other investments. Available-for-sale securities were sold and a realized gain of \$29,322 in fiscal 2002, \$189,255 in fiscal 2001, and \$621,464 in fiscal 2000 was recognized in other income.

The Company holds certain corporate debt securities that are classified as trading securities and reported as Investments – short term. Included in other income are net realized gains on trading securities of \$407,013 in fiscal 2002 and \$180,000 in fiscal 2001 and net realized losses on trading securities of \$12,620 in fiscal 2000.

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 – 10 to 39 years

Machinery and equipment – 3 to 10 years

Other Assets – Other assets consist of goodwill, trademarks, and non-compete agreements. Non-compete agreements are amortized using the straight-line method over 5 to 10 years. Effective August 1, 2001, goodwill and trademarks are no longer amortized. Trademarks are not amortized because they have indefinite useful lives.

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

Product Warranties – Estimated warranty costs are provided at the time of sale of the warranted products. During fiscal 2001, the Company formed a wholly owned captive insurance company that provides coverage for product warranties.

THOR INDUSTRIES, INC., AND SUBSIDIARIES

Revenue Recognition – Revenues from the sale of recreation vehicles and buses are recognized when title passes, which is when shipped to dealers, distributors, or contract buyers in accordance with shipping terms, which are FOB shipping point.

Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles (“U.S. GAAP”) 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 the Company’s 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. Translation adjustments have been included in accumulated other comprehensive income (loss). 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 Accounting Principles Board, or APB, Opinion No. 25, “Accounting for Stock Issued to Employees.”

Earnings Per Share – Basic earnings per common share (EPS) is computed by dividing net income by the weighted average number of common shares outstanding. Diluted EPS is computed by dividing net income by the weighted average number of common shares outstanding assuming dilution. The difference between basic EPS and diluted EPS is the result of outstanding stock options.

	2002	2001	2000
Weighted average shares outstanding for basic earnings per share	27,162,358	23,807,600	24,212,398
Stock options	180,611	117,508	88,026
Weighted average shares outstanding assuming dilution . . .	27,342,969	23,925,108	24,300,424

Accounting Pronouncements – In June 2002, the FASB issued Statement No. 146, “Accounting for Costs Associated with Exit or Disposal Activities” (“SFAS 146”). SFAS 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies EITF Issue No. 94-3, “Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (Including Certain Costs Incurred in a Restructuring)” (“Issue 94-3”). SFAS 146 requires that a liability be recognized for those costs only when the liability is incurred. In contrast, under Issue 94-3, a company recognized a liability for an exit cost when it committed to an exit plan. SFAS 146 also establishes fair value as the objective for initial measurement of liabilities related to exit or disposal activities. SFAS 146 is effective for exit or disposal activities that are initiated after December 31, 2002. The Company does not anticipate any near term impact on the financial statements as a result of adopting this statement.

In August 2001, the FASB issued Statement of Financial Accounting Standards No. 144 (“SFAS 144”) entitled “Accounting for the Impairment or Disposal of Long-Lived Assets”, which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. While SFAS 144 supersedes SFAS No. 121, “Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of”, it retains many of the fundamental provisions of that statement. The Company adopted SFAS 144 on August 1, 2002 and it did not have any impact on the Company’s financial statements.

Reclassification – Certain reclassifications have been made in fiscal 2001 and fiscal 2000 consolidated financial statements to conform to the presentation used in fiscal 2002, including reclassifications to comply with FASB’s Emerging Issues Task Force 01-09 “Accounting for Consideration Given by a Vendor to a Customer”. Dealer incentives which were previously recorded in selling, general and administrative expenses were reclassified as a reduction of net sales.

B. ACQUISITION

On November 9, 2001, Thor acquired 100% of the common and preferred stock of Keystone RV Company (“Keystone”). Keystone is engaged in the business of manufacturing travel trailers and fifth wheel recreation vehicles. The purchase price of \$151,104,000 consisted of cash of \$88,824,000 and 4,500,000 shares of Thor common stock valued at \$62,280,000, of which 2,744,832 shares are restricted. The value of the common stock was based on the average market price of Thor’s common shares over the two-day period before and after the terms of the acquisition were agreed to and announced. The value of the restricted shares was based on an independent appraisal.

