THOR INDUSTRIES INC
Form 10-Q
June 06, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

þ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the quarterly period ended April 30, 2013.

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the transition period from ______ to ______.

COMMISSION FILE NUMBER 1-9235

THOR INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	93-0768752 (I.R.S. Employer Identification No.)
601 E. Beardsley Ave., Elkhart, IN (Address of principal executive offices)	46514-3305 (Zip Code)

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

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes þ No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes þ No ¨

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

Large accelerated filer	þ	Accelerated filer	¨

Non-accelerated filer ¨ (Do not check if a smaller reporting company) Smaller reporting company ¨
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ¨ No þ

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date.

Class	Outstanding at 5/31/2013
Common stock, par value $ .10 per share	53,045,325 shares

PART I - FINANCIAL INFORMATION

Unless otherwise indicated, amounts in thousands except share and per share data.

ITEM 1. FINANCIAL STATEMENTS

THOR INDUSTRIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

ASSETS	**April 30, 2013**	**July 31, 2012**
Current assets:		
Cash and cash equivalents	$ 137,494	$ 218,642
Accounts receivable:		
Trade, less allowance for doubtful accounts of $356 at 4/30/13 and $527 at 7/31/12	293,892	221,655
Other	28,696	10,430
Inventories	236,180	186,083
Notes receivable	6,426	1,000
Prepaid income taxes, expenses and other	3,058	6,179
Deferred income taxes	45,792	40,897
Total current assets	751,538	684,886
Property, plant and equipment:		
Land	24,439	23,704
Buildings and improvements	175,307	166,868
Machinery and equipment	87,926	84,863
Total cost	287,672	275,435
Less accumulated depreciation	119,076	111,041
Net property, plant and equipment	168,596	164,394
Other assets:		
Goodwill	243,662	245,209
Amortizable intangible assets	104,176	114,227
Long-term notes receivable	9,766	22,160
Other	11,622	12,178
Total other assets	369,226	393,774
TOTAL ASSETS	$ 1,289,360	$ 1,243,054

See Notes to the Condensed Consolidated Financial Statements.

THOR INDUSTRIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED) (Continued)

LIABILITIES AND STOCKHOLDERS EQUITY	**April 30, 2013**	**July 31, 2012**
Current liabilities:		
Accounts payable	$ 178,710	$ 143,139
Accrued liabilities:		
Compensation and related items	49,173	41,295
Product warranties	84,037	73,280
Income and other taxes	19,233	16,129
Promotions and rebates	13,132	11,053
Product/property liability and related liabilities	11,339	11,044
Other	19,794	15,150
Total current liabilities	375,418	311,090
Unrecognized income tax benefits	39,548	44,516
Deferred income taxes, net	18,453	20,934
Other long-term liabilities	17,253	15,687
Total long-term liabilities	75,254	81,137
Stockholders equity:		
Preferred stock authorized 1,000,000 shares; none outstanding		
Common stock par value of $.10 per share; authorized 250,000,000 shares; issued 61,902,664 shares at 4/30/13 and 61,777,849 at 7/31/12	6,190	6,178
Additional paid-in capital	193,578	192,248
Retained earnings	905,067	918,565
Accumulated other comprehensive loss unrealized loss on available-for-sale investments	(43)	(60)
Less treasury shares of 8,857,339 at 4/30/13 and 7/31/12, at cost	(266,104)	(266,104)
Total stockholders equity	838,688	850,827
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	$ 1,289,360	$ 1,243,054

See Notes to the Condensed Consolidated Financial Statements.

THOR INDUSTRIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2013 AND 2012 (UNAUDITED)

	Three Months Ended April 30,		Nine Months Ended April 30,	
	2013	2012	2013	2012
Net sales	$ 1,049,201	$ 926,458	$ 2,666,413	$ 2,196,428
Cost of products sold	915,402	816,988	2,358,626	1,952,600
Gross profit	133,799	109,470	307,787	243,828
Selling, general and administrative expenses	57,846	46,963	155,498	121,668
Impairment of goodwill and intangible assets	11,525		11,525	
Amortization of intangible assets	2,795	2,756	8,357	8,380
Interest income	574	936	2,088	2,996
Interest expense	98	101	265	371
Other income, net	516	633	1,537	958
Income before income taxes	62,625	61,219	135,767	117,363
Income taxes	18,868	19,878	41,126	39,984
Net income	$ 43,757	$ 41,341	$ 94,641	$ 77,379
Weighted average common shares outstanding:				
Basic	53,023,277	52,879,877	52,984,192	54,162,411
Diluted	53,114,475	52,970,357	53,088,391	54,212,663
Earnings per common share:				
Basic	$ 0.83	$ 0.78	$ 1.79	$ 1.43
Diluted	$ 0.82	$ 0.78	$ 1.78	$ 1.43
Regular dividends declared and paid per common share:	$ 0.18	$ 0.15	$ 0.54	$ 0.45
Special dividends declared and paid per common share:	$	$	$ 1.50	$
Net income	$ 43,757	$ 41,341	$ 94,641	$ 77,379
Unrealized appreciation (depreciation) on investments, net of tax		10	17	(5)
Comprehensive income	$ 43,757	$ 41,351	$ 94,658	$ 77,374

See Notes to the Condensed Consolidated Financial Statements.

THOR INDUSTRIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED APRIL 30, 2013 AND 2012 (UNAUDITED)

	Nine Months Ended April 30, 2013	2012
Cash flows from operating activities:		
Net income	$ 94,641	$ 77,379
Adjustments to reconcile net income to operating cash flows:		
Depreciation	10,374	10,419
Amortization of intangibles	8,357	8,380
Impairment of goodwill and intangible assets	11,525	
Deferred income tax (benefit)	(7,386)	(2,195)
(Gain) loss on disposition of property, plant and equipment	1	(232)
Stock-based compensation	2,051	484
Excess tax benefits from stock-based awards	(567)	(101)
Changes in assets and liabilities (excluding acquisitions and disposition):		
Accounts receivable	(80,598)	(116,831)
Inventories	(58,381)	(16,405)
Notes receivable		7,062
Prepaid income taxes, expenses and other	2,803	(323)
Accounts payable	36,287	52,908
Accrued liabilities	29,079	13,252
Other liabilities	(3,488)	3,520
Net cash provided by operating activities	44,698	37,317
Cash flows from investing activities:		
Purchases of property, plant and equipment	(14,711)	(6,286)
Proceeds from dispositions of property, plant and equipment	195	448
Proceeds from notes receivable	7,000	500
Proceeds from dispositions of investments	400	400
Acquisitions	(10,718)	(170)
Other	389	600
Net cash used in investing activities	(17,445)	(4,508)
Cash flows from financing activities:		
Regular cash dividends	(28,614)	(24,387)
Special cash dividend	(79,525)	
Purchase of treasury stock		(77,000)
Shares repurchased related to cashless exercises of stock options	(2,009)	
Excess tax benefits from stock-based awards	567	101
Proceeds from issuance of common stock	1,180	1,028
Net cash used in financing activities	(108,401)	(100,258)
Net decrease in cash and equivalents	(81,148)	(67,449)
Cash and cash equivalents, beginning of period	218,642	215,435
Cash and cash equivalents, end of period	$ 137,494	$ 147,986

Supplemental cash flow information:				
Income taxes paid	$	49,641	$	38,435
Interest paid	$	265	$	371
Non-cash transactions:				
Capital expenditures in accounts payable	$	141	$	129
Disposition of ambulance net assets	$	12,331	$	

See Notes to the Condensed Consolidated Financial Statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Nature of Operations and Accounting Policies

Nature of Operations - Thor Industries, Inc. was founded in 1980 and, through its subsidiaries (the Company), manufactures a wide range of recreation vehicles (RVs) and small and mid-size buses at various manufacturing facilities across the United States. These products are sold to independent dealers and municipalities primarily throughout the United States and Canada. Unless the context otherwise requires or indicates, all references to Thor , the Company , we , our and us refer to Thor Industries, Inc. and its subsidiaries.

The Company s core business activities are comprised of three distinct operations, which include the design, manufacture and sale of towable recreation vehicles, motorized recreation vehicles and buses. Accordingly, the Company has presented segment financial information for these three segments in Note 3 to the Condensed Consolidated Financial Statements.

The July 31, 2012 amounts are derived from the annual audited financial statements. The interim financial statements are unaudited. In the opinion of management, all adjustments (which consist of normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows for the interim periods presented have been made. These financial statements should be read in conjunction with the Company s Annual Report on Form 10-K for the fiscal year ended July 31, 2012. Due to seasonality within the recreation vehicle industry, the results of operations for the nine months ended April 30, 2013 are not necessarily indicative of the results for the full year.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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. Key estimates include reserves for inventory, incurred but not reported medical claims, warranty claims, recalls, workers compensation claims, vehicle repurchases, uncertain tax positions, product and non-product litigation and fair value determinations made in asset impairment assessments. The Company bases its estimates on historical experience and on various other assumptions believed to be reasonable under the circumstances. The Company believes that such estimates are made using consistent and appropriate methods. Actual results could differ from these estimates.

Accounting Pronouncements - In September 2011, the Financial Accounting Standards Board (the FASB) issued Accounting Standards Update (ASU) No. 2011-08, Testing Goodwill for Impairment , to simplify how entities test goodwill for impairment. This guidance permits an entity to assess qualitative factors to determine whether it is more likely than not (defined as more than fifty percent) that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the current two-step goodwill impairment test. The two-step goodwill impairment test that begins with estimating the fair value of the reporting unit will only be required if the entity determines that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. ASU No. 2011-08 is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011, with early adoption permitted. The adoption of this guidance did not have a material impact on the Company s Condensed Consolidated Financial Statements.

Acquisition of Bus Businesses - On September 17, 2012, the Company entered into an Asset Purchase Agreement with Krystal Infinity, LLC dba Krystal Enterprises (Krystal) for the acquisition of Krystal s bus operation assets for cash consideration of $3,914. The acquisition closed on October 3, 2012. The fair value of the net assets acquired included inventory of $915, property and equipment of $331, goodwill of $768 and amortizable intangible assets consisting of trademarks of $1,000 and dealer network of $900. The Company purchased the Krystal bus operation assets to expand its bus business and achieve cost efficiencies. The Krystal bus operation assets are utilized at the ElDorado Kansas facility to produce buses under the Krystal name.

On December 20, 2012, the Company acquired the Federal Coach (Federal Coach) bus operation assets from Forest River, Inc. for cash consideration of $6,804. The fair value of the net assets acquired included inventory of $804, property and equipment of $630, certain liabilities of $225, goodwill of $4,495, and amortizable intangible assets consisting of trademarks of $670, dealer network of $410 and backlog of $20. The Company purchased the Federal Coach bus operation assets to expand its bus business and achieve cost efficiencies. The Federal Coach bus operation assets are utilized at the Champion Bus facility to produce buses under the Federal Coach name.

Disposition of Ambulance Net Assets - On April 30, 2013, the Company sold the assets held and used in the conduct of its ambulance product line (excluding the plant utilized in ambulance production and certain other excluded assets) for $12,331, subject to certain adjustments. The sale price of $12,331 is reflected as a component of Other Accounts Receivable in the Condensed Consolidated Balance Sheets as of April 30, 2013 and will be fully realized in the fourth quarter of fiscal year 2013. See Note 5 for discussion of impairment charges. There was no gain or loss recognized on the sale.

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2. Earnings Per Common Share

	Three Months Ended April 30,		Nine Months Ended April 30,	
	2013	2012	2013	2012
Weighted average common shares outstanding for basic earnings per share	53,023,277	52,879,877	52,984,192	54,162,411
Stock options and unvested restricted stock and restricted stock units	91,198	90,480	104,199	50,252
Weighted average common shares outstanding for diluted earnings per share	53,114,475	52,970,357	53,088,391	54,212,663

The Company excludes stock options and unvested restricted stock and restricted stock units that have an antidilutive effect from its calculation of weighted average shares outstanding assuming dilution. At April 30, 2013 and 2012, the Company had 36,264 and 400,000, respectively, of antidilutive stock options and unvested restricted stock and restricted stock units outstanding which were excluded from this calculation.

