THOR INDUSTRIES INC
Form 10-Q
June 09, 2009

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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, 2009.

o **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	93-0768752
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
419 West Pike Street, Jackson Center, OH	45334-0629
(Address of principal executive offices)	(Zip Code)

(937) 596-6849

(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 o

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 o No o

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

Large accelerated filer þ	Accelerated filer o	Non-accelerated filer o	Smaller reporting company o
		(Do not check if a 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 o 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 4/30/2009
Common stock, par value $.10 per share	55,440,924 shares

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PART I Financial Information

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

ITEM 1. Financial Statements

THOR INDUSTRIES, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS

	April 30, 2009	July 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	$ 177,878	$ 189,620
Accounts receivable:		
Trade	116,429	136,866
Other	4,339	9,489
Inventories	131,969	152,582
Prepaid expenses	3,905	5,472
Note receivable	10,000	
Deferred income taxes	33,891	33,891
Total current assets	478,411	527,920
Property:		
Land	20,299	21,090
Buildings and improvements	133,882	135,167
Machinery and equipment	73,951	71,965
Total Cost	228,132	228,222
Accumulated depreciation	82,657	74,992
Property, net	145,475	153,230
Investment in joint ventures	1,920	3,269
Other assets:		
Long term investments	119,951	126,403
Goodwill	148,411	158,128
Non-compete agreements	709	1,093
Trademarks	13,336	13,900
Long term note receivable	10,000	
Other	5,354	12,619
Total other assets	297,761	312,143
TOTAL ASSETS	**$ 923,567**	**$ 996,562**
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	$ 82,081	$ 96,158
Accrued liabilities:		
Taxes	1,415	26,050

Compensation and related items		23,582		24,845
Product warranties		45,874		61,743
Promotions and rebates		9,260		10,781
Product/property liability and related		16,043		12,560
Other		16,720		16,279
Total current liabilities		194,975		248,416
Long Term Liabilities				
Unrecognized tax benefits		32,239		29,332
Other		14,093		19,118
Total long term liabilities		46,332		48,450
Stockholders equity:				
Common stock authorized 250,000,000 shares: issued 57,318,263 shares @ 4/30/09 and 57,317,263 shares @ 7/31/08; par value of $.10 per share		5,732		5,732
Additional paid-in capital		94,159		93,683
Retained earnings		656,647		675,928
Accumulated other comprehensive income		(594)		(1,963)
Less Treasury shares of 1,877,339 @ 4/30/09 & 7/31/08		(73,684)		(73,684)
Total stockholders equity		682,260		699,696
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	**$**	**923,567**	**$**	**996,562**

See notes to condensed consolidated financial statements

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THOR INDUSTRIES, INC. AND SUBSIDIARIES
STATEMENTS OF CONDENSED CONSOLIDATED OPERATIONS
FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2009 AND 2008

	Three Months Ended April 30		Nine Months Ended April 30	
	2009	**2008**	**2009**	**2008**
Net Sales	$ 415,472	$ 707,931	$ 1,080,972	$ 2,070,837
Cost of products sold	369,025	617,932	986,305	1,809,846
Gross profit	46,447	89,999	94,667	260,991
Selling, general and administrative expenses	33,971	47,903	98,636	133,132
Impairment of goodwill and trademarks	9,717		10,281	
Gain on sale of property			373	2,308
Interest income	1,169	2,406	4,670	9,763
Interest expense	144	423	386	1,136
Net appreciation (impairment) of auction rate securities	728		(1,125)	
Other income	60	261	589	1,232
Income (loss) before income taxes	4,572	44,340	(10,129)	140,026
Provision (benefit) for income taxes	2,470	16,486	(2,491)	52,361
Net income (loss)	$ 2,102	$ 27,854	$ (7,638)	$ 87,665
Average common shares outstanding:				
Basic	55,436,924	55,447,313	55,426,829	55,655,907
Diluted	55,468,620	55,562,644	55,426,829	55,815,770
Earnings (loss) per common share:				
Basic	$ .04	$ .51	$ (.14)	$ 1.58
Diluted	$ .04	$ .50	$ (.14)	$ 1.57
Regular dividends declared and paid per common share:	$ .07	$ .07	$ .21	$ .21
	$	$	$	$ 2.00

Special dividends declared and paid per
common share:

See notes to condensed consolidated financial statements

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THOR INDUSTRIES, INC. AND SUBSIDIARIES
STATEMENTS OF CONDENSED CONSOLIDATED CASH FLOWS
FOR THE NINE MONTHS ENDED APRIL 30, 2009 AND 2008

	2009	2008
Cash flows from operating activities:		
Net income (loss)	$ (7,638)	$ 87,665
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	9,885	10,045
Amortization	384	613
Goodwill and Trademark impairment	10,281	
Deferred income taxes		(18,330)
Gain on disposition of assets	(392)	(2,343)
Net impairment on trading investments	1,125	
Stock based compensation	449	216
Changes in non cash assets and liabilities:		
Accounts receivable	25,587	(8,941)
Note receivable	(10,000)	
Inventories	20,613	(30,254)
Prepaids and other	8,603	(3,069)
Accounts payable	(13,652)	(9,308)
Accrued liabilities	(36,457)	15,205
Other liabilities	(6,717)	8,007
Net cash provided by operating activities	2,071	49,506
Cash flows from investing activities:		
Purchases of property, plant & equipment	(5,077)	(12,137)
Proceeds from disposition of assets	2,785	4,989
Purchase of available for sale investments		(66,650)
Proceeds from disposition of available for sale investments	4,450	105,925
Proceeds from disposition of trading investments	5,550	
Loan transaction	(10,000)	
Proceeds on dissolution of joint venture	1,578	
Net cash (used in) provided by investing activities	(714)	32,127
Cash flows from financing activities:		
Cash dividends	(11,643)	(123,397)
Purchase of common stock held as treasury shares		(13,561)
Proceeds from issuance of common stock	27	2,206
Net cash used in financing activities	(11,616)	(134,752)
Effect of exchange rate changes on cash	(1,483)	910