The following table summarizes the fair values of the assets acquired and liabilities assumed at the date of acquisition:

Current assets	\$63,920,463
Property, plant and equipment	3,607,668
Goodwill	120,026,403
Trademarks and non-compete agreements	11,500,000
Other assets	141,251
Total assets acquired	<u>199,195,785</u>
Current liabilities	43,918,410
Other liabilities	4,173,099
Net assets acquired	<u>\$151,104,276</u>

The purchase price allocation includes \$4,500,000 of non-compete agreements, which will be amortized over seven to ten years, \$120,026,403 of goodwill and \$7,000,000 for trademarks that are not subject to amortization. The non-compete agreements, goodwill and trademarks are not deductible for tax purposes.

The primary reasons for the acquisition include Keystone's future earnings potential, its fit with our existing operations, its market share, and its cash flow. The results of operations for Keystone are included in Thor's operating results beginning November 10, 2001. The Keystone goodwill and its results are included in the recreation vehicle reporting segment.

Pro Forma Information (unaudited) – Pro Forma results of operations, as if the acquisition occurred as of the beginning of the periods is presented below. These proforma results may not be indicative of the actual results that would have occurred under the ownership and management of the Company.

	Year ended <u>July 31, 2002</u>	Year ended <u>July 31, 2001</u>
Net Sales	\$ 1,379,923,633	\$ 1,169,249,025
Net Income	\$ 60,919,429	\$ 38,454,159
Earnings per common share		
Basic	\$ 2.14	\$ 1.36
Diluted	\$ 2.13	\$ 1.35

C. GOODWILL AND OTHER INTANGIBLE ASSETS

On August 1, 2001, the Company adopted SFAS No. 142, "Goodwill and Other Intangible Assets", which eliminated the amortization of goodwill and other intangibles with indefinite useful lives. In the second quarter of fiscal year 2002, the Company performed an impairment test of its goodwill and determined that no impairment of the recorded goodwill existed. In accordance with SFAS No. 142, goodwill will be tested for impairment at least annually and more frequently if an event occurs which indicates the goodwill may be impaired. On an annual basis, our impairment testing will be performed during the fourth quarter.

The components of other intangibles are as follows:

	<u>July 31, 2002</u>		<u>July 31, 2001</u>	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Amortized Intangible Assets:				
Non-compete agreements	\$14,073,367	\$9,618,959	\$9,573,367	\$9,048,783

Aggregate amortization expense for non-compete agreements for the years ended, July 31, 2002, 2001, and 2000 were \$570,176, \$658,030, and \$1,102,395 respectively. Non-compete agreements are amortized on a straight-line basis.

Estimated Amortization Expense:

For the year ending July 2003	\$714,818
For the year ending July 2004	\$714,818
For the year ending July 2005	\$671,485
For the year ending July 2006	\$584,818
For the year ending July 2007	\$584,818

The changes in the carrying amount of goodwill and trademarks for the year ended July 31, 2002 are as follows:

	<u>Goodwill</u>	<u>Trademarks</u>
Balance as of July 31, 2001	\$ 10,378,420	\$ 1,669,642
Arising from acquisition	120,176,452	7,000,000
Balance as of July 31, 2002	<u>\$ 130,554,872</u>	<u>\$ 8,669,642</u>

As of July 31, 2002, goodwill and trademarks for the recreation vehicles segment totaled \$130,259,372 and \$8,441,674, respectively. The remainder related to the bus segment.

The table below shows the effect on net income had SFAS No.142 been adopted in prior years.