3. Segment Information

The Company has three reportable segments: (1) towable recreation vehicles, (2) motorized recreation vehicles and (3) buses. The towable recreation vehicle reportable segment consists of product lines from the following operating segments that have been aggregated: Airstream, CrossRoads, Dutchmen, Keystone and Heartland. The motorized recreation vehicle reportable segment consists of product lines from the following operating segments that have been aggregated: Airstream and Thor Motor Coach. The bus reportable segment consists of the following operating segments that have been aggregated: Champion Bus, ElDorado California, ElDorado Kansas and Goshen Coach (which included ambulance sales through April 30, 2013). Intersegment sales are not material.

	Three Months Ended April 30,		Nine Months Ended April 30,	
	2013	2012	2013	2012
Net Sales:				
Recreation vehicles:				
Towables	$ 742,429	$ 680,472	$ 1,904,449	$ 1,623,782
Motorized	187,336	126,724	423,345	246,068
Total recreation vehicles	929,765	807,196	2,327,794	1,869,850
Buses	119,436	119,262	338,619	326,578
Total	$ 1,049,201	$ 926,458	$ 2,666,413	$ 2,196,428

	Three Months Ended April 30,		Nine Months Ended April 30,	
	2013	2012	2013	2012
Income (Loss) Before Income Taxes:				
Recreation vehicles:				
Towables	$ 62,540	$ 51,050	$ 129,335	$ 104,810
Motorized	15,082	8,112	30,403	11,160
Total recreation vehicles	77,622	59,162	159,738	115,970
Buses (including impairment charges)	(7,690)	2,828	(2,678)	10,693
Corporate	(7,307)	(771)	(21,293)	(9,300)
Total	$ 62,625	$ 61,219	$ 135,767	$ 117,363

Identifiable Assets:	**April 30, 2013**	**July 31, 2012**
Recreation vehicles:		
Towables	$ 808,925	$ 734,439
Motorized	141,835	82,904
Total recreation vehicles	950,760	817,343
Buses	142,867	143,324
Corporate	195,733	282,387
Total	$ 1,289,360	$ 1,243,054

4. Inventories

Major classifications of inventories are:

	April 30, 2013	July 31, 2012
Raw materials	$ 125,702	$ 104,446
Chassis	47,347	39,044
Work in process	66,723	59,803
Finished goods	31,613	16,570
Total	271,385	219,863
Excess of FIFO costs over LIFO costs	(35,205)	(33,780)
Total inventories	$ 236,180	$ 186,083

Of the $271,385 and $219,863 of inventory at April 30, 2013 and July 31, 2012, all but $27,011 and $36,887, respectively, at certain subsidiaries were valued on a last-in, first-out basis. The $27,011 and $36,887 of inventory were valued on a first-in, first-out method.

5. Goodwill and Other Intangible Assets

The components of amortizable intangible assets are as follows:

	Weighted Average Remaining Life in Years at April 30, 2013	April 30, 2013		July 31, 2012	
		Cost	Accumulated Amortization	Cost	Accumulated Amortization
Dealer networks	10	$ 68,310	$ 17,530	$ 72,230	$ 13,343
Non-compete agreements	3	4,130	2,168	6,321	3,678
Trademarks	22	37,775	3,646	36,775	2,522
Design technology and other intangibles	12	21,320	4,015	21,300	2,856
Total amortizable intangible assets		$ 131,535	$ 27,359	$ 136,626	$ 22,399

Dealer networks are primarily being amortized on an accelerated cash flow basis. Non-compete agreements, trademarks, and design technology and other intangibles are amortized on a straight-line basis.

Estimated annual amortization expense is as follows:

For the fiscal year ending July 31, 2013	$ 11,037
For the fiscal year ending July 31, 2014	$ 10,488
For the fiscal year ending July 31, 2015	$ 10,139
For the fiscal year ending July 31, 2016	$ 9,097
For the fiscal year ending July 31, 2017	$ 8,710
For the fiscal year ending July 31, 2018 and thereafter	$ 63,062

The change in carrying value in goodwill from July 31, 2012 to April 30, 2013 is as follows:

	Goodwill

Balance at July 31, 2012	$ 245,209
Acquisitions of bus businesses	5,263
Third quarter impairment in bus reportable segment	(6,810)
Balance at April 30, 2013	$ 243,662

Goodwill by reportable segment is as follows:

	April 30, 2013	July 31, 2012
Towables recreation vehicles	$ 238,103	$ 238,103
Buses	5,559	7,106
Total	$ 243,662	$ 245,209

In April 2013, the Company determined that it was more likely than not that certain long-lived assets associated with the Company s ambulance product line would be sold before the end of their previously estimated useful life. This was determined to be a triggering event and an impairment assessment relative to those assets was performed. Based on the assessment, the Company determined that the carrying amount of the assets would not be recoverable from future cash flows and as a result, a non-cash impairment charge of $4,715 related to certain amortizable intangible assets within the Company s bus reportable segment was recorded.

The Company performed an interim goodwill impairment assessment relative to the goodwill associated with the bus reporting unit which historically included the ambulance product line. Based on the assessment, the Company determined that the fair value of the reporting unit was less than the carrying value and therefore performed the second step of the goodwill impairment assessment, which requires estimating the fair values of the reporting unit s net identifiable assets and calculating the implied fair value of goodwill. As of the last annual impairment assessment, the fair value of this reporting unit exceeded carrying value by 15%. Recent performance of this reporting unit, particularly its margin percentage was below previous forecasts and resulted in a reduction of the five year forecast. The fair value of the reporting unit was determined by a discounted cash flow model and market approach, consistent with its last annual impairment assessment as more fully described below. The implied fair value of goodwill was determined to be zero and, therefore, recorded goodwill was impaired and a non-cash impairment charge of $6,810 was recognized in the third quarter of fiscal year 2013. The goodwill impairment was primarily a result of lower forecasted margins and increased working capital requirements within the reporting unit. These non-cash impairment charges totaling $11,525 are included in Impairment of Goodwill and Intangible Assets on the Condensed Consolidated Statements of Operations and Comprehensive Income.

Goodwill is not subject to amortization, but instead is reviewed for impairment by applying a fair-value based test to the Company s reporting units on an annual basis as of April 30, or more frequently if events or circumstances indicate a potential impairment. The Company s reporting units are the same as its operating segments, which are identified in Note 3 to the Condensed Consolidated Financial Statements. Fair values are determined by a discounted cash flow model and a market approach, when appropriate. These estimates are subject to significant management judgment including the determination of many factors such as sales growth rates, gross margin patterns, cost growth rates, comparable companies, terminal value assumptions and discount rates and therefore largely represent Level 3 inputs as defined by ASC 820. Changes in these estimates can have a significant impact on the determination of cash flows and fair value and could potentially result in future material impairments. The Company completed its annual impairment review as of April 30, 2013 and April 30, 2012; no additional impairment of goodwill was identified, other than as described above in our interim assessment which was required as a result of a triggering event.

6. Concentration of Risk

One dealer, FreedomRoads, LLC (FreedomRoads), accounted for 16% of the Company s consolidated recreation vehicle net sales for the nine months ended April 30, 2013 and 14% of its consolidated net sales for the nine months ended April 30, 2013. This dealer also accounted for 15% of the Company s consolidated trade accounts receivable at April 30, 2013 and 20% at July 31, 2012. The loss of this dealer could have a significant effect on the Company s business. Two dealers accounted for 22% of the Company s bus net sales for the nine months ended April 30, 2013. The loss of either of these dealers could have a significant effect on the Company s bus business.

7. Loan Transactions and Related Notes Receivable

On January 15, 2009, the Company entered into a Credit Agreement (the First Credit Agreement) with Stephen Adams, in his individual capacity, and Stephen Adams and his successors, as trustee under the Stephen Adams Living Trust (the Trust and together with each of the foregoing persons, the Borrowers), pursuant to which the Company loaned $10,000 to the Borrowers (the First Loan). The Borrowers own, directly or indirectly, a controlling interest in FreedomRoads Holding Company, LLC (FreedomRoads Holding), the parent company of FreedomRoads, the Company s largest dealer. Pursuant to the terms of the First Credit Agreement, the Borrowers agreed to use the proceeds of the First Loan solely to make an equity contribution to FreedomRoads Holding to enable FreedomRoads Holding or its subsidiaries to repay its principal obligations under floor plan financing arrangements with third parties in respect of products of the Company and its subsidiaries.

An early payment of $6,000 on the First Loan was received by the Company in the quarter ended January 31, 2013. The remaining principal amount of $4,000 on the First Loan is payable in full on January 15, 2014 and bears interest at a rate of 12% per annum. Interest was payable in kind for the first year, and was capitalized as part of the long-term note receivable, and is payable in cash on a monthly basis thereafter. All principal and interest payments due to date have been paid in full and principal payments on the First Loan are classified as investing activities in the Condensed Consolidated Statements of Cash Flows.

On January 30, 2009, the Company entered into a second Credit Agreement (the Second Credit Agreement) with the Borrowers pursuant to which the Company loaned an additional $10,000 to the Borrowers (the Second Loan). Pursuant to the terms of the Second Credit Agreement, the Borrowers agreed to use the proceeds of the Second Loan solely to make an equity contribution to FreedomRoads Holding to be used by FreedomRoads Holding or its subsidiaries to purchase the Company s products. As a result, principal payments received on the Second Loan are classified as operating activities in the Condensed Consolidated Statements of Cash Flows. The final principal and interest payments on the Second Loan were received in fiscal 2012.

On December 22, 2009, the Company entered into a third Credit Agreement (the Third Credit Agreement) with Marcus Lemonis, Stephen Adams, in his individual capacity, and Stephen Adams and his successors, as trustee under the Trust (each of the foregoing persons, on a joint and several basis, the Third Loan Borrowers), pursuant to which the Company loaned $10,000 to the Third Loan Borrowers (the Third Loan). The Third Loan Borrowers own, directly or indirectly, a controlling interest in FreedomRoads Holding, the indirect parent company of FreedomRoads. Pursuant to the terms of the Third Credit Agreement, the Third Loan Borrowers agreed to use the proceeds of the Third Loan solely to provide a loan to one of FreedomRoads Holding s subsidiaries which would ultimately be contributed as equity to FreedomRoads to be used for working capital purposes.

On December 12, 2012, the Company, the First Loan Borrowers and the Third Loan Borrowers entered into an agreement to extend the maturity date of $6,000 due under the Third Loan from December 22, 2014 to August 30, 2015, in exchange for early payment of $6,000 on the First Loan on or before January 15, 2013. This early payment was received by the Company in the quarter ended January 31, 2013. The remaining original principal amount of the Third Loan, as amended, is payable on the following dates in the following amounts: December 31, 2013 - $1,100; December 22, 2014 - $1,400 and August 30, 2015 - $6,000. The principal amount of the Third Loan bears interest at a rate of 12% per annum. Interest is payable, at the option of the Third Loan Borrowers, either in cash or in-kind at each calendar quarter end from March 31, 2010 through September 30, 2011, and thereafter in cash quarterly in arrears from December 31, 2011 through the maturity date. The Third Loan Borrowers opted to pay the interest due at each quarter end from March 31, 2010 to September 30, 2011 in-kind and it was capitalized as part of the long-term note receivable. All payments of principal and interest due to date have been paid in full and principal payments received on the Third Loan are classified as investing activities in the Condensed Consolidated Statements of Cash Flows.

The First Credit Agreement, the Second Credit Agreement and the Third Credit Agreement each contain customary representations and warranties, affirmative and negative covenants, events of default and acceleration provisions for loans of this type. As required by the credit agreements, the Company receives on a quarterly basis financial information from the Borrowers and the Third Loan Borrowers and from the companies in which the Borrowers and the Third Loan Borrowers have significant ownership interests, including FreedomRoads Holding. This financial information is reviewed and evaluated as to any changes in the overall credit quality of the Borrowers and the Third Loan Borrowers. Based on the current credit review, the Company does not consider the receivables impaired or requiring an allowance for credit losses.