Net increase (decrease) in cash and equivalents	(11,742)	(52,209)
Cash and equivalents, beginning of period	189,620	171,889
Cash and equivalents, end of period	**$ 177,878**	**$ 119,680**
Supplemental cash flow information:		
Income taxes paid	$ 18,376	$ 54,870
Interest paid	386	1,136
Non cash transactions:		
Capital expenditures in accounts payable	$ 118	$ 391

See notes to condensed consolidated financial statements

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. The July 31, 2008 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 change in 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 year ended July 31, 2008. The results of operations for the three and nine months ended April 30, 2009 are not necessarily indicative of the results for the full year.

2. Major classifications of inventories are:

	April 30, 2009	July 31, 2008
Raw materials	$ 66,409	$ 79,356
Chassis	36,669	37,562
Work in process	41,344	51,162
Finished goods	15,889	13,584
Total	160,311	181,664
Less excess of FIFO costs over LIFO costs	28,342	29,082
Total inventories	$ 131,969	$ 152,582

3. Earnings Per Share

	Three Months Ended April 30, 2009	Three Months Ended April 30, 2008	Nine Months Ended April 30, 2009	Nine Months Ended April 30, 2008
Weighted average shares outstanding for basic earnings per share	55,436,924	55,447,313	55,426,829	55,655,907
Stock options and restricted stock	31,696	115,331		159,863
Total For diluted shares	55,468,620	55,562,644	55,426,829	55,815,770

4. Comprehensive Income

	Three Months Ended April 30, 2009	Three Months Ended April 30, 2008	Nine Months Ended April 30, 2009	Nine Months Ended April 30, 2008
Net Income (loss)	$ 2,102	$ 27,854	$ (7,638)	$ 87,665
Foreign currency translation adjustment	168	(100)	(1,483)	910
Change in temporary impairment of investment, net of tax	170	(4,792)	2,852	(4,792)

Comprehensive income	$	2,440	$	22,962	$	(6,269)	$	83,783

As described in Note 6, the Auction Rate Securities (ARS) purchased from UBS were previously transferred to trading securities and the related other-than-temporary impairment was recorded against operations. This resulted in a reversal of the charge previously recorded in other comprehensive income in respect of these securities.

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5. Segment Information

The Company has three reportable segments: (1) towable recreation vehicles, (2) motorized recreation vehicles, and (3) buses. The towable recreation vehicle segment consists of product lines from the following operating companies that have been aggregated: Airstream, Breckenridge, CrossRoads, Dutchmen, General Coach, Keystone and Komfort. The motorized recreation vehicle segment consists of product lines from the following operating companies that have been aggregated: Airstream, Damon and Four Winds. The bus segment consists of the following operating companies that have been aggregated: Champion Bus, ElDorado California, ElDorado Kansas and Goshen Coach.

	Three Months Ended April 30, 2009	Three Months Ended April 30, 2008	Nine Months Ended April 30, 2009	Nine Months Ended April 30, 2008
Net Sales:				
Recreation vehicles:				
Towables	$ 264,317	$ 480,020	$ 664,517	$ 1,398,172
Motorized	47,724	120,940	112,499	372,265
Total recreation vehicles	312,041	600,960	777,016	1,770,437
Buses	103,431	106,971	303,956	300,400
Total	$ 415,472	$ 707,931	$ 1,080,972	$ 2,070,837

	Three Months Ended April 30, 2009	Three Months Ended April 30, 2008	Nine Months Ended April 30, 2009	Nine Months Ended April 30, 2008
Income (loss) Before Income Taxes:				
Recreation vehicles:				
Towables	$ 18,374	$ 42,014	$ 21,197	$ 123,318
Motorized	(11,514)	3,390	(28,405)	13,804
Total recreation vehicles	6,860	45,404	(7,208)	137,122
Buses	1,243	5,113	10,263	12,808
Corporate	(3,531)	(6,177)	(13,184)	(9,904)
Total	$ 4,572	$ 44,340	$ (10,129)	$ 140,026

	April 30, 2009	July 31, 2008
Identifiable Assets:		
Recreation vehicles:		
Towables	$ 372,567	$ 409,793

Motorized		93,485		108,740
Total recreation vehicles		466,052		518,533
Buses		97,431		110,647
Corporate		360,084		367,382
Total	$	923,567	$	996,562

6. Investments and Fair Value Measurements

Effective August 1, 2008, the Company adopted SFAS No. 157, Fair Value Measurements (SFAS 157). In February 2008, the FASB issued FASB Staff Position No. FAS 157-2, Effective Date of