	<u>Year ended July 31, 2002</u>	<u>Year ended July 31, 2001</u>	<u>Year ended July 31, 2000</u>
Net income	\$ 51,181,673	\$ 26,722,273	\$ 36,119,408
Goodwill amortization	—	512,711	510,211
Trademark amortization	—	175,339	175,339
Adjusted net income	<u>\$ 51,181,673</u>	<u>\$ 27,410,323</u>	<u>\$ 36,804,958</u>

	<u>Basic</u>	<u>Diluted</u>	<u>Basic</u>	<u>Diluted</u>	<u>Basic</u>	<u>Diluted</u>
Earnings per common share	\$1.88	\$ 1.87	\$ 1.12	\$ 1.11	\$ 1.49	\$ 1.48
Effect of accounting change	-	-	.03	.03	.03	.03
Adjusted earnings per common share	<u>\$1.88</u>	<u>\$ 1.87</u>	<u>\$ 1.15</u>	<u>\$ 1.14</u>	<u>\$ 1.52</u>	<u>\$ 1.51</u>

D. INVENTORIES

Major classifications of inventories are:

	<u>As of July 31,</u>	
	<u>2002</u>	<u>2001</u>
Finished products	\$ 10,582,408	\$ 8,801,723
Work in process	21,305,448	23,879,366
Raw materials	47,286,949	33,974,281
Chassis	21,252,774	19,021,209
Subtotal	100,427,579	85,676,579
Less excess of FIFO costs over LIFO costs	5,762,225	5,389,942
Total inventories	<u>\$ 94,665,354</u>	<u>\$ 80,286,637</u>

E. LINE OF CREDIT

The Company has a \$30,000,000 unsecured revolving line of credit which bears interest below the prime rate (2.6% at July 31, 2002) and expires on November 29, 2002. There was no outstanding balance at July 31, 2002 and July 31, 2001. The loan agreement executed in connection with the line of credit contains certain covenants, including restrictions on additional indebtedness, and requires the Company to maintain certain financial ratios. The Company intends to renew the unsecured revolving line of credit prior to expiration.

F. INCOME TAXES

	Years ended July 31,		
	2002	2001	2000
Income taxes:			
Federal	\$ 20,996,098	\$ 8,838,522	\$ 19,160,948
State and local	5,571,289	3,329,770	4,635,513
Foreign	917,638	814,406	1,275,435
Total current	27,485,025	12,982,698	25,071,896
Total deferred	3,160,537	3,582,045	(318,357)
Income taxes	<u>\$ 30,645,562</u>	<u>\$ 16,564,743</u>	<u>\$ 24,753,539</u>

	July 31, 2002	July 31, 2001
A summary of deferred income taxes is:		
Current deferred tax asset (liability):		
Inventory basis	\$ (894,707)	\$ (653,404)
Employee benefits	706,308	289,628
Self-insurance	1,438,639	571,401
Product warranties	(558,638)	1,064,312
Divestment of subsidiary	—	66,500
Other	365,439	(773,815)
Total current deferred tax asset included in deferred income taxes and other	1,057,041	564,622
Long-term deferred tax asset (liability):		
Property basis	(971,106)	(628,947)
Investments	906,807	245,152
Deferred compensation	960,097	528,709
Trademarks and non-compete - Keystone	(4,749,559)	—
Other	(174,656)	(520,375)
Total long-term deferred tax liability included in deferred income taxes and other liabilities	(4,028,417)	(375,461)
Net deferred tax asset (liability)	\$ (2,971,376)	\$ 189,161

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

	2002	2001	2000
Provision at statutory rates	\$ 28,639,532	\$ 15,150,456	\$ 21,305,531
State and local income taxes, net of federal tax benefit	3,621,338	2,164,351	3,013,083
Amortization of intangibles	—	220,966	220,966
Extraterritorial income/FSC benefit	(281,750)	(245,000)	(200,000)
Divestment of subsidiary (Note M)	—	(1,047,000)	—
Credits and incentives	(958,839)	—	—
Other	(374,719)	320,970	413,959
Income taxes	<u>\$ 30,645,562</u>	<u>\$ 16,564,743</u>	<u>\$ 24,753,539</u>

Income before income taxes includes foreign income of \$2,293,791 in fiscal 2002, \$1,986,357 in fiscal 2001 and \$3,110,847 in fiscal 2000.