In connection with the First Loan, the Borrowers caused FreedomRoads Holding and its subsidiaries (collectively, the FR Dealers), to enter into an agreement pursuant to which the FR Dealers agreed to purchase additional recreation vehicles from the Company s subsidiaries. The term of this agreement, as subsequently amended in connection with the Second Loan and the Third Loan, continues until December 22, 2029 unless earlier terminated in accordance with its terms.

8. Investments and Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (i.e., an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value which are the following:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The only Company assets or liabilities carried at fair value in the financial statements are its investments in auction rate securities (ARS) - measured with Level 3 inputs, and in other securities (primarily in mutual funds) held for the benefit of certain employees of the Company as part of a deferred compensation plan - measured with Level 1 inputs. ARS balances of $1,032 and $1,405 and deferred compensation plan asset balances of $9,697 and $8,970 were recorded as of April 30, 2013 and July 31, 2012, respectively, as components of Other Assets in the Condensed Consolidated Balance Sheets. An equal and offsetting accrued liability was also recorded in regards to the deferred compensation plan as a component of Other Accrued Liabilities in the Condensed Consolidated Balance Sheets. Changes in the fair value of the plan assets and the related deferred liability are both reflected in income.

The ARS underlying assets are primarily student loans which are substantially backed by the federal government. While the ARSs are subject to periodic settlements via open auctions, the Company may need to wait until the final maturity of the underlying loans to realize the full value of the ARS.

The following table provides a reconciliation of the beginning and ending balance for the assets measured at fair value using significant unobservable inputs (Level 3 financial assets):

	Fair Value Measurements at Reporting Date Using Significant Unobservable Inputs (Level 3)	
Balance at July 31, 2012	$	1,405
Net change in other comprehensive income		27
Sales		(400)
Balance at April 30, 2013	$	1,032

9. Product Warranties

The Company generally provides retail customers of its products with a one-year warranty covering defects in material or workmanship, with longer warranties of up to five years on certain structural components. The Company records a liability based on its best estimate of the amounts necessary to settle future and existing claims on products sold as of the balance sheet date. Factors used 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 expenditures over the warranty period. Management believes that the warranty reserves are adequate. However, actual claims incurred could differ from estimates, requiring adjustments to the reserves. Warranty reserves are reviewed and adjusted as necessary on at least a quarterly basis.

Changes in our product warranty reserves are as follows:

	Three Months Ended April 30,		Nine Months Ended April 30,	
	2013	2012	2013	2012
Beginning balance	$ 79,210	$ 62,020	$ 73,280	$ 66,054
Provision	24,479	20,751	69,829	50,284
Payments	(19,652)	(15,333)	(59,072)	(48,900)
Ending balance	$ 84,037	$ 67,438	$ 84,037	$ 67,438

10. Provision for Income Taxes

The objectives of accounting for income taxes are to recognize the amount of taxes payable or refundable for the current period and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in the Company s financial statements or tax returns. The Company recognizes liabilities for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step requires the Company to estimate and measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. It is inherently difficult and subjective to estimate such amounts, as the probability of various possible outcomes must be determined. The uncertain tax positions are re-evaluated on a quarterly basis. This evaluation is based on factors including, but not limited to, changes in facts or circumstances, changes in tax law, effectively settled issues under audit and new audit activity. Such a change in recognition or measurement would result in the recognition of a tax benefit or an additional charge to the tax provision.

It is the Company s policy to recognize interest and penalties accrued relative to unrecognized tax benefits in income tax expense. For the nine months ended April 30, 2013, the Company released $8,730 of gross uncertain tax benefit reserves and related interest and penalties recorded at July 31, 2012 related to the effective settlement of certain uncertain tax benefits and statute of limitation expirations, which resulted in a net income tax benefit of $4,407. The Company accrued $907 in interest and penalties related to the remaining uncertain tax benefits recorded at July 31, 2012 and recorded additional uncertain tax benefit reserves of $340 related to previous tax periods. For the three months ended April 30, 2013, the Company released $3,916 of gross uncertain tax benefit reserves recorded at July 31, 2012 which resulted in a net income tax benefit of $2,593, recorded $118 of additional uncertain tax benefit reserves related to previous tax periods and accrued $210 in interest and penalties.

Generally, fiscal years 2010, 2011 and 2012 remain open for federal, state and foreign income tax purposes. The Company and its subsidiaries file a consolidated U.S. federal income tax return and multiple state income tax returns. The federal returns are subject to examination by taxing authorities for all years after fiscal 2009. The Company is currently being audited by the state of California for tax years ended July 31, 2007 and July 31, 2008 and by the state of Indiana for tax years ended July 31, 2008, 2009 and 2010. The Company believes it has fully reserved for its exposure to additional payments for uncertain tax positions related to its California and Indiana income tax returns in its liability for unrecognized tax benefits.

The overall effective income tax rate for the three months ended April 30, 2013 was 30.1% compared with 32.5% for the three months ended April 30, 2012. The effective income tax rate for the three months ended April 30, 2013 was favorably impacted by the settlement of certain uncertain tax benefits. The effective income tax rate for the three months ended April 30, 2012 was also favorably impacted, although to a lesser extent, by certain tax return to provision adjustments.

The overall effective income tax rate for the nine months ended April 30, 2013 was 30.3% compared with 34.1% for the nine months ended April 30, 2012. The effective income tax rate for the nine months ended April 30, 2013 was favorably impacted by the effective settlement of certain uncertain tax benefits. The Company also recorded a tax benefit in the nine months ended April 30, 2013 from the retroactive reinstatement of the federal research and development credit and other credits that were enacted on January 2, 2013. The effective income tax rate for the nine months ended April 30, 2012 was also favorably impacted, although to a lesser extent, by certain tax return to provision adjustments.

The Company anticipates a decrease of approximately $3,300 in unrecognized tax benefits, and $750 in accrued interest and penalties related to these unrecognized tax benefits, within the next 12 months from expected settlements or payments of uncertain tax positions and lapses of the applicable statutes of limitations. In addition, the Company is currently in the process of pursuing a variety of settlement alternatives with taxing authorities. It is reasonably possible that some of these settlements could be finalized in the next 12 months. If these settlements are finalized within the next 12 months, the gross unrecognized tax benefits may decrease between $1,100 and $6,900 and related accrued interest and penalties may decrease between $600 and $2,700. It is reasonably possible that some of these settlements will result in cash payments by the Company. Actual results may differ from these estimates.

11. Contingent Liabilities and Commitments

The Company is contingently liable under terms of repurchase agreements with financial institutions providing inventory financing for certain dealers of certain of its products. These arrangements, which are customary in the industry, provide for the repurchase of products sold to dealers in the event of default by the dealer on the agreement to pay the financial institution. The repurchase price is generally determined by the original sales price of the product and pre-defined curtailment arrangements. The Company typically resells the repurchased product at a discount from its repurchase price. The risk of loss from these agreements is spread over numerous dealers. In addition to the guarantee under these repurchase agreements, the Company also provides limited dealer inventory financing guarantees to certain of its dealers.

The Company s principal commercial commitments under repurchase agreements and dealer inventory financing guarantees at April 30, 2013 are summarized in the following chart:

Commitment	Total Amount Committed	Term of Commitments
Guarantee on dealer inventory financing	$ 525	Various
Standby repurchase obligations on dealer inventory financing	$ 1,153,916	Up to eighteen months

The Company accounts for the guarantee under repurchase agreements of dealers financing by deferring a portion of the related product sale that represents the estimated fair value of the guarantee. The estimated fair value takes into account an estimate of the losses that will be incurred upon resale of any repurchases. This estimate is based on recent historical experience supplemented by the Company s assessment of current economic and other conditions affecting our dealers.

This deferred amount is included in the repurchase and guarantee reserve balances of $4,322 and $3,150 as of April 30, 2013 and July 31, 2012, respectively, which are included in Other Current Liabilities on the Condensed Consolidated Balance Sheets. These reserves do not include any amounts for dealer inventory financing guarantees as the Company does not currently expect any losses from such guarantees and believes the fair value of these guarantees is immaterial.

The table below reflects losses incurred under repurchase agreements in the periods noted. The Company believes that any future losses under these agreements will not have a significant effect on the Company s consolidated financial position, results of operations or cash flows.

	Three Months Ended April 30,		Nine Months Ended April 30,	
	2013	2012	2013	2012
Cost of units repurchased	$ 3,650	$ 953	$ 5,778	$ 2,761
Realization of units resold	3,290	863	5,059	2,445
Losses due to repurchase	$ 360	$ 90	$ 719	$ 316

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. Upon being put into production, the Company becomes obligated to pay the manufacturer for the chassis. Chassis are typically converted and delivered to customers within 90 days of delivery. If the chassis are not converted within 90 days of delivery to the Company, the Company generally purchases the chassis and records the inventory. At April 30, 2013, vendor supplied chassis on hand accounted for as consigned, unrecorded inventory was $10,466. In addition to this consigned inventory, $6,295 of chassis provided by customers were located at the Company s production facilities at April 30, 2013, pending further manufacturing. The Company never purchases these chassis and does not include their cost in its billings to the customer for the completed unit.

Legal Matters

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

FEMA Trailer Formaldehyde Litigation

Beginning in 2006, a number of lawsuits were filed against numerous trailer and manufactured housing manufacturers, including complaints against the Company. The complaints were filed in various state and federal courts throughout Louisiana, Alabama, Texas and Mississippi on behalf of Gulf Coast residents who lived in travel trailers, park model trailers and manufactured homes provided by the Federal Emergency Management Agency (FEMA) following Hurricanes Katrina and Rita in 2005. The complaints generally alleged that residents who occupied FEMA supplied emergency housing units, such as travel trailers, were exposed to formaldehyde emitted from the trailers. The plaintiffs alleged various injuries from exposure, including health issues and emotional distress. Most of the initial cases were filed as class action suits. The Judicial Panel on Multidistrict Litigation (the MDL panel) had the authority to designate one court to coordinate and consolidate discovery and pretrial proceedings in a proceeding known as multidistrict litigation (MDL). The MDL panel transferred the actions to the United States District Court for the Eastern District of Louisiana (the MDL Court) because the actions in different jurisdictions involved common questions of fact. The MDL Court denied class certification in December 2008, and consequently, the cases were administered as a mass joinder of claims (the MDL proceeding).

On December 21, 2011, the MDL Court issued an Order that, among other matters, mandated certain manufacturing defendants in the litigation, including the Company and several of its RV subsidiaries, to participate in mediation in January 2012. The Company s Heartland subsidiary participated in a mediation on January 27, 2012 and reached an agreement in principle to resolve the pending claims against it on February 2, 2012. The other Thor RV subsidiaries involved in the MDL proceeding collectively participated in a mediation on January 19, 2012 and during a second mediation session held on February 10, 2012 reached an agreement in principle to resolve the litigation. On March 27, 2012, Heartland and its insurance carriers entered into a Memorandum of Understanding (MOU) memorializing the February 2, 2012 settlement. On March 30, 2012, Thor Industries, Inc., for itself and on behalf of its other RV subsidiaries involved in the MDL proceeding, and its insurance carriers, entered into an MOU memorializing the settlement reached on February 10, 2012.

As previously reported on April 19, 2012 by the Company on its Form 8-K, the Company and its RV subsidiaries involved in the MDL proceeding, their respective insurance carriers, several unaffiliated manufacturers of RVs and their insurers, and legal representatives of the plaintiffs each executed a Stipulation of Settlement in April 2012 (the Stipulation of Settlement).