FASB Statement No. 157 , which provides a one year deferral of the effective date of SFAS 157 for non-financial assets and non-financial liabilities, except those that are recognized or disclosed in the financial statements at fair value at least annually. Therefore, the Company has adopted the provisions of SFAS 157 with respect to its financial assets and liabilities only. The adoption of this statement did not have a material impact on the Company s consolidated results of operations or financial condition. On October 10, 2008, the FASB issued FSP No. 157-3, Determining the Fair Value of a Financial Asset When the Market for That Asset is Not Active, (FSP 157-3), that clarifies the application of SFAS 157 in a market that is not active and provides an example to illustrate key considerations in determining the fair value of a financial asset when the market for that financial asset is not active. The FSP 157-3 is applicable to the valuation of auction rate securities held by the Company for which there was no active market as of April 30, 2009. FSP 157-3 was effective upon issuance, including prior periods for which the financial statements have not been issued. The adoption of FSP 157-3 during the three month period ended October 31, 2008 did not have a material impact on the Company s consolidated results of operations or financial condition.

Effective August 1, 2008, the Company adopted SFAS No. 159 The Fair Value Option for Financial Assets and Financial Liabilities (SFAS 159). SFAS 159 allows an entity the irrevocable option to elect fair value for the initial and subsequent measurement for specified financial assets and liabilities on a contract-by-contract basis. The Company did not elect to adopt the fair value option under this Statement at the adoption date. On November 14, 2008, the Company adopted the fair value option related to the Put Rights as further discussed in this Note.

INVESTMENTS AND FAIR VALUE MEASUREMENTS

SFAS 157 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosures about fair value measurements. Fair value is defined under SFAS 157 as the exchange price that would be received for an asset or paid to transfer a liability (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 under SFAS 157 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.

In accordance with SFAS 157, the following table represents the Company s fair value hierarchy for its financial assets (cash equivalents and investments) measured at fair value on a recurring basis as of April 30, 2009:

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	Significant Quoted Market Prices in Active Markets (Level 1)		Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		Fair Value at April 30, 2009	
Cash & cash equivalents	$	177,878	$	$		$	177,878
Auction rate securities (including Put Rights)					119,951		119,951
Total	$	177,878	$	$	119,951	$	297,829

Our cash equivalents are comprised of money market funds traded in an active market with no restrictions.

In addition to the above investments, the Company holds non-qualified retirement plan assets of $5,317 at April 30, 2009 ($12,519 at July 31, 2008). These assets, which are held for the benefit of certain employees of the Company, represent Level 1 investments primarily in mutual funds which are valued using observable market prices in active markets. They are included in Other Assets on the Consolidated Balance Sheet.

Level 3 assets consist of municipal bonds with an auction reset feature (auction rate securities or ARS) whose underlying assets are primarily student loans which are substantially backed by the federal government. Auction-rate securities are long-term floating rate bonds tied to short-term interest rates. After the initial issuance of the securities, the interest rate on the securities is reset periodically, at intervals established at the time of issuance based on market demand for a reset period. Auction-rate securities are bought and sold in the marketplace through a competitive bidding process often referred to as a Dutch auction. If there is insufficient interest in the securities at the time of an auction, the auction may not be completed and the rates may be reset to predetermine penalty or maximum rates based on mathematical formulas in accordance with each security s prospectus.

The following table provides a reconciliation of the beginning and ending balances 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)	
Balances at August 1, 2008	$	126,403
Net change in other comprehensive income		4,673
Net loss included in earnings		(1,125)
Purchases		
Sales/Maturities		(10,000)
Balances at April 30, 2009	$	119,951

Auction Rate Securities

At April 30, 2009, we held $122,550 (par value) of long-term investments comprised of taxable and tax-exempt ARS, which are variable-rate debt securities and have a long-term maturity with the interest being reset through Dutch auctions that are typically held every 7, 28 or 35 days. The securities have historically traded at par and are callable at par at the option of the issuer. Interest is typically paid at the end of each auction period or semi-annually. At April 30, 2009, the majority

of the ARS we held were AAA rated or equivalent, and none were below A rated or equivalent, with most collateralized by student loans substantially backed by the U.S. Federal government.

Since February 12, 2008, most auctions have failed for these securities and there is no assurance that future auctions on the ARS in our investment portfolio will succeed and, as a result, our ability to liquidate our investment and fully recover the par value of our investment in the near term may be limited or not exist. An auction failure means that the parties wishing to sell securities could not.

In November 2008, the Company elected to participate in a rights offering by UBS AG (UBS), a Swiss bank which is one of the Company s investment providers, that provides the Company with the right (the Put Rights) to sell to UBS at par value ARS purchased from UBS (approximately $107,400 of our entire ARS portfolio of $122,550) at any time during a two-year sale period beginning June 30, 2010.

The Put Rights are not transferable or marginable. By electing to participate in the rights offering the Company granted UBS the right, exercisable at any time prior to June 30, 2010 or during the two-year sale period, to purchase or cause the sale of the company s ARS (the Call Right). UBS has stated that it will only exercise the Call Right for the purpose of restructurings, dispositions or other solutions that will provide their clients with par value for their ARS. UBS will pay their clients the par value of their ARS within one day of settlement of any Call Right transaction. Notwithstanding the Call Right, the Company would be permitted to sell ARS to parties other than UBS, in which case the Put Rights attached to the ARS that are sold would be extinguished.