G. LEASES

The Company has operating leases principally for land, buildings, and equipment. Minimum future rental payments required under these operating leases are \$19,190,968, which includes the following amount due in each of the next five fiscal years ending July 31: \$4,782,163 in fiscal 2003; \$3,224,319 in fiscal 2004; \$2,538,274 in fiscal 2005; \$1,924,102 in fiscal 2006; \$1,708,161 in fiscal 2007 and \$5,013,949 thereafter. Rent expense was \$4,480,446 in fiscal 2002, \$2,338,299 in fiscal 2001, and \$2,250,404 in fiscal 2000.

H. EMPLOYER BENEFIT PLANS

Substantially all non-highly compensated employees can participate in a 401(k) plan. Company contributions are at the discretion of the Company's board of directors, except that Company contributions for union employees are based on hours worked. Total expense for the plans was \$556,044 in fiscal 2002, \$462,209 in fiscal 2001 and \$212,153 in fiscal 2000.

During fiscal 2001, the Company established a deferred compensation plan for executives who do not participate in a 401(k) plan. This plan allows executives to defer a portion of their compensation and to 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. The balance of investments held in this plan was \$1,307,879 at July 31, 2002 and \$856,842 at July 31, 2001.

I. 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, these repurchase agreements provide for the repurchase of products from the financing institution in the event of a dealer's default. Although the total contingent repurchase liability approximated \$201,655,000 at July 31, 2002, the risk of loss under these 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 that any future losses under these agreements will not have a significant effect on the Company's consolidated financial position or results of operations. During fiscal 2002, the Company incurred losses due to repurchase of approximately \$751,000 compared to \$468,000 in fiscal 2001. In addition to the repurchase liability the Company had additional guarantees of \$3,262,000 at July 31, 2002.

The Company obtains certain vehicle chassis from automobile manufacturers under converter pool agreements. These agreements generally provide that the manufacturer will supply chassis at the Company's various production facilities under the terms and conditions 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. Chassis are typically 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 records the inventory. At July 31, 2002, chassis on hand accounted for as consigned, unrecorded inventory was approximately \$16,786,000.

The Company is involved in various litigation generally incidental to normal operations. In addition to these claims, we are a defendant in a lawsuit in Ontario, Canada entitled *Overland Coach v. General Coach America, et. al.* This suit arises out of an agreement relating to the manufacture of a low floor bus. The plaintiff claims that we illegally utilized the concept of the low floor bus for our own profit and that we breached the contract with it in the manner specified in the complaint. The plaintiff has asked for substantial money damages including punitive damages. We have counter claimed against the plaintiff claiming that we overpaid it in excess of \$800,000. The case is in the discovery phase and no trial date has been set. In management's opinion, the resolution of pending litigation is not expected to have a material effect on the Company's financial condition, results of operations or liquidity.

J. STOCKHOLDERS' EQUITY

In the fourth quarter of 2002, the Company declared a two-for-one common stock split that was distributed to shareholders of record as of June 19, 2002. All share and per share amounts have been retroactively adjusted for the effect of the common stock split.

The Company's officers and key employees have been granted stock options under the Company's 1988 Incentive Stock Option Plan and all outstanding shares are fully vested. Additionally, on September 16, 1999 the Company's Board of Directors approved the 1999 Stock Option Plan. 1,000,000 shares were authorized under the 1999 Plan. Options expire 10 years from the date of grant and are vested evenly over 3 years from the date of grant.

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

	2002		2001		2000	
	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
Outstanding at beginning of year	386,000	\$ 9.37	221,000	\$ 7.17	266,000	\$ 7.17
Exercised	(144,644)	8.49	(135,000)	7.17	(45,000)	7.17
Canceled	(6,000)	—	—	—	—	—
Granted	187,000	25.72	300,000	10.00	—	—
Outstanding at end of year	422,356	\$ 16.90	386,000	\$ 9.37	221,000	\$ 7.17
Exercisable at year-end	39,346	\$ 9.35	86,000	\$ 7.17	221,000	\$ 7.17
Weighted average fair value of options granted	—	\$ 10.20	—	\$ 4.19	—	—

The Company applies Accounting Practices Board Opinion No. 25 and related interpretations in accounting for the 1988 and 1999 Stock Option Plans. Accordingly, no compensation cost has been recognized for this plan.