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

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

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

12. Stockholders Equity

Treasury Stock

The Company entered into a repurchase agreement, dated as of August 12, 2011 (the August 2011 Repurchase Agreement), to purchase shares of its common stock from the Estate of Wade F. B. Thompson (the Estate) in a private transaction. Pursuant to the terms of the August 2011 Repurchase Agreement, on August 15, 2011, the Company purchased from the Estate 1,000,000 shares of its common stock at a price of $20.00 per share, and held them as treasury stock, representing an aggregate purchase price of $20,000. The closing price of Thor common stock on August 12, 2011 was $20.62. The Estate held shares of common stock of the Company previously owned by the late Wade F. B. Thompson, the Company s co-founder and former Chief Executive Officer. At the time of the repurchase transaction, Alan Siegel, a member of the board of directors of the Company (the Board), served as a co-executor of the Estate. The repurchase transaction was evaluated and approved by members of the Board who were not affiliated with the Estate. The Company used available cash to purchase the shares. The number of shares repurchased by the Company represented 1.8% of the Company s issued and outstanding common stock prior to the repurchase.

The Company entered into a repurchase agreement, dated as of January 18, 2012 (the January 2012 Repurchase Agreement), to purchase shares of its common stock from the Estate in a private transaction. Pursuant to the terms of the January 2012 Repurchase Agreement, on January 20, 2012, the Company purchased from the Estate 1,000,000 shares of its common stock at a price of $28.50 per share, and held them as treasury stock, representing an aggregate purchase price of $28,500. The closing price of Thor common stock on January 18, 2012 was $29.34. The repurchase transaction was evaluated and approved by members of the Board who were not affiliated with the Estate. The Company used available cash to purchase the shares. The number of shares repurchased by the Company represented 1.8% of the Company s issued and outstanding common stock prior to the repurchase.

The Company also entered into separate repurchase agreements (collectively, the Catterton Repurchase Agreements) with each of Catterton Partners VI, L.P., Catterton Partners VI Offshore, L.P., CP6 Interest Holdings, L.L.C., and CPVI Coinvest, L.L.C. (collectively, Catterton), each dated as of January 18, 2012, to purchase shares of its common stock from Catterton in a private transaction. Pursuant to the terms of the Catterton Repurchase Agreements, on January 20, 2012, the Company purchased from Catterton an aggregate of 1,000,000 shares of its common stock at a price of $28.50 per share, and held them as treasury stock, representing an aggregate purchase price of $28,500. The closing price of Thor common stock on January 18, 2012 was $29.34. The Company used available cash to purchase the shares. The number of shares repurchased by the Company represented 1.8% of the Company s issued and outstanding common stock prior to the repurchase.

Stock-Based Compensation

In the first quarter of fiscal 2013, the Compensation and Development Committee of the Board (the Committee) approved a program to award restricted stock units to Board members and certain employees at the operating subsidiary and corporate levels. The first awards under this program were granted in the first quarter of fiscal 2013 based on fiscal year 2012 performance. In addition, the Committee approved certain awards related to fiscal year 2013 performance. The Board member restricted stock units will vest, and shares of common stock will be issued, on the first anniversary of the date of the grant. The employee restricted stock units will vest, and shares of common stock will be issued, in equal installments on the first, second and third anniversaries of the date of grant. Total non-cash compensation expense recognized in the nine months ended April 30, 2013 related to these awards and other stock-based compensation awards was $2,051.

During the three month and nine month periods ended April 30, 2013, stock options of 3,333 and 355,812 were exercised at an aggregate exercise price of $90 and $9,603, respectively. Of the 355,812 options exercised during the nine month period ended April 30, 2013, 314,000 were done so on a cashless basis under which 63,464 shares were issued. The shares withheld as a result of the cashless exercise included the number of shares necessary to cover the exercise price as well as the employee withholding tax related to the exercise, which was then paid by the Company on the employees behalf in the aggregate amount of $2,009.

Retained Earnings

The components of the change in retained earnings are as follows:

Balance as of July 31, 2012	$	918,565
Net income		94,641
Dividends paid		(108,139)
Balance as of April 30, 2013	$	905,067

The dividends paid total of $108,139 includes regular quarterly $0.18 per share dividends paid in each of the first three quarters of fiscal 2013 for a combined total of $28,614 and a special $1.50 per share dividend paid in December 2012 of $79,525.

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

Forward Looking Statements

This 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 (the Exchange Act). These forward looking statements involve uncertainties and risks. There can be no assurance that actual results will not differ from our expectations. Factors which could cause materially different results include, among others, price fluctuations, material or chassis supply restrictions, legislative and regulatory developments, the costs of compliance with increased governmental regulation, legal issues, the potential impact of increased tax burdens on our dealers and retail consumers, lower consumer confidence and the level of discretionary consumer spending, the level of state and federal funding available for transportation, interest rate increases, restrictive lending practices, recent management changes, the success of new product introductions, the pace of acquisitions, asset impairment charges, cost structure improvements, competition and general economic conditions and the other risks and uncertainties discussed more fully in Item 1A of our Annual Report on Form 10-K for the year ended July 31, 2012. We disclaim any obligation or undertaking to disseminate any updates or revisions to any forward looking statements contained in this report or to reflect any change in our expectations after the date hereof or any change in events, conditions or circumstances on which any statement is based, except as required by law.

Executive Overview

We were founded in 1980 and through our operating subsidiaries have grown to be the largest manufacturer of Recreation Vehicles (RVs) and a major manufacturer of commercial buses in North America. Our U.S. RV industry market share in the travel trailer and fifth wheel portion of the towable segment is approximately 38% for the calendar quarter ended March 31, 2013. In the motorized segment of the RV industry, we have a U.S. market share of approximately 26% for the calendar quarter ended March 31, 2013. Our U.S. and Canada market share in small and mid-size buses is approximately 34% for the calendar year ended December 31, 2012. We also manufacture and sell 40-foot buses at our facility in Southern California.

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

Our RV products are sold to dealers who, in turn, retail those products. Our buses are sold through dealers to municipalities and private purchasers such as rental car companies and hotels. We generally do not finance dealers directly, but do provide repurchase agreements to certain of the dealers floor plan lenders.

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

We rely on internally generated cash flows from operations to finance our growth although we may borrow to make an acquisition if we believe the incremental cash flows will provide for rapid payback. Capital expenditures of $14,711 for the nine months ended April 30, 2013 were made primarily for building and office additions and improvements and to replace machinery and equipment used in the ordinary course of business.

Recent Events

On April 30, 2013, the Company sold the assets held and used in the conduct of its ambulance product line (excluding the plant utilized in ambulance production and certain excluded assets) for $12,331, subject to certain adjustments.

On December 20, 2012, the Company acquired the Federal Coach (Federal Coach) bus operation assets from Forest River, Inc. for cash consideration of $6,804. The Company purchased the assets to expand its bus business and achieve cost efficiencies. Federal Coach s product lines are more focused on the luxury bus market which is complementary to our existing product offerings.

On September 17, 2012, the Company entered into an Asset Purchase Agreement with Krystal Infinity, LLC dba Krystal Enterprises (Krystal) for the acquisition of Krystal s bus operation assets for cash consideration of $3,914. The acquisition closed on October 3, 2012. The Company purchased the assets to expand its bus business and achieve cost efficiencies. Krystal s product lines are more focused on the luxury bus market which is complementary to our existing product offerings.

During fiscal 2012, the Company purchased a combined total of 3,000,000 shares of the Company s common stock and held them as treasury stock at a total cost of $77,000. Of the 3,000,000 shares, 2,000,000 were repurchased from the Estate of Wade F.B. Thompson (the Estate) in two separate private transactions at a total cost of $48,500. Both of these transactions were evaluated and approved by members of our board of directors who are not affiliated with the Estate. In a third separate private transaction, the Company repurchased 1,000,000 shares from Catterton Partners VI, L.P., Catterton Partners VI Offshore, L.P., CP6 Interest Holdings, L.L.C., and CPVI Coinvest, L.L.C. at a total cost of $28,500. The Company used available cash to purchase all of these shares, which collectively represented 5.4% of the Company s issued and outstanding common stock prior to the repurchases. Each of these transactions is more fully discussed in Note 12 to the Condensed Consolidated Financial Statements.

Industry Outlook

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

We believe our dealer inventory is at appropriate levels for seasonal consumer demand, with dealers optimistic yet cautious. RV dealer inventory of Thor products as of April 30, 2013 increased 14.4% to 64,899 units from 56,734 units as of April 30, 2012. Thor s RV backlog as of April 30, 2013 increased 44.9% to $649,584 from $448,403 as of April 30, 2012.

Industry Wholesale Statistics

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

	U.S. and Canada Wholesale Unit Shipments			
	Calendar Year through March 31,			%
	2013	2012	Increase	Change
Towables Units (1)	66,745	60,402	6,343	10.5
Motorized Units	8,500	6,869	1,631	23.7
Total	75,245	67,271	7,974	11.9

(1) Excluding Folding Camping Trailers and Truck Campers, which the Company does not manufacture.

In March 2013, RVIA forecasted that calendar year 2013 shipments for towables and motorized units will be 261,200 and 31,900 units, respectively, approximately 7.5% and 13.1% higher than the corresponding calendar year 2012 wholesale shipments.

Industry Retail Statistics

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

Key retail statistics for the RV industry, as reported by Stat Surveys, are as follows:

	U.S. and Canada Retail Unit Registrations			
	Calendar Year through March 31,			%
	2013	2012	Increase	Change
Towables Units (1)	41,741	39,507	2,234	5.7
Motorized Units	6,895	5,706	1,189	20.8
Total	48,636	45,213	3,423	7.6

(1) Excluding Folding Camping Trailers and Truck Campers, which the Company does not manufacture.

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

Company Wholesale and Retail Statistics

The Company s wholesale RV shipments (using data to correspond to the industry periods denoted above) were as follows:

	U.S. and Canada Wholesale Unit Shipments			
	Calendar Year through March 31,			%
	2013	2012	Increase	Change
Towables Units	25,647	23,885	1,762	7.4
Motorized Units	1,973	1,421	552	38.8
Total	27,620	25,306	2,314	9.1

Retail statistics of the Company s RV products, as reported by Stat Surveys (using data to correspond to the industry periods denoted above), were as follows:

	U.S. and Canada Retail Unit Registrations			
	Calendar Year through March 31,			%
	2013	2012	Increase	Change
Towables Units	15,817	15,109	708	4.7
Motorized Units	1,746	1,268	478	37.7
Total	17,563	16,377	1,186	7.2

Our outlook for future growth in retail sales is dependent upon various economic conditions faced by consumers such as the rate of unemployment, the level of consumer confidence, the growth in disposable income of consumers, changes in interest rates, credit availability, the pace of recovery in the housing market, the impact of rising taxes and fuel prices. With continued improvement in consumer confidence, availability of retail and wholesale credit, low interest rates and the absence of negative economic factors, we would expect to see incremental improvements in RV sales and expect to benefit from our ability to increase production to meet increasing demand. In recent years, the industry has benefited from growing retail sales to younger consumers with new product offerings targeted to younger, more active families. In addition, a positive longer-term outlook for the RV segment is supported by favorable demographics as more people reach the age brackets that historically have accounted for the bulk of retail RV sales. The number of consumers between the ages of 55 and 70 will total 56 million by 2020, 27% higher than in 2010 according to the RVIA.

Economic or industry-wide factors affecting our RV business include the costs of commodities used in the manufacture of our products. Material cost is the primary factor determining our cost of products sold. We have recently incurred increased costs in certain raw materials and components (wood and lumber products) and any future increases in raw material costs would impact our profit margins negatively if we were unable to raise prices for our products by corresponding amounts. Historically, we have been able to pass along those cost increases to customers.