As consideration for this transaction, Thor has released UBS from all claims relating to the marketing or sale of ARS (except claims for consequential damages) and has agreed not to sue UBS for such claims. During 2008, UBS was sued by the Massachusetts Securities Division and by the New York Attorney General in separate civil lawsuits alleging improper sales practices relating to ARS. The rights offering reflects the terms of a settlement entered into by UBS and various regulators, including the SEC, the New York Attorney General, and the Massachusetts Securities Division, pursuant to which UBS agreed to pay a fine of $150 million. UBS has also been sued by investors in civil lawsuits and arbitrations seeking damages relating to sales of ARS.

Through its acceptance of the UBS offer, the Company also became eligible to participate in a no net cost loan program pursuant to which it may borrow up to the par value of its ARS until June 30, 2010. The Company is still permitted to obtain ARS based financing from lenders other than UBS.

At April 30, 2009, there was insufficient observable ARS market information available to determine the fair value of our ARS investments, including the Put Rights. Therefore, management, assisted by Houlihan, Smith & Company, Inc., an independent consultant, determined an estimated fair value. In determining the estimate, consideration was given to credit quality, final stated maturities, estimates on the probability of the issue being called prior to final maturity, impact due to extended periods of maximum auction rates and broker quotes. Based on this analysis, we recorded a temporary impairment of $1,474 ($958 net of tax in other comprehensive income which is in the equity section of the balance sheet) related to our long-term ARS investments of $15,150 (par value) that were not part of the UBS settlement as of April 30, 2009. These same assumptions were used to estimate the fair value of our UBS ARS portfolio described above, including the Put Rights.

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The enforceability of the Put Rights results in a put option which has been recognized as a separate freestanding instrument that is accounted for separately from the ARS investment. The Company has elected to account for this put option at fair value under FASB Statement No. 159, *The Fair Value Option for Financial Assets and Liabilities* (SFAS 159) and elected to treat this portion of our ARS portfolio as trading securities. As such, we recorded a benefit to operations of $9,754 related to the Put Rights provided by the settlement and an other-than-temporary impairment charge to operations of $10,879 on the $107,400 (par value) portion of our ARS portfolio for a net loss of $1,125, as we may decide not to hold these ARS until final maturity with the opportunity provided by the Put Rights.

We have no reason to believe that any of the underlying issuers of our ARS are presently at risk of default. Through April 30, 2009, we have continued to receive interest payments on the ARS in accordance with their terms. We believe we will be able to liquidate our investments without significant loss primarily due to the government guarantee of the underlying securities; however, it could take until the final maturity of the underlying notes (up to 31 years) to realize our investments par value. Due to these recent changes and uncertainty in the ARS market, we believe the recovery period for these investments may be longer than twelve months and as a result, we have classified these investments as long-term at April 30, 2009. Although there is uncertainty with regard to the short-term liquidity of these securities, the Company continues to believe that the carrying amount represents the fair value of these marketable securities because of the overall quality of the underlying investments and the anticipated future market for such investments. In addition, the Company has the intent and ability to hold these securities until the earlier of: the market for ARS stabilizes, the issuer refinances the underlying security, a buyer is found outside of the auction process at acceptable terms, the underlying securities have matured or the Company exercises its right to put the securities to UBS, one of the Company s investment providers.

7. Goodwill and Other Intangible Assets

Statement of Financial Accounting Standards (SFAS) No. 142, Goodwill and Other Intangible Assets, requires goodwill to be tested for impairment at least annually and more frequently if an event occurs which indicates that goodwill may be impaired.

The components of other intangible assets are as follows:

	April 30, 2009		July 31, 2008	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Amortized Intangible Assets:				
Non-compete agreements	$2,888	$2,179	$5,938	$4,845

	Three Months Ended April 30, 2009	Three Months Ended April 30, 2008	Nine Months Ended April 30, 2009	Nine Months Ended April 30, 2008
Non-compete Agreements:				
Amortization Expense	$ 92	$ 200	$ 384	$ 613

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Non-compete agreements are amortized on a straight-line basis.

Estimated Amortization Expense:	
For the year ending July 2009	$476
For the year ending July 2010	$322
For the year ending July 2011	$238
For the year ending July 2012	$ 57

In accordance with SFAS 142, goodwill and indefinite-lived intangible assets are not subject to amortization. Goodwill and indefinite-lived intangible assets are reviewed for impairment by applying a fair-value based test on an annual basis, or more frequently if circumstances indicate a potential impairment.

At April 30, 2009 the Company, with the assistance of an independent valuation firm, completed an annual impairment review which resulted in a non-cash goodwill impairment charge of $9,717 in the third quarter of fiscal 2009 for the goodwill associated with an operating subsidiary in the motorized reportable segment. The Company also completed an impairment review in the second quarter which resulted in a non-cash trademark impairment charge of $564 for the trademark associated with an operating subsidiary in the motorized reportable segment. The impairments result from the difficult market environment and outlook for the motorhome business.

As of April 30, 2009, Goodwill and Trademarks by segment are as follows:

	Goodwill	Trademarks
Recreation Vehicles:		
Towables	$ 143,795	$ 10,237
Motorized		2,036
Total Recreation Vehicles	143,795	12,273
Bus	4,616	1,063
Total	$ 148,411	$ 13,336

8. Warranty

Thor provides customers of our products with a warranty covering defects in material or workmanship for primarily one year with longer warranties of up to five years on certain structural components. We record a liability based on a consistent calculation reflecting 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 reserve is adequate. However, actual claims incurred could differ from estimates, requiring adjustments to the reserves. Warranty reserves are reviewed and adjusted as necessary on a quarterly basis.