The following summarizes information about stock options outstanding at July 31, 2002, under the 1988 and 1999 Incentive Stock Option Plans. No shares are available for grant under the 1988 Plan. 519,000 shares are available for grant under the 1999 Plan.

Options Outstanding			Options Exercisable		
Exercise Price	Number Outstanding at July 31, 2002	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable at July 31, 2002	Exercise Price
\$ 7.17	9,000	5 years	\$ 7.17	9,000	\$ 7.17
\$ 10.00	226,356	8 years	\$ 10.00	30,346	\$ 10.00
\$ 25.72	187,000	10 years	\$ 25.72	0	\$ 25.72

As an alternative to accounting for stock-based compensation under APB No. 25, SFAS No. 123, "Accounting for Stock-Based Compensation," establishes a fair-value method of accounting for employee stock options. The company used the Black-Scholes option pricing model to estimate the grant date fair value of its option grants. The fair value is recognized over the option vesting period which is three years. Had compensation cost for these grants been determined in accordance with SFAS No. 123, the Company's net income and net earnings per common share would have been:

	2002	2001	2000
Net income			
As reported	\$ 51,181,673	\$ 26,722,273	\$ 36,119,408
Pro forma	\$ 50,930,704	\$ 26,471,305	\$ 36,119,408
Earnings per common share—basic			
As reported	\$ 1.88	\$ 1.12	\$ 1.49
Pro forma	\$ 1.88	\$ 1.11	\$ 1.49
Earnings per common share—diluted			
As reported	\$ 1.87	\$ 1.11	\$ 1.48
Pro forma	\$ 1.86	\$ 1.11	\$ 1.48

The assumptions used in determining the fair value of options granted during fiscal 2002 and 2001 are as follows:

	2002	2001
Expected volatility	37%	36%
Expected life of grant	6 years	6 years
Risk free interest rate	3.93%	5.82%
Expected dividend rate	.32%	.39%

On September 29, 1997, the Company's board of directors approved a stock award plan which allows for the granting of up to 300,000 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, 2002, the Company issued 69,025 shares of restricted stock under this plan and 230,975 shares remain available for issuance. Compensation costs related to this plan were \$167,539 in fiscal 2002, \$74,316 in fiscal 2001, and \$83,963 in fiscal 2000 and are being amortized over the restriction period.

THOR INDUSTRIES, INC., AND SUBSIDIARIES

K. RESEARCH AND DEVELOPMENT

Research and development costs are expensed as incurred and were approximately \$1,405,000 in fiscal 2002, \$1,507,000 in fiscal 2001, and \$579,000 in fiscal 2000.

L. JOINT VENTURES

In March 1996, the Company and Cruise America, Inc. formed a joint venture, CAT Joint Venture LLC ("CAT"), to rent recreation vehicles to the public. The Company's total investment of \$1,001,460 includes a subordinated note receivable of \$810,000.

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 \$1,136,486 includes a subordinated note receivable of \$200,000.

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

During fiscal 2002, our Four Winds subsidiary had sales to Cruise America of \$22,188,000 and Cruise America had sales to CAT of \$5,988,000.

During fiscal 2001, our Four Winds subsidiary had sales to Cruise America of \$25,622,000 and Cruise America had sales to CAT of \$10,020,000.

M. DIVESTMENT OF SUBSIDIARY

The Company sold its western motorhome operations in December 1998. During fiscal 2000, the entity that purchased the operation filed for bankruptcy. As a result, the Company was required to honor its guarantee of \$750,000 of the purchaser's debt as well as assume responsibility for warranties of the western motorhome products sold prior to December 1998. In addition, the Company incurred losses in subletting the western motorhome facility and writing off debt due to the Company from the purchasers. Accordingly, the Company recorded a loss of \$2,323,714 in fiscal 2000. In fiscal 2001, based on judicial decisions, the Company recorded a tax benefit of \$1,047,000 associated with the stock basis of the divestiture. In addition, the Company guaranteed certain vendor obligations of the purchaser in the amount of approximately \$1,000,000. The holder of the guarantee has demanded payment of \$819,000 plus interest but the Company believes that it is not obligated to pay because of the holder's failure to perfect a security interest in the assets purchased by the purchaser which were the subject of the guarantee.