Government entities are the primary purchasers or end users of our buses. Demand in this segment is subject to fluctuations in government spending on transit. In addition, hotel, rental car and parking lot operators, nursing and retirement homes and church organizations are also major users of our small and mid-sized buses and therefore travel is an important indicator for this market. The majority of our buses have useful lives of 5-7 years and are being continuously replaced by operators. According to the Mid Size Bus Manufacturers Association (MSBMA), unit sales of small and mid-sized buses increased 9.4% for the twelve months ended December 31, 2012 compared with the same period in 2011. As of April 30, 2013, our buses reportable segment backlog decreased to $199,568 as compared to $215,167 as of April 30, 2012, a decrease of 7.2%. Longer term, we expect positive trends in our bus segment, which we believe will be supported by increased federal funding for transit, the replacement cycle for buses among public and private bus customers and increased production of our new Krystal and Federal Coach units.

To date, we have not experienced any unusual cost increases from our chassis suppliers. The recreation vehicle and bus industries have, from time to time, experienced shortages of chassis due to various causes such as component shortages, production delays or work stoppages at the chassis manufacturers which has impacted our sales and earnings. The supply of chassis used in bus production is currently adequate for existing bus production levels. However, recent limitations in the availability of certain motorized RV chassis have hindered our ability to increase production levels and are anticipated to continue through the fall of calendar year 2013.

Three Months Ended April 30, 2013 vs. Three Months Ended April 30, 2012

	Three Months Ended April 30, 2013		Three Months Ended April 30, 2012		Change Amount	% Change
NET SALES:						
Recreation Vehicles						
Towables	$ 742,429		$ 680,472		$ 61,957	9.1
Motorized	187,336		126,724		60,612	47.8
Total Recreation Vehicles	929,765		807,196		122,569	15.2
Buses	119,436		119,262		174	0.1
Total	$ 1,049,201		$ 926,458		$ 122,743	13.2
# OF UNITS:						
Recreation Vehicles						
Towables	27,579		26,358		1,221	4.6
Motorized	2,463		1,836		627	34.2
Total Recreation Vehicles	30,042		28,194		1,848	6.6
Buses	1,767		1,796		(29)	(1.6)
Total	31,809		29,990		1,819	6.1
GROSS PROFIT:		**% of Segment Net Sales**		**% of Segment Net Sales**	**Change Amount**	**% Change**
Recreation Vehicles						
Towables	$ 101,042	13.6	$ 86,178	12.7	$ 14,864	17.2
Motorized	23,517	12.6	13,550	10.7	9,967	73.6
Total Recreation Vehicles	124,559	13.4	99,728	12.4	24,831	24.9
Buses	9,240	7.7	9,742	8.2	(502)	(5.2)
Total	$ 133,799	12.8	$ 109,470	11.8	$ 24,329	22.2
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:						
Recreation Vehicles						
Towables	$ 36,055	4.9	$ 32,860	4.8	$ 3,195	9.7
Motorized	8,436	4.5	5,435	4.3	3,001	55.2
Total Recreation Vehicles	44,491	4.8	38,295	4.7	6,196	16.2
Buses	5,027	4.2	6,661	5.6	(1,634)	(24.5)
Corporate	8,328		2,007		6,321	314.9
Total	$ 57,846	5.5	$ 46,963	5.1	$ 10,883	23.2
INCOME (LOSS) BEFORE INCOME TAXES:						

Recreation Vehicles								
Towables	$	62,540	8.4	$	51,050	7.5	$	11,490	22.5
Motorized		15,082	8.1		8,112	6.4		6,970	85.9
Total Recreation Vehicles		77,622	8.3		59,162	7.3		18,460	31.2
Buses		(7,690)	(6.4)		2,828	2.4		(10,518)	(371.9)
Corporate		(7,307)			(771)			(6,536)	(847.7)
Total	$	62,625	6.0	$	61,219	6.6	$	1,406	2.3

ORDER BACKLOG:	**As of April 30, 2013**	**As of April 30, 2012**	**Change Amount**	**% Change**
Recreation Vehicles				
Towables	$ 439,541	$ 345,878	$ 93,663	27.1
Motorized	210,043	102,525	107,518	104.9
Total Recreation Vehicles	649,584	448,403	201,181	44.9
Buses	199,568	215,167	(15,599)	(7.2)
Total	$ 849,152	$ 663,570	$ 185,582	28.0

CONSOLIDATED

Consolidated net sales for the three months ended April 30, 2013 increased $122,743, or 13.2%, compared to the three months ended April 30, 2012. Consolidated gross profit increased $24,329, or 22.2%, compared to the three months ended April 30, 2012. Consolidated gross profit was 12.8% of consolidated net sales for the three months ended April 30, 2013 and 11.8% for the three months ended April 30, 2012. Selling, general and administrative expenses for the three months ended April 30, 2013 increased 23.2% compared to the three months ended April 30, 2012. Income before income taxes for the three months ended April 30, 2013 was $62,625, which included impairment of goodwill and intangible assets charges of $11,525, as compared to the three months ended April 30, 2012 of $61,219, an increase of $1,406 and 2.3%. The reasons for the changes in net sales, gross profit, selling, general and administrative expenses and income before income taxes are addressed in the segment reporting below.

Corporate costs included in selling, general and administrative expenses increased $6,321 to $8,328 for the three months ended April 30, 2013 compared to $2,007 for the three months ended April 30, 2012. The increase is primarily attributable to an increase in product liability insurance costs of $3,615, largely due to favorable adjustments in the prior year to the Company s actuarially determined product liability reserve as a result of favorable historical claims experience and allocations of $750 and $1,500 in claims to the towables and bus segments, respectively, for claims activity previously reserved at Corporate. In addition, compensation related costs increased, including an increase of $1,312 in bonus expenses due to the increase in consolidated income before income taxes and certain management changes, and an increase in stock-based compensation expenses of $561. Employee related workers compensation and group insurance costs also increased $646.

Corporate interest income and other income and expense was $1,021 of income for the three months ended April 30, 2013 compared to $1,236 of income for the three months ended April 30, 2012. The $215 decrease is due to a decrease in overall interest income of $361, primarily due to reduced interest income on our notes receivable due to lower note balances. This decrease was partially offset by an increase in other income of $146.

The overall effective income tax rate for the three months ended April 30, 2013 was 30.1% compared with 32.5% for the three months ended April 30, 2012. The effective income tax rate for the three months ended April 30, 2013 was favorably impacted by the settlement of certain uncertain tax benefits. The effective income tax rate for the three months ended April 30, 2012 was also favorably impacted, although to a lesser extent, by certain tax return to provision adjustments.

Segment Reporting

TOWABLE RECREATION VEHICLES

Analysis of change in net sales for the three months ended April 30, 2013 vs. the three months ended April 30, 2012:

	Three Months Ended April 30, 2013	% of Segment Net Sales	Three Months Ended April 30, 2012	% of Segment Net Sales	Change Amount	% Change
NET SALES:						
Towables						
Travel Trailers	$ 359,344	48.4	$ 317,487	46.7	$ 41,857	13.2
Fifth Wheels	377,125	50.8	356,940	52.5	20,185	5.7
Other	5,960	0.8	6,045	0.8	(85)	(1.4)
Total Towables	$ 742,429	100.0	$ 680,472	100.0	$ 61,957	9.1

	Three Months Ended April 30, 2013	% of Segment Shipments	Three Months Ended April 30, 2012	% of Segment Shipments	Change Amount	% Change
# OF UNITS:						
Towables						
Travel Trailers	17,980	65.2	16,684	63.3	1,296	7.8
Fifth Wheels	9,410	34.1	9,477	36.0	(67)	(0.7)
Other	189	0.7	197	0.7	(8)	(4.1)
Total Towables	27,579	100.0	26,358	100.0	1,221	4.6

Impact of Change in Mix and Price on Net Sales:	% Increase
Towables	
Travel Trailers	5.4
Fifth Wheels	6.4
Other	2.7
Total Towables	4.5

The increase in total towables net sales of 9.1% compared to the prior year quarter resulted from a 4.6% increase in unit shipments and a 4.5% increase in the impact of the change in the overall net price per unit.

The increase in the overall net price per unit within the travel trailer product lines of 5.4% is primarily due to selective price increases and changes in product mix, partially offset by increased discounting, which effectively reduces overall net price per unit. The increase in the overall net price per unit within the fifth wheel product lines of 6.4% is due to customer preference toward units with additional features and upgrades compared to a year ago, many of which were introduced at the Thor RV Open House in September 2012. Average fifth wheel selling prices have also increased due to the higher concentration of sales of luxury product lines and certain upscale toy hauler lines compared to the prior year. Selective price increases were also implemented since the comparable prior year period. These increases, however, were partially offset by increased discounting. The other category relates to sales in the park model industry.

The overall industry increase in combined travel trailer and fifth wheel wholesale unit shipments for the three months ended April 30, 2013 was 8.1% compared to the same period last year according to statistics published by RVIA.

Cost of products sold increased $47,093 to $641,387, or 86.4% of towable net sales, for the three months ended April 30, 2013 compared to $594,294, or 87.3% of towable net sales, for the three months ended April 30, 2012. The change in material, labor, freight-out and warranty comprised $44,011 of the $47,093 increase in cost of products sold due to increased sales volume. Material, labor, freight-out and warranty as a combined percentage of towable net sales decreased to 81.1% for the three months ended April 30, 2013 compared to the 82.0% for the three months ended April 30, 2012. This decrease in percentage is primarily due to the selective price increases and higher margin product mix noted above, partially offset by an increase in discounting, which effectively decreases the net sales price per unit and therefore increases the unit material cost percentage to net sales. Total manufacturing overhead increased $3,082 with the increase in sales, but total manufacturing overhead as a percentage of towable net sales remained constant at 5.3% for both periods.

Towable gross profit increased $14,864 to $101,042, or 13.6% of towable net sales, for the three months ended April 30, 2013 compared to $86,178, or 12.7% of towable net sales, for the three months ended April 30, 2012. The $14,864 increase was primarily due to the increases in net sales as discussed above.

Selling, general and administrative expenses were $36,055, or 4.9% of towable net sales, for the three months ended April 30, 2013 compared to $32,860, or 4.8% of towable net sales, for the three months ended April 30, 2012. The primary reason for the $3,195 increase was increased towable net sales and towable income before income taxes, which caused related commissions, bonuses and other compensation to increase by $3,151.

Towable income before income taxes increased to 8.4% of towable net sales for the three months ended April 30, 2013 from 7.5% of towable net sales for the three months ended April 30, 2012. The primary reason for this increase in percentage was the impact of the increase in net sales as noted above.

MOTORIZED RECREATION VEHICLES

Analysis of change in net sales for the three months ended April 30, 2013 vs. the three months ended April 30, 2012:

	Three Months Ended April 30, 2013	% of Segment Net Sales	Three Months Ended April 30, 2012	% of Segment Net Sales	Change Amount	% Change
NET SALES:						
Motorized						
Class A	$ 101,913	54.4	$ 66,999	52.9	$ 34,914	52.1
Class C	73,127	39.0	52,091	41.1	21,036	40.4
Class B	12,296	6.6	7,634	6.0	4,662	61.1
Total Motorized	$ 187,336	100.0	$ 126,724	100.0	$ 60,612	47.8

	Three Months Ended April 30, 2013	% of Segment Shipments	Three Months Ended April 30, 2012	% of Segment Shipments	Change Amount	% Change
# OF UNITS:						
Motorized						
Class A	1,012	41.1	749	40.8	263	35.1
Class C	1,337	54.3	1,012	55.1	325	32.1
Class B	114	4.6	75	4.1	39	52.0
Total Motorized	2,463	100.0	1,836	100.0	627	34.2

Impact of Change in Mix and Price on Net Sales:	% Increase
Motorized	
Class A	17.0
Class C	8.3
Class B	9.1
Total Motorized	13.6

The increase in total motorized net sales of 47.8% compared to the prior year quarter resulted from a 34.2% increase in unit shipments and a 13.6% increase in the impact of the change in the overall net price per unit. The overall market increase in wholesale unit shipments of motorhomes was 29.8% for the three months ended April 30, 2013 compared to the same period last year according to statistics published by

RVIA.