	Three Months Ended April 30, 2009	Three Months Ended April 30, 2008	Nine Months Ended April 30, 2009	Nine Months Ended April 30, 2008
Beginning Balance	$ 49,798	$ 61,690	$ 61,743	$ 64,310
Provision	7,252	17,169	21,283	49,244
Payments	(11,176)	(16,474)	(37,152)	(51,169)
Ending Balance	$ 45,874	$ 62,385	$ 45,874	$ 62,385

The lower provision for the three months and nine months ended April 30, 2009 results primarily from the lower sales activity which the Company is experiencing in the current difficult market environment.

9. Commercial Commitments

Our principal commercial commitments at April 30, 2009 are summarized in the following chart:

Commitment	Total Amount Committed	Term of Commitment
Guarantee on dealer financing	$ 7,087	various
Standby repurchase obligation on dealer financing	$522,951	up to eighteen months

The Company records repurchase and guarantee reserves based on prior experience and known current events. The combined repurchase and recourse reserve balances are approximately $6,486 and $5,040 as of April 30, 2009 and July 31, 2008, respectively.

	Three Months Ended April 30, 2009	Three Months Ended April 30, 2008	Nine Months Ended April 30, 2009	Nine Months Ended April 30, 2008
Cost of units repurchased	$ 5,852	$ 2,239	$ 26,559	$ 4,993
Realization on units resold	5,078	1,614	21,644	4,049
Losses due to repurchase	$ (774)	$ (625)	$ (4,915)	$ (944)

The increase in losses due to repurchase resulted from the more difficult market for the recreation vehicle business. We increased our reserve for repurchases and guarantees at July 31, 2008 and at April 30, 2009.

10. Provision for Income Taxes

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, 2009, no material change relative to accrued unrecognized tax benefits was recorded and $1,476 in interest and penalties has been accrued.

The Company anticipates a decrease of approximately $1,135 in unrecognized tax benefits within the next 12 months from (1) expected settlements or payments of uncertain tax positions, and (2) lapses of the applicable

statutes of limitations. Actual results may differ materially from this estimate.

11. Retained Earnings

The components of changes in retained earnings are as follows:

Balance as of July 31, 2008	$ 675,928
Net Loss	(7,638)
Dividends Paid	(11,643)
Balance as of April 30, 2009	$ 656,647

12. Line of Credit

The Company had a $30,000 unsecured revolving line of credit which bore interest at prime less 2.15% and expired on November 30, 2008. The Company decided not to renew the unsecured revolving line of credit and allowed it to expire on November 30, 2008. The decision not to renew the line of credit was based on our strong cash position combined with our expectation that we will have the ability to borrow at favorable rates against our ARS, if needed. As a result, we did not anticipate utilizing the line of credit and did not want to incur the cost of maintaining it. There was no outstanding balance at July 31, 2008.

13. 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 approximately 90% of FreedomRoads Holding Company, LLC (FreedomRoads), the parent company of one of the Company s dealers, and 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 to enable FreedomRoads to repay its principal obligations under floorplan financing arrangements with third parties in respect of products of the Company and its subsidiaries.

The principal amount of the First Loan is payable in full on January 15, 2014 and bears interest at a rate of 12% per annum. Interest is payable in kind for the first year and is payable in cash on a monthly basis thereafter.

In connection with the First Loan, the Borrowers caused FreedomRoads 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 and its subsidiaries. The term of this agreement continues until the repayment in full of the First Loan under the First Credit Agreement (including any refinancing or replacement thereof).

On January 30, 2009, the Company entered into a Second Credit Agreement (the Second Credit Agreement and together with the First Credit Agreement, the Credit Agreements) with the Borrowers pursuant to which the Company loaned an additional $10,000 to the Borrowers (the Second Loan and together with the First Loan, the Loans). 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 to be used by FreedomRoads to purchase the Company s products.

The principal amount of the Second Loan is payable in full on January 29, 2010 and bears interest at a rate of 12% per annum. Interest is payable in cash and the first interest payment was due and paid in full on April 30, 2009. The remaining interest payment dates are: July 31, 2009, October 30, 2009 and January 29, 2010.

The Credit Agreements contain customary representations and warranties, affirmative and negative covenants, events of default and acceleration provisions for loans of this type.

The obligations of the Borrowers under the Credit Agreements are guaranteed by FreedomRoads and are secured by a first priority security interest in all of the direct and indirect legal, equitable and beneficial interests of the Borrowers in FreedomRoads.

In connection with the Second Loan, the FR Dealers and the Company amended their prior agreement pursuant to which the FR Dealers agreed to purchase additional recreation vehicles from the Company and its subsidiaries to provide that the term of this agreement now continues until the repayment in full of the Loans (including any refinancing or replacement thereof).

14. Thor CC, Inc.

In March 1994, the Company and a financial services company formed a joint venture, Thor Credit Corporation, to finance the sale of recreation vehicles to consumer buyers. This joint venture was dissolved in September 2008 after the joint venture partner informed us that it was no longer providing retail financing for recreation vehicles. We recovered our investment of $1,578 upon dissolution.