N. 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. Identifiable assets are those assets used in the operation of each industry segment. Corporate assets primarily consist of cash and cash equivalents, deferred income tax assets, the cash value of Company-owned life insurance and various investments.

	2002	2001	2000
	(\$000)	(\$000)	(\$000)
Net sales:			
Recreation vehicles			
Towables	\$ 782,715	\$ 337,186	\$ 397,959
Motorized	187,665	189,241	268,672
Other	3,317	3,267	5,715
Buses	271,603	292,034	237,733
Total	\$ 1,245,300	\$ 821,728	\$ 910,079
Income before income taxes:			
Recreation vehicles	\$ 77,509	\$ 25,285	\$ 46,258
Buses	15,016	20,182	18,882
Net loss on divestment of subsidiary (Note M)	—	—	(2,324)
Corporate	(10,698)	(2,180)	(1,943)
Total	\$ 81,827	\$ 43,287	\$ 60,873
Identifiable assets:			
Recreation vehicles	\$ 293,871	\$ 114,150	\$ 118,700
Buses	64,436	82,194	66,251
Corporate	139,196	112,723	97,180
Total	\$ 497,503	\$ 309,067	\$ 282,131
Depreciation and amortization expense:			
Recreation vehicles	\$ 4,160	\$ 4,132	\$ 3,985
Buses	1,065	810	692
Total	\$ 5,225	\$ 4,942	\$ 4,677
Capital expenditures:			
Recreation vehicles	\$ 5,443	\$ 6,803	\$ 11,207
Buses	2,041	10,395	2,701
Total	\$ 7,484	\$ 17,198	\$ 13,908

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of Thor Industries, Inc. and subsidiaries (the "Company") as of July 31, 2002 and 2001, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended July 31, 2002. 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, 2002 and 2001, and the results of its operations and its cash flows for each of the three years in the period ended July 31, 2002, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

DELOITTE & TOUCHE LLP

Dayton, Ohio

September 27, 2002

DIRECTORS

Wade F. B. Thompson
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, LLP, Attorneys-at-Law

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

William C. Tomson
Vice Chairman, Board Member, Inc.

OFFICERS AND SENIOR MANAGEMENT

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

Peter B. Orthwein
Vice Chairman and Treasurer

Walter L. Bennett
Senior Vice President, Finance, and Secretary
Chief Financial Officer

Clare G. Wentworth
Senior Vice President, Purchasing

Recreation Vehicles

Manuel A. Caravia
President, Komfort

H. Coleman Davis, III
Chairman, Keystone

Daniel L. Dimich
President, General Coach, British Columbia

Ronald J. Fenech
President, Keystone

William C. Fenech
Executive Vice President, Keystone

Richard W. Florea
President, Dutchmen

Lawrence J. Huttle
Chairman, Airstream

Jeffery L. Kime
President, Four Winds

Thomas J. Powell
President, Thor California

John D. Pryde
President, General Coach, Ontario

Richard E. Riegel, III
President, Airstream

Michael W. Stout
President, Thor America

Buses

Andrew Imanse
President, Thor Bus

Sheldon E. Walle
Senior Vice President, EIDorado National, Kansas

Anthony W. Wayne
Vice President, EIDorado National, California

Don W. Roberts
President, Champion Bus, General Coach America

THOR IS TRADED ON THE NEW YORK STOCK EXCHANGE UNDER THE SYMBOL THO.

TRANSFER AGENT AND REGISTRAR:
Computershare Investor Services



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.

THOR
INDUSTRIES, INC.



419 West Pike Street • PO Box 629 • Jackson Center, OH 45334-0629 • (937) 596-6849
www.thorindustries.com