The increase in the overall net price per unit within the Class A product line of 17.0% is primarily due to increased sales of the generally larger and more expensive diesel units rather than the more moderately priced gas units when compared to a year ago. The increase in the overall net price per unit within the Class C product line of 8.3% is primarily due to changes in product mix. Within the Class B product line, the increase in the overall net price per unit of 9.1% is due to a greater concentration of sales of higher priced models in the current year.

Cost of products sold increased $50,645 to $163,819, or 87.4% of motorized net sales, for the three months ended April 30, 2013 compared to $113,174, or 89.3% of motorized net sales, for the three months ended April 30, 2012. The change in material, labor, freight-out and warranty comprised $49,217 of the $50,645 increase due to increased sales volume. Material, labor, freight-out and warranty as a combined percentage of motorized net sales decreased to 83.8% compared to 85.0% for the prior year period. This decrease as a percentage of motorized net sales is primarily due to a decrease in the material cost percentage to net sales. Total manufacturing overhead increased $1,428 with the increase in sales volume, but total manufacturing overhead as a percentage of motorized net sales decreased to 3.6% from 4.3% as the increase in unit production resulted in higher absorption of fixed overhead costs compared to the prior year period.

Motorized gross profit increased $9,967 to $23,517, or 12.6% of motorized net sales, for the three months ended April 30, 2013 compared to $13,550, or 10.7% of motorized net sales, for the three months ended April 30, 2012. The $9,967 increase in gross profit was due primarily to the impact of the 34.2% increase in unit sales volume noted above.

Selling, general and administrative expenses were $8,436, or 4.5% of motorized net sales, for the three months ended April 30, 2013 compared to $5,435, or 4.3% of motorized net sales, for the three months ended April 30, 2012. The primary reason for the $3,001 increase was increased motorized net sales and motorized income before income taxes, which caused related commissions, bonuses and other compensation to increase by $2,575. Product liability and settlement related costs also increased $410, primarily due to a favorable reserve adjustment in the prior year period.

Motorized income before income taxes was 8.1% of motorized net sales for the three months ended April 30, 2013 and 6.4% of motorized net sales for the three months ended April 30, 2012. The primary reason for this increase in percentage was the impact of the increase in net sales noted above.

BUSES

Analysis of change in net sales for the three months ended April 30, 2013 vs. the three months ended April 30, 2012:

	Three Months Ended April 30, 2013	Three Months Ended April 30, 2012	Change Amount	% Change
Net Sales	$ 119,436	$ 119,262	$ 174	0.1
# of Units	1,767	1,796	(29)	(1.6)

	% Increase
Impact of Change in Mix and Price on Net Sales	1.7

The increase in buses net sales of 0.1% compared to the prior year quarter resulted from a 1.6% decrease in unit shipments and a 1.7% increase in the impact of the change in the overall net price per unit.

The 1.7% increase in the impact of the change in the overall net price per unit is primarily due to a slightly greater concentration of higher priced units in the current year period.

Cost of products sold increased $676 to $110,196, or 92.3% of buses net sales, for the three months ended April 30, 2013 compared to $109,520 or 91.8% of buses net sales, for the three months ended April 30, 2012. The change in material, labor, freight-out and warranty represents $403 of the $676 increase in cost of products. Material, labor, freight-out and warranty as a combined percentage of buses net sales increased slightly to 84.7% from 84.5% for the prior year period. This increase as a percentage of buses net sales was primarily due to lower margin product mix as compared to the prior year period. Total manufacturing overhead increased $273 and manufacturing overhead increased to 7.5% from 7.3% as a percentage of buses net sales.

Buses gross profit decreased $502 to $9,240, or 7.7% of buses net sales, for the three months ended April 30, 2013 compared to $9,742, or 8.2% of buses net sales, for the three months ended April 30, 2012. The $502 decrease was mainly due to a greater concentration of lower margin product mix, including certain higher price units, in the current year due to more aggressive pricing to secure new contracts and enter new markets.

Selling, general and administrative expenses were $5,027, or 4.2% of buses net sales, for the three months ended April 30, 2013 compared to $6,661, or 5.6% of buses net sales, for the three months ended April 30, 2012. The primary reason for the $1,634 decrease was a decrease in product liability and related legal and professional fees of $1,354 and a decrease of $114 in bonus expense due to the reduction in buses net income before income taxes.

Buses loss before income taxes was 6.4% of buses net sales for the three months ended April 30, 2013 compared to income before income taxes of 2.4% of buses net sales for the three months ended April 30, 2012. This unfavorable change in percentage is primarily due to the $11,525 of goodwill and intangible asset impairment charges included in the results for the three months ended April 30, 2013, partially offset by the favorable decrease in product liability and related costs noted above.

Nine Months Ended April 30, 2013 vs. Nine Months Ended April 30, 2012

	Nine Months Ended April 30, 2013	Nine Months Ended April 30, 2012	Change Amount	% Change
NET SALES:				
Recreation Vehicles				
Towables	$ 1,904,449	$ 1,623,782	$ 280,667	17.3
Motorized	423,345	246,068	177,277	72.0
Total Recreation Vehicles	2,327,794	1,869,850	457,944	24.5
Buses	338,619	326,578	12,041	3.7
Total	$ 2,666,413	$ 2,196,428	$ 469,985	21.4
# OF UNITS:				
Recreation Vehicles				
Towables	71,293	62,428	8,865	14.2
Motorized	5,239	3,370	1,869	55.5
Total Recreation Vehicles	76,532	65,798	10,734	16.3
Buses	5,060	5,015	45	0.9
Total	81,592	70,813	10,779	15.2

GROSS PROFIT:		% of Segment Net Sales		% of Segment Net Sales	Change Amount	% Change
Recreation Vehicles						
Towables	$ 232,792	12.2	$ 193,542	11.9	$ 39,250	20.3
Motorized	51,588	12.2	23,646	9.6	27,942	118.2
Total Recreation Vehicles	284,380	12.2	217,188	11.6	67,192	30.9
Buses	23,407	6.9	26,640	8.2	(3,233)	(12.1)
Total	$ 307,787	11.5	$ 243,828	11.1	$ 63,959	26.2
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:						
Recreation Vehicles						
Towables	$ 95,941	5.0	$ 81,277	5.0	$ 14,664	18.0
Motorized	21,183	5.0	12,480	5.1	8,703	69.7
Total Recreation Vehicles	117,124	5.0	93,757	5.0	23,367	24.9
Buses	13,847	4.1	15,225	4.7	(1,378)	(9.1)
Corporate	24,527		12,686		11,841	93.3
Total	$ 155,498	5.8	$ 121,668	5.5	$ 33,830	27.8
INCOME (LOSS) BEFORE INCOME TAXES:						

Recreation Vehicles								
Towables	$	129,335	6.8	$	104,810	6.5	$	24,525	23.4
Motorized		30,403	7.2		11,160	4.5		19,243	172.4
Total Recreation Vehicles		159,738	6.9		115,970	6.2		43,768	37.7
Buses		(2,678)	(0.8)		10,693	3.3		(13,371)	(125.0)
Corporate		(21,293)			(9,300)			(11,993)	(129.0)
Total	$	135,767	5.1	$	117,363	5.3	$	18,404	15.7

CONSOLIDATED

Consolidated net sales for the nine months ended April 30, 2013 increased $469,985, or 21.4%, compared to the nine months ended April 30, 2012. Consolidated gross profit increased $63,959, or 26.2%, compared to the nine months ended April 30, 2012. Consolidated gross profit was 11.5% of consolidated net sales for the nine months ended April 30, 2013 compared to 11.1% of consolidated net sales for the nine months ended April 30, 2012. Selling, general and administrative expenses for the nine months ended April 30, 2013 increased 27.8% compared to the nine months ended April 30, 2012. Income before income taxes for the nine months ended April 30, 2013 was $135,767, which included impairment of goodwill and intangible assets charges of $11,525, compared to the nine months ended April 30, 2012 of $117,363, an increase of $18,404 and 15.7%. The reasons for the changes in net sales, gross profit, selling, general and administrative expenses and income before income taxes are addressed in the segment reporting below.

Corporate costs included in selling, general and administrative expenses increased $11,841 to $24,527 for the nine months ended April 30, 2013 compared to $12,686 for the nine months ended April 30, 2012. The increase is primarily attributable to increased compensation related costs of $5,540, which included an increase of $2,748 in bonus expenses due to increased consolidated income before income taxes and certain management changes, and other compensation and stock-based compensation expense increases of $1,239 and $1,553, respectively, which included one-time separation costs of $850 and $256, respectively.

Corporate product liability insurance costs also increased $3,812, largely due to favorable adjustments in the prior year to the Company s actuarially determined product liability reserve as a result of favorable historical claims experience and allocations of $750 and $1,500 in claims to the towables and bus segments, respectively, for claims activity previously reserved at Corporate. In addition, costs related to the Corporate repurchase reserve required for vehicle repurchase commitments increased $950 primarily due to increased standby repurchase obligations in correlation with increased sales. Employee related workers compensation and group insurance costs also increased $1,352.

Corporate interest income and other income and expense was $3,234 of income for the nine months ended April 30, 2013 compared to $3,386 of income for the nine months ended April 30, 2012. The $152 decrease was primarily due to a decrease in overall interest income of $893, primarily due to reduced interest income on our notes receivable due to lower note balances. This decrease was partially offset by an increase of $741 in other income, principally due to market value appreciation on the Company s deferred compensation plan assets of $1,062 in the current year as compared with $403 in the prior year, a favorable increase of $659.

The overall effective income tax rate for the nine months ended April 30, 2013 was 30.3% compared with 34.1% for the nine months ended April 30, 2012. The effective income tax rate for the nine months ended April 30, 2013 was favorably impacted by the effective settlement of certain uncertain tax benefits. The Company also recorded a tax benefit in the nine months ended April 30, 2013 from the retroactive reinstatement of the federal research and development credit and other credits that were enacted on January 2, 2013. The effective income tax rate for the nine months ended April 30, 2012 was also favorably impacted, although to a lesser extent, by certain tax return to provision adjustments.

Segment Reporting

TOWABLE RECREATION VEHICLES

Analysis of change in net sales for the nine months ended April 30, 2013 vs. the nine months ended April 30, 2012:

	Nine Months Ended April 30, 2013	% of Segment Net Sales	Nine Months Ended April 30, 2012	% of Segment Net Sales	Change Amount	% Change
NET SALES:						
Towables						
Travel Trailers	$ 909,815	47.8	$ 742,271	45.7	$ 167,544	22.6
Fifth Wheels	978,634	51.4	866,279	53.3	112,355	13.0
Other	16,000	0.8	15,232	1.0	768	5.0
Total Towables	$ 1,904,449	100.0	$ 1,623,782	100.0	$ 280,667	17.3

	Nine Months Ended April 30, 2013	% of Segment Shipments	Nine Months Ended April 30, 2012	% of Segment Shipments	Change Amount	% Change
# OF UNITS:						
Towables						
Travel Trailers	46,391	65.1	38,775	62.1	7,616	19.6
Fifth Wheels	24,423	34.3	23,178	37.1	1,245	5.4
Other	479	0.6	475	0.8	4	0.8
Total Towables	71,293	100.0	62,428	100.0	8,865	14.2

Impact of Change in Mix and Price on Net Sales:	**% Increase**
Towables	
Travel Trailers	3.0
Fifth Wheels	7.6
Other	4.2
Total Towables	3.1

The increase in total towables net sales of 17.3% compared to the prior year period resulted from a 14.2% increase in unit shipments and a 3.1% increase in the impact of the change in the overall net price per unit.

The slight increase in the overall net price per unit within the travel trailer product lines of 3.0% is primarily due to selective price increases and changes in product mix, partially offset by increased discounting, which effectively reduces the net price per unit. The increase in the overall net price per unit within the fifth wheel product lines of 7.6% is due to customer preference toward units with additional features and upgrades compared to a year ago, many of which were introduced at the Thor RV Open House in September 2012. Average fifth wheel selling prices have also increased due to the higher concentration of sales of luxury product lines and certain upscale toy hauler lines compared to the prior year. Selective price increases were also implemented since the comparable prior year period. These increases were partially offset by increased discounting. The other category relates to sales in the park model industry.