In November 2008, the Company announced that it will again be providing retail financing for recreation vehicle customers of Thor dealers through the Company s wholly owned subsidiary, Thor CC, Inc. (Thor CC). The new business, which is led by employees of the former joint venture, will finance new Thor and used recreation vehicle products sold by our dealers.

The retail financing to be provided by Thor CC will be funded by Thor s operating cash flow. We anticipate that we will allocate approximately $10,000 which will be used to fund retail loans. The retail loans will then be sold to banks with which Thor CC has established relationships, and the proceeds of such sales will then be available to make new loans. We do not anticipate any significant impact to our liquidity and capital resources beyond the $10,000 that we have allocated to Thor CC. The retail loans will be made to prime and super prime customers with high credit scores. We expect to outsource the servicing of the loans.

As of June 2, 2009, Thor CC offered retail financing through Thor recreation vehicle dealers in the following states: Alabama, Florida, Georgia, Maryland, North Carolina, South Carolina, Tennessee and Virginia. We expect that Thor CC will expand its lending ability beyond these states in the future.

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15. Liquidation of Insurance Subsidiary

The Company does not intend to insure any future risks through its insurance subsidiary because of the uncertainty of the timing of the deductibility of the insurance premium. Further, the Company does not believe that the future benefits of the insurance subsidiary, including the risk shifting and risk distribution among the Company s operating subsidiaries, are in excess of the administrative cost of maintenance. The Company is in the process of liquidating the entity.

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

Unless otherwise indicated, all amounts presented in thousands of dollars except unit, share and per share data.

Executive Overview

We were founded in 1980 and have grown to be the largest manufacturer of Recreation Vehicles (RVs) and a major manufacturer of commercial buses in North America. Our market share in the travel trailer and fifth wheel segment of the industry (towables) is approximately 32.6%. In the motorized segment of the industry we have a market share of approximately 16.7%. Our market share in small and mid-size buses is approximately 41%. We also manufacture and sell 30-foot buses, 35-foot buses, and 40-foot buses.

Our growth has been internal and by acquisition. Our strategy has been to increase our profitability in North America in the recreation vehicle industry and in the bus business through product innovation, service to our customers, manufacturing quality products, improving 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. We have invested significant capital to modernize, improve and expand our plant facilities and expended $14,815 for that purpose in fiscal year 2008.

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

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

In November 2008, the Company announced that it will again be providing retail financing for recreation vehicles of Thor dealers through the Company s wholly owned subsidiary, Thor CC, Inc. (Thor CC). The new business will finance new Thor and used recreation vehicle products sold by our dealers.

The retail financing to be provided by Thor CC will be funded by Thor s operating cash flow. We anticipate that we will allocate approximately $10,000 which will be used to fund retail loans. The retail loans will then be sold to banks with which Thor CC has established relationships, and the

proceeds of such sales will then be available to make new loans. We do not anticipate any significant impact to our liquidity and capital resources beyond the $10,000 that we have allocated to Thor CC. The retail loans will be made to prime and super prime customers with high credit scores. We expect to outsource the servicing of the loans.

Thor CC currently offers retail financing through Thor recreation vehicle dealers in the following states: Alabama, Florida, Georgia, Maryland, North Carolina, South Carolina, Tennessee and Virginia. We expect that Thor CC will expand its lending ability beyond these states in the future.

One of our recreation vehicle dealers accounted for 14.5% of RV net sales for the three months ended April 30, 2009 and 12.5% for the nine months ended April 30, 2009.

Trends and Business Outlook

Industry conditions in the RV market have been adversely affected by the lack of available wholesale and retail financing and low consumer confidence. As a result, market conditions continue to be soft and we anticipate this weakness to continue for the remainder of 2009.

The motorized market has been significantly impacted by current market conditions. The volatility of fuel prices and the tightening of the retail credit markets are placing pressure on retail sales and our dealers continue to be cautious in the amount of inventory they are willing to carry. Based on the foregoing, for the nine months ended April 30, 2009 net sales in our motorized segment decreased 69.8% compared to the nine months ended April 30, 2008. Our towable market has also been significantly impacted albeit less than our motorized market as the price of a towable recreation vehicle is generally about one-fourth that of a motorhome and sales of more expensive recreation vehicles have suffered greater in the current economic downturn. Dealers continue to sell older model-year units before replacing them with new products. The decline in wholesale demand has directly impacted our gross margins as we have had to increase our discounts to maintain competitive pricing. For the nine months ended April 30, 2009, net sales in our towables segment decreased 52.5% compared to the nine months ended April 30, 2008. These significant decreases in net sales, offset in part by increases in net sales in our bus segment, were primarily responsible for the loss before income taxes for the nine months ended April 30, 2009 of $10,129 compared to income before income taxes of $140,026 for the nine months ended April 30, 2008. The decrease was also due to a non-cash goodwill impairment charge of $9,717 for the goodwill associated with an operating subsidiary in the motorized reportable segment, trademark impairment of $564 associated with an operating subsidiary in the motorized reportable segment and one-time charges of $4,700 associated with an increase to our insurance reserves of $4,000 and to legal and settlement costs of $700.

The Company has reacted to the difficult business environment by scaling back its activities and reducing its workforce. If the current market environment persists, we may have to take additional cost-cutting measures including idling additional plants, if necessary.

We believe an important determinant of demand for recreation vehicles is demographics. The baby boomer population is now reaching retirement age and retirees are a large market for our products. The baby boomer retiree population in the United States is expected to grow faster than the total

United States population. We believe a primary indicator of the strength of the recreation vehicle industry is retail RV sales, which we closely monitor to determine industry trends. Recently, although the entire RV industry has been weak, the towable segment of the RV industry has been stronger than the motorized segment. For the towable segment, retail unit sales as reported by Statistical Surveys, Inc. were down approximately 42% for the three months ended March 31, 2009 compared with the same period last year. For the motorized segment, retail unit sales were down approximately 53%. A difficult credit environment and declining consumer confidence have slowed retail recreation vehicle sales and appear to affect the motorized segment more severely.

Economic or industry-wide factors affecting our recreation vehicle business include raw material costs of commodities used in the manufacture of our product. Material cost is the primary factor determining our cost of products sold. Material costs have generally been flat in 2009. Future increases in raw material may impact our profit margins negatively if we were unable to raise prices for our products by corresponding amounts.

When consumer confidence improves from its current historic low level and retail and wholesale credit availability improve, we expect to see a rebound in sales and expect to benefit from our ability to rapidly ramp up production in an industry with fewer competitors than before. We have been increasing our market share in the towable and motorized segments and we expect the trend to continue.

Government entities are primary users of our buses. Demand in this segment is subject to fluctuations in government spending on transit. In addition, hotel and rental car companies are also major users of our small and mid-size buses and therefore airline travel is an important indicator for this market. The majority of our buses have a 5-year useful life and are being continuously replaced by operators. Bus sales may benefit from the U.S. government s emphasis on mass transportation in the American Reinvestment and Recovery Act stimulus package.

We do not expect the current condition of the U.S. auto industry, including the recent bankruptcy filings of General Motors and Chrysler, to have a significant impact on our supply of chassis. In addition to General Motors and Chrysler, the Company purchases chassis from Ford, Navistar, and Daimler Benz. Supply of chassis is adequate for now and we believe that on-hand inventory would compensate for changes in supply schedules if they occur. To date, we have not noticed any unusual cost increases from our chassis suppliers. If the condition of the U.S. auto industry significantly worsens, this could result in supply interruptions and a decrease in our sales and earnings while we obtain replacement chassis from other sources.

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Three Months Ended April 30, 2009 vs.
Three Months Ended April 30, 2008

	Three Months Ended 4/30/2009	Three Months Ended 4/30/2008	Change Amount	%
NET SALES:				
Recreation Vehicles				
Towables	$ 264,317	$ 480,020	$ (215,703)	(44.9)
Motorized	47,724	120,940	(73,216)	(60.5)
Total Recreation Vehicles	312,041	600,960	(288,919)	(48.1)
Buses	103,431	106,971	(3,540)	(3.3)
Total	$ 415,472	$ 707,931	$ (292,459)	(41.3)
# OF UNITS:				
Recreation Vehicles				
Towables	12,086	21,296	(9,210)	(43.2)
Motorized	671	1,570	(899)	(57.3)
Total Recreation Vehicles	12,757	22,866	(10,109)	(44.2)
Buses	1,551	1,597	(46)	(2.9)
Total	14,308	24,463	(10,155)	(41.5)

		% of Segment Net Sales		% of Segment Net Sales	Change Amount	%
GROSS PROFIT:						
Recreation Vehicles						
Towables	$ 34,062	12.9	$ 69,731	14.5	$ (35,669)	(51.2)
Motorized	1,910	4.0	10,671	8.8	(8,761)	(82.1)
Total Recreation Vehicles	35,972	11.5	80,402	13.4	(44,430)	(55.3)
Buses	10,475	10.1	9,597	9.0	878	9.1
Total	$ 46,447	11.2	$ 89,999	12.7	$ (43,552)	(48.4)
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:						
Recreation Vehicles						
Towables	$ 15,809	6.0	$ 27,835	5.8	$ (12,026)	(43.2)
Motorized	3,729	7.8	7,279	6.0	(3,550)	(48.8)

Total Recreation Vehicles	19,538	6.3	35,114	5.8	(15,576)	(44.4)
Buses	9,244	8.9	4,293	4.0	4,951	115.3
Corporate	5,189		8,496		(3,307)	(38.9)
Total	$ 33,971	8.2	$ 47,903	6.8	$ (13,932)	(29.1)
INCOME (LOSS) BEFORE INCOME TAXES:						
Recreation Vehicles						
Towables	$ 18,374	7.0	$ 42,014	8.8	$ (23,640)	(56.3)
Motorized	(11,514)	(24.1)	3,390	2.8	(14,904)	(439.6)
Total Recreation Vehicles	6,860	2.2	45,404	7.6	(38,544)	(84.9)
Buses	1,243	1.2	5,113	4.8	(3,870)	(75.7)
Corporate	(3,531)		(6,177)		2,646	42.8
Total	$ 4,572	1.1	$ 44,340	6.3	$ (39,768)	(89.7)

	As of April 30, 2009	As of April 30, 2008	Change Amount	%
ORDER BACKLOG:				
Recreation Vehicles				
Towables	$ 180,075	$ 194,938	$ (14,863)	(7.6)
Motorized	33,287	81,499	(48,212)	(59.2)
Total Recreation Vehicles	213,362	276,437	(63,075)	(22.8)
Buses	228,084	249,533	(21,449)	(8.6)
Total	$ 441,446	$ 525,970	$ (84,524)	(16.1)