The overall industry increase in combined travel trailer and fifth wheel wholesale unit shipments for the nine months ended April 30, 2013 was 15.2% compared to the same period last year according to statistics published by RVIA.

Cost of products sold increased $241,417 to $1,671,657 or 87.8% of towable net sales, for the nine months ended April 30, 2013 compared to $1,430,240, or 88.1% of towable net sales, for the nine months ended April 30, 2012. The change in material, labor, freight-out and warranty

comprised $227,192 of the $241,417 increase in cost of products sold due to increased sales volume. Material, labor, freight-out and warranty as a percentage of towable net sales decreased to 82.1% for the nine months ended April 30, 2013 compared to the 82.3% for the nine months ended April 30, 2012. This decrease in percentage is primarily due to the favorable impact of selective price increases partially offset by an increase in discounting, which effectively decreases the net sales price per unit and therefore increases the unit material cost percentage to net sales. Total manufacturing overhead increased $14,225 with the increase in sales, but total manufacturing overhead as a percentage of towable net sales decreased from 5.8% to 5.7% compared to the prior year period as the increase in production resulted in increased absorption of fixed overhead costs.

Towable gross profit increased $39,250 to $232,792, or 12.2% of towable net sales, for the nine months ended April 30, 2013 compared to $193,542, or 11.9% of towable net sales, for the nine months ended April 30, 2012. The $39,250 increase was primarily due to the increases in net sales as discussed above.

Selling, general and administrative expenses were $95,941, or 5.0% of towable net sales, for the nine months ended April 30, 2013 compared to $81,277, or 5.0% of towable net sales, for the nine months ended April 30, 2012. The primary reason for the $14,664 increase was increased towable net sales and towable income before income taxes, which caused related commissions, bonuses and other compensation to increase by $10,785. Sales related travel, advertising, and promotional costs increased $1,095 in correlation with the increase in sales. Legal and professional fees and related settlement costs also increased $1,258 in total.

Towable income before income taxes was 6.8% of towable net sales for the nine months ended April 30, 2013 and 6.5% for the nine months ended April 30, 2012. The primary reason for this increase in percentage was the impact of the increase in net sales noted above.

MOTORIZED RECREATION VEHICLES

Analysis of change in net sales for the nine months ended April 30, 2013 vs. the nine months ended April 30, 2012:

	Nine Months Ended April 30, 2013	% of Segment Net Sales	Nine Months Ended April 30, 2012	% of Segment Net Sales	Change Amount	% Change
NET SALES:						
Motorized						
Class A	$ 263,254	62.2	$ 147,574	60.0	$ 115,680	78.4
Class C	126,253	29.8	76,670	31.2	49,583	64.7
Class B	33,838	8.0	21,824	8.8	12,014	55.0
Total Motorized	$ 423,345	100.0	$ 246,068	100.0	$ 177,277	72.0

	Nine Months Ended April 30, 2013	% of Segment Shipments	Nine Months Ended April 30, 2012	% of Segment Shipments	Change Amount	% Change
# OF UNITS:						
Motorized						
Class A	2,636	50.3	1,683	49.9	953	56.6
Class C	2,284	43.6	1,467	43.5	817	55.7
Class B	319	6.1	220	6.6	99	45.0
Total Motorized	5,239	100.0	3,370	100.0	1,869	55.5

Impact of Change in Mix and Price on Net Sales:	% Increase
Motorized	
Class A	21.8
Class C	9.0
Class B	10.0
Total Motorized	16.5

The increase in total motorized net sales of 72.0% compared to the prior year period resulted from a 55.5% increase in unit shipments and a 16.5% increase in the impact of the change in the overall net price per unit. The overall market increase in wholesale unit shipments of motorhomes was 34.2% for the nine months ended April 30, 2013 compared to the same period last year according to statistics published by RVIA.

The increase in the overall net price per unit within the Class A product line of 21.8% is primarily due to increased sales of the generally larger and more expensive diesel units rather than the more moderately priced gas units compared to a year ago. The increase in the overall net price per unit within the Class C product line of 9.0% is primarily due to changes in product mix. Within the Class B product line, the increase in the

overall net price per unit of 10.0% is due to a greater concentration of sales of higher priced models in the current year.

Cost of products sold increased $149,335 to $371,757, or 87.8% of motorized net sales, for the nine months ended April 30, 2013 compared to $222,422, or 90.4% of motorized net sales, for the nine months ended April 30, 2012. The change in material, labor, freight-out and warranty comprised $146,107 of the $149,335 increase due to increased sales volume. Material, labor, freight-out and warranty as a combined percentage of motorized net sales decreased to 83.8% compared to 84.8% for the prior year period. This decrease as a percentage of motorized net sales is primarily due to a decrease in the material cost percentage to net sales. Total manufacturing overhead increased $3,228 with the increase in sales volume, but total manufacturing overhead as a percentage of motorized net sales decreased to 4.0% from 5.6% as the significant increase in unit production resulted in higher absorption of fixed overhead costs compared to the prior year period.

Motorized gross profit increased $27,942 to $51,588, or 12.2% of motorized net sales, for the nine months ended April 30, 2013 compared to $23,646, or 9.6% of motorized net sales, for the nine months ended April 30, 2012. The $27,942 increase in gross profit was due primarily to the impact of the 55.5% increase in unit sales volume noted above.

Selling, general and administrative expenses were $21,183, or 5.0% of motorized net sales, for the nine months ended April 30, 2013 compared to $12,480, or 5.1% of motorized net sales, for the nine months ended April 30, 2012. The primary reason for the $8,703 increase was increased motorized net sales and motorized income before income taxes, which caused related commissions, bonuses and other compensation to increase by $7,460. Product liability and settlement related costs also increased $869, and sales related travel, advertising and promotion costs increased $465 as well in correlation with the increase in sales.

Motorized income before income taxes was 7.2% of motorized net sales for the nine months ended April 30, 2013 and 4.5% of motorized net sales for the nine months ended April 30, 2012. The primary reason for this increase in percentage was the impact of the increase in net sales noted above.

BUSES

Analysis of change in net sales for the nine months ended April 30, 2013 vs. the nine months ended April 30, 2012:

	Nine Months Ended April 30, 2013	Nine Months Ended April 30, 2012	Change Amount	% Change
Net Sales	$ 338,619	$ 326,578	$ 12,041	3.7
# of Units	5,060	5,015	45	0.9

	% Increase
Impact of Change in Mix and Price on Net Sales	2.8

The increase in buses net sales of 3.7% compared to the prior year period resulted from a 0.9% increase in unit shipments and a 2.8% increase in the impact of the change in the overall net price per unit.

The 2.8% increase in the impact of the change in the overall net price per unit is primarily due to a greater concentration of higher priced units in the current year period.

Cost of products sold increased $15,274 to $315,212, or 93.1% of buses net sales, for the nine months ended April 30, 2013 compared to $299,938 or 91.8% of buses net sales, for the nine months ended April 30, 2012. The increase in material, labor, freight-out and warranty represents $14,338 of the $15,274 increase in cost of products sold. Material, labor, freight-out and warranty as a combined percentage of buses net sales increased to 85.2% from 83.9% for the prior year period. This increase in percentage of cost of products sold was primarily due to lower margin product mix as compared to the prior year period. Total manufacturing overhead increased $936 and manufacturing overhead remained constant at 7.9% as a percentage of buses net sales for both periods.

Buses gross profit decreased $3,233 to $23,407, or 6.9% of buses net sales, for the nine months ended April 30, 2013 compared to $26,640, or 8.2% of buses net sales, for the nine months ended April 30, 2012. The $3,233 decrease was mainly due to a greater concentration of lower margin product mix, including certain higher priced units, in the current year due to more aggressive pricing to secure new contracts and enter new markets.

Selling, general and administrative expenses were $13,847, or 4.1% of buses net sales, for the nine months ended April 30, 2013 compared to $15,225, or 4.7% of buses net sales, for the nine months ended April 30, 2012. The primary reason for the $1,378 decrease was a decrease in product liability and related legal and professional fees of $618 and a decrease of $620 in bonus expense due to the reduction in buses net income before income taxes.

Buses loss before income taxes was 0.8% of buses net sales for the nine months ended April 30, 2013 compared to income before income taxes of 3.3% of buses net sales for the nine months ended April 30, 2012. This unfavorable change in percentage is primarily due to the $11,525 of goodwill and intangible asset impairment charges included in the results for the nine months ended April 30, 2013.

Financial Condition and Liquidity

As of April 30, 2013, we had $137,494 in cash and cash equivalents compared to $218,642 on July 31, 2012. The components of the decrease are described in more detail below, but the decrease is primarily attributable to dividends paid of $108,139, including a special dividend of $1.50 per share and regular quarterly dividends of $0.18 per share per quarter.

Working capital at April 30, 2013 was $376,120 compared to $373,796 at July 31, 2012. Capital expenditures of $14,711 for the nine months ended April 30, 2013 were made primarily for building and office additions and improvements and to replace machinery and equipment used in the ordinary course of business.

We believe our on hand cash and cash equivalents and funds generated from operations will be sufficient to fund expected future operational requirements. We rely on internally generated cash flows from operations to finance our growth. We may, however, consider debt to make an acquisition.

The Company anticipates additional capital expenditures in fiscal 2013 of approximately $9,000. These expenditures will be made primarily for expanding our recreation vehicle facilities and replacing and upgrading machinery, equipment and other assets to be used in the ordinary course of business. Anticipated capital expenditures will be funded by operations and/or cash on hand.

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

Future purchases of the Company s common stock may occur based upon market and business conditions, and excess cash availability, subject to applicable legal limitations.

Operating Activities

Net cash provided by operating activities for the nine months ended April 30, 2013 was $44,698 as compared to $37,317 for the nine months ended April 30, 2012. The combination of net income and non-cash items (primarily depreciation, amortization, impairment of goodwill and intangible assets, deferred income tax benefit and stock-based compensation) provided $118,996 of operating cash in fiscal 2013 compared to $94,134 in the prior year period. Both of these amounts were partially offset by seasonal increases in accounts receivables and inventories. However, the $118,996 of operating cash provided in the nine months ended April 30, 2013 was offset to a greater extent by a larger increase in inventory, which correlates with the increase in backlog compared to the prior year.

Investing Activities

Net cash used in investing activities for the nine months ended April 30, 2013 was $17,445, primarily for capital expenditures of $14,711 and $10,718 for the acquisitions of the Krystal and Federal Coach bus businesses, partially offset by proceeds from notes receivable of $7,000. During the nine months ended April 30, 2012, net cash used in investing activities of $4,508 was primarily due to capital expenditures of $6,286.

Financing Activities

During the nine months ended April 30, 2013, net cash used in financing activities of $108,401 was primarily for cash dividend payments. The Company paid a regular quarterly $0.18 per share dividend in each of the first three quarters of fiscal 2013 and a special $1.50 per share dividend in December 2012, the combination of which totaled $108,139. The Company increased its previous regular quarterly dividend of $0.15 per share to $0.18 per share in October 2012. In October 2011, the Company increased its previous regular quarterly dividend of $0.10 per share to $0.15 per share. Net cash used in financing activities of $100,258 for the nine months ended April 30, 2012 was primarily related to the repurchase of a total of 3,000,000 shares of common stock of the Company for $77,000 and cash dividend payments of $24,387. The Company repurchased the shares at a discount to the then current market price and did not incur brokerage fees.

The Company considered the special $1.50 per share dividend and the repurchases of shares to be prudent uses of its cash and does not believe future liquidity will be negatively impacted. See Note 12 to our Condensed Consolidated Financial Statements contained elsewhere in this report for a description of the share repurchase transactions.

Critical Accounting Principles

Our Condensed Consolidated Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. 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 accounting policies, the following may involve a higher degree of judgments, estimates and complexity.

Impairment of Goodwill, Trademarks and Long-Lived Assets

We review our long-lived assets (individually or in a related group as appropriate) for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable from future cash flows attributable to the assets. Additionally, we review our goodwill for impairment annually as of April 30 of each year. Accordingly, we continually assess whether events or changes in circumstances represent a triggering event that would require us to complete an impairment assessment. Factors that we consider in determining whether a triggering event has occurred include, among other things, whether there has been a significant adverse change in legal factors, business climate or competition related to the operation of the asset, whether there has been a significant decrease in actual or expected operating results related to the asset and whether there are current plans to sell or dispose of the asset. The determination of whether a triggering event has occurred is subject to significant management judgment, including at which point or fiscal quarter a triggering event has occurred when the relevant adverse factors persist over extended periods.

Should a triggering event be deemed to occur, and for each of the annual impairment assessments, management is required to estimate the expected net cash flows to be realized over the life of the asset and/or the asset s fair value. Fair values are often determined by a discounted cash flow model, although we also use a market approach in determining fair values when appropriate. These estimates are subject to significant management judgment including the determination of many factors such as sales growth rates, gross margin patterns, cost growth rates, terminal value assumptions, discount rates and comparable companies. Changes in these estimates can have a significant impact on the determination of cash flows and fair value and could potentially result in future material impairments. Management engages an independent valuation firm in many cases to assist in its impairment assessments.

As of April 30, 2013, the Company had six individual reporting units that carry goodwill. One reporting unit carries 49% of our consolidated goodwill of $243,662 and a second reporting unit carries another 39% of our consolidated goodwill. For these two reporting units, our estimate of their fair values exceeded their respective carrying values by 293% and 87%, respectively, as of our April 30, 2013 assessment. Fair values of three of our other four reporting units exceeded their carrying values by 51% to 225%. The last reporting unit s fair value exceeded carrying value by 7% and carries approximately 2% of our consolidated goodwill.

In regards to our April 2013 assessment for the reporting unit that had fair value exceeding carrying value by 7%, we used a discounted cash flow model to determine an estimate of its fair value. Assumptions which more significantly impact the discounted cash flows used in estimating the fair value of this unit included forecasted annual sales over the next five years, margin percentages over those years, terminal sales growth and weighted average cost of capital. Each of these estimates is subject to significant management judgment.

See Note 5 to the Condensed Consolidated Financial Statements for discussion of certain April 2013 goodwill and intangible asset impairment charges.

In September 2011, the FASB issued ASU No. 2011-08, Testing Goodwill for Impairment , to simplify how entities test goodwill for impairment. This guidance permits an entity to assess qualitative factors to determine whether it is more likely than not (defined as more than fifty percent) that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the current two-step goodwill impairment test. The two-step goodwill impairment test that begins with estimating the fair value of the reporting unit will only be required if the entity determines that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. ASU No. 2011-08 is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011, with early adoption permitted. The adoption of this guidance did not have a significant impact on the Company s Consolidated Financial Statements.

Insurance Reserves

Generally, we are self-insured for workers compensation, products liability and group medical insurance. Under these plans, liabilities are recognized for claims incurred, including those incurred but not reported. The liability for workers compensation claims is determined by the Company with the assistance of a third party administrator and actuary using various state statutes and historical claims experience. Group medical reserves are estimated using historical claims experience. We have a self-insured retention (SIR) for products liability and personal injury matters of $5,000 per occurrence. Beginning April 1, 2012, this SIR for bus related matters is $7,500 per occurrence. We have established a liability on our balance sheet for such occurrences based on historical data, known cases and actuarial information. Amounts above the SIR, up to a certain dollar amount, are covered by our excess insurance policy. Currently, we maintain excess liability insurance aggregating $50,000 with outside insurance carriers to minimize our risks related to catastrophic claims in excess of all our self-insured positions for product liability and personal injury matters. Any material change in the aforementioned factors could have an adverse impact on our operating results.

Product Warranties

We generally provide customers of our products with a one-year warranty covering defects in material or workmanship, 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 expenditures 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 liability is adequate; however, actual claims incurred could differ from estimates, requiring adjustments to the reserves. Warranty liabilities are reviewed and adjusted as necessary on a quarterly basis.

Income Taxes

We account for income taxes under the provisions of ASC 740, Income Taxes . The objectives of accounting for income taxes are to recognize the amount of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in our financial statements or tax returns. Judgment is required in assessing the future tax consequences of events that have been recognized in our financial statements or tax returns. Fluctuations in the actual outcome of these future tax consequences could materially impact the Company s financial position or its results of operations.

We recognize liabilities for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step requires us to estimate and measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. It is inherently difficult and subjective to estimate such amounts, as we have to determine the probability of various possible outcomes. We re-evaluate these uncertain tax positions on a quarterly basis. This evaluation is based on factors including, but not limited to, changes in facts or circumstances, changes in tax law, effectively settled issues under audit and new audit activity. Such a change in recognition or measurement would result in the recognition of a tax benefit or an additional charge to the tax provision.

Significant judgment is required in determining our provision for income taxes, our deferred tax assets and liabilities and valuation allowances recorded against our deferred tax assets, if any. Valuation allowances must be considered due to the uncertainty of realizing deferred tax assets. ASC 740 requires that companies assess whether valuation allowances should be established against their deferred tax assets on a tax jurisdictional basis based on the consideration of all available evidence, using a more likely than not standard. We have evaluated the sustainability of our deferred tax assets on the Condensed Consolidated Balance Sheet which includes the assessment of the cumulative income over recent prior periods. As of April 30, 2013, based on ASC guidelines, we determined a valuation allowance was not required to be recorded against deferred income tax assets in any of the tax jurisdictions in which we currently operate.

Revenue Recognition

Revenues from the sale of recreation vehicles and buses are recorded primarily when all of the following conditions have been met:

1) An order for a product has been received from a dealer;
2) Written or oral approval for payment has been received from the dealer s flooring institution;
3) A common carrier signs the delivery ticket accepting responsibility for the product as agent for the dealer; and
4) The product is removed from the Company s property for delivery to the dealer who placed the order.

Certain shipments are sold to customers on credit or cash on delivery (COD) terms. The Company recognizes revenue on credit sales upon shipment and COD sales upon payment and delivery. Most sales are made to dealers financing their purchases under flooring arrangements with banks or finance companies. Products are not sold on consignment, dealers do not have the right to return products and dealers are typically responsible for interest costs to floorplan lenders. Most of our sales to dealers are made on terms requiring cash on delivery or within 15 days of the invoice date.

Repurchase Commitments

We are contingently liable under terms of repurchase agreements with financial institutions providing inventory financing for certain dealers of certain of our products. These arrangements, which are customary in the industry, provide for the repurchase of products sold to dealers in the event of default by the dealer. The repurchase price is generally determined by the original sales price of the product and pre-defined curtailment arrangements and we typically resell the repurchased product at a discount from its repurchase price. We account for the guarantee under our repurchase agreements of our dealers financing by estimating and deferring a portion of the related product sale that represents the estimated fair value of the repurchase obligation. The estimated fair value takes into account our estimate of the loss we will incur upon resale of any repurchases. This estimate is based on recent historical experience supplemented by management s assessment of current economic and other conditions affecting our dealers. This deferred amount is included in the repurchase and guarantee reserve.

Our risk of loss under these repurchase agreements is reduced because (a) we sell our products to a large number of dealers under these arrangements, (b) the repurchase price we are obligated to pay declines over the period of the agreements (generally up to eighteen months) while the value of the related product may not decline ratably and (c) we have historically been able to readily resell any repurchased product. We believe that any future losses under these agreements will not have a significant effect on the Company s consolidated financial position or results of operations.

Accounting Pronouncements

Reference is made to Note 1 to our Condensed Consolidated Financial Statements contained in this report for a summary of our recently adopted accounting pronouncements, which summary is hereby incorporated by reference.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

None

ITEM 4. CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures , as such term is defined under Exchange Act Rule 13a-15(e), that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. In designing and evaluating the disclosure controls and procedures, our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and our management necessarily is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. The Company has carried out an evaluation, as of the end of the period covered by this report, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company s disclosure controls and procedures. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC s rules and forms and accumulated and communicated to our management as appropriate to allow for timely decisions regarding required disclosures.

During the quarter ended April 30, 2013, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - Other Information

ITEM 1. LEGAL PROCEEDINGS

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

FEMA Trailer Formaldehyde Litigation

Beginning in 2006, a number of lawsuits were filed against numerous trailer and manufactured housing manufacturers, including complaints against the Company. The complaints were filed in various state and federal courts throughout Louisiana, Alabama, Texas and Mississippi on behalf of Gulf Coast residents who lived in travel trailers, park model trailers and manufactured homes provided by the Federal Emergency Management Agency (FEMA) following Hurricanes Katrina and Rita in 2005. The complaints generally alleged that residents who occupied FEMA supplied emergency housing units, such as travel trailers, were exposed to formaldehyde emitted from the trailers. The plaintiffs alleged various injuries from exposure, including health issues and emotional distress. Most of the initial cases were filed as class action suits. The Judicial Panel on Multidistrict Litigation (the MDL panel) had the authority to designate one court to coordinate and consolidate discovery and pretrial proceedings in a proceeding known as multidistrict litigation (MDL). The MDL panel transferred the actions to the United States District Court for the Eastern District of Louisiana (the MDL Court) because the actions in different jurisdictions involved common questions of fact. The MDL Court denied class certification in December 2008, and consequently, the cases were administered as a mass joinder of claims (the MDL proceeding).

On December 21, 2011, the MDL Court issued an Order that, among other matters, mandated certain manufacturing defendants in the litigation, including the Company and several of its RV subsidiaries, to participate in mediation in January 2012. The Company s Heartland subsidiary participated in a mediation on January 27, 2012 and reached an agreement in principle to resolve the pending claims against it on February 2, 2012. The other Thor RV subsidiaries involved in the MDL proceeding collectively participated in a mediation on January 19, 2012 and during a second mediation session held on February 10, 2012 reached an agreement in principle to resolve the litigation. On March 27, 2012, Heartland and its insurance carriers entered into a Memorandum of Understanding (MOU) memorializing the February 2, 2012 settlement. On March 30, 2012, Thor Industries, Inc., for itself and on behalf of its other RV subsidiaries involved in the MDL proceeding, and its insurance carriers, entered into an MOU memorializing the settlement reached on February 10, 2012.

As previously reported on April 19, 2012 by the Company on its Form 8-K, the Company and its RV subsidiaries involved in the MDL proceeding, their respective insurance carriers, several unaffiliated manufacturers of RVs and their insurers, and legal representatives of the plaintiffs each executed a Stipulation of Settlement in April 2012 (the Stipulation of Settlement).

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

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

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

ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors previously disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended July 31, 2012, except as noted below.

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

ITEM 6. EXHIBITS

Exhibit	Description
31.1	Chief Executive Officer s Certification filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Chief Financial Officer s Certification filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Chief Executive Officer s Certification furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Chief Financial Officer s Certification furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Calculation Linkbase Document
101.PRE	XBRL Taxonomy Presentation Linkbase Document
101.LAB	XBRL Taxonomy Label Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

Attached as Exhibits 101 to this report are the following financial statements from the Company s Quarterly report on Form 10-Q for the quarter ended April 30, 2013 formatted in XBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations and Comprehensive Income, (iii) the Condensed Consolidated Statements of Cash Flows, and (iv) related notes to these financial statements.

The XBRL related information in Exhibits 101 to this Quarterly Report on Form 10-Q shall not be deemed filed or a part of a registration statement or prospectus for purposes of Section 11 or 12 of the Securities Act of 1933, as amended, and is not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of those sections.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	THOR INDUSTRIES, INC.
	(Registrant)
DATE: June 6, 2013	/s/ Peter B. Orthwein Peter B. Orthwein Chairman of the Board and Chief Executive Officer
DATE: June 6, 2013	/s/ Dominic A. Romeo Dominic A. Romeo Senior Vice President and Chief Financial Officer