CONSOLIDATED

Net sales and gross profit for the three months ended April 30, 2009 were down 41.3% and 48.4%, respectively, compared to the three months ended April 30, 2008. Selling, general and administrative expenses for the three months ended April 30, 2009 decreased 29.1% compared to the three months ended April 30, 2008. Income before income taxes for the three months ended April 30, 2009 was $4,572 as compared to income before taxes for the three months ended April 30, 2008 of $44,340. The specifics on 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 were $5,189 for the three months ended April 30, 2009 compared to $8,496 for the three months ended April 30, 2008. The decrease of $3,307 is due to a decrease of $2,731 in insurance related expense, $600 in incentive based compensation, and $792 in accounting related fees. These decreases were partially offset by increases in legal costs of $530 and non-incentive compensation cost of $242.

Corporate interest income and other income was $930 for the three months ended April 30, 2009 compared to $2,288 for the three months ended April 30, 2008. The decrease of $1,358 is primarily due to a $1,211 decrease in interest income due to lower interest rates and the contractual terms of our auction rate securities which restrict the maximum yearly interest earned.

The overall effective tax rate for the three months ended April 30, 2009 was tax expense at a 54% rate on $4,572 income before income taxes compared to tax expense at a 37.1% rate on $44,340 income before income taxes for the three months ended April 30, 2008. The primary reasons for the increase are additional tax expense for uncertain tax positions pursuant to FIN48, adjustments to various permanent items affected by the Company s return to profitability in the third quarter and income tax credits. In the third quarter the Company adjusted its effective tax rate to record the benefit of Qualified Alternative Fuel Motor Vehicle tax credits for buses manufactured to run on alternative fuel. The Company also recorded a tax benefit for additional research and development tax credits. These benefits were offset partially by additional state tax expense recorded as a result of the finalization of California tax audits. Recording these adjustments to the effective tax rate in the third quarter caused a higher than normal tax rate for the three month period ended April 30, 2009, but the company projects the effective tax rate for the fiscal year to be more comparable to the 24.6% rate for the nine months ended April 30, 2009.

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Segment Reporting

RECREATION VEHICLES

Analysis of Percentage Change in Net Sales Versus Prior Year

	Average Price Per Unit	Units	Net Change
Recreation Vehicles			
Towables	(1.7)%	(43.2)%	(44.9)%
Motorized	(3.2)%	(57.3)%	(60.5)%

TOWABLE RECREATION VEHICLES

The decrease in towables net sales of 44.9% resulted from a 43.2% decrease in unit shipments and a 1.7% decrease in average sales price per unit resulting primarily from mix of product.

The overall industry decrease in wholesale unit shipments of towables for February, March and April 2009 compared to the same period last year was 56.8% according to statistics published by the Recreation Vehicle Industry Association.

Towable gross profit decreased $35,669 to $34,062 or 12.9% of towable net sales for the three months ended April 30, 2009 compared to $69,731 or 14.5% of towable net sales for the three months ended April 30, 2008. The decrease was due to a combination of increased discounts from unit list prices, increased wholesale and retail incentives provided to customers and changes in cost of products sold. Additional discounts and incentives were provided as a result of an overall decline in the recreation vehicle industry.

Cost of products sold decreased $180,034 to $230,255 or 87.1% of towable net sales for the three months ended April 30, 2009 compared to $410,289 or 85.5% of towable net sales for the three months ended April 30, 2008. The change in material, labor, freight-out and warranty comprised $169,808 of the $180,034 decrease in cost of products sold due to decreased sales volume. Material, labor, freight-out and warranty as a percentage of net sales was 78.8% for both the three months ended April 30, 2009 and 2008. Manufacturing overhead as a percentage of net sales increased to 8.3% from 6.7% due to a decrease in production resulting in lower absorption of fixed overhead costs. Manufacturing overhead decreased $10,226 due to lower variable overhead costs, resulting from lower production offset by unabsorbed fixed overhead costs.

Selling, general and administrative expenses were $15,809 or 6.0% of towable net sales for the three months ended April 30, 2009 compared to $27,835 or 5.8% of towable net sales for the three months ended April 30, 2008. The primary reason for the $12,026 decrease in selling, general and administrative expenses was decreased net sales which caused commissions, bonuses, and other compensation to decrease by $9,557. In addition, advertising and selling related costs decreased $810 due to decreased sales activity, legal and settlement costs decreased $653 due to the resolution of various legal and product disputes and accounting and other expenses decreased $1,006.

Towables income before income taxes decreased to 7.0% of towable net sales for the three months ended April 30, 2009 from 8.8% of towable net sales for the three months ended April 30, 2008. The primary factor for this decrease was the loss of gross profit on reduced sales volume of $215,703.

MOTORIZED RECREATION VEHICLES

The decrease in motorized net sales of 60.5% resulted from a 57.3% decrease in unit shipments and a 3.2% decrease in average sales price per unit resulting primarily from mix of product. The overall market decrease in unit shipments of motorhomes was 76.9% for the three month period of February, March and April 2009 compared to the same period last year according to statistics published by the Recreation Vehicle Industry Association.

Motorized gross profit decreased $8,761 to $1,910 or 4.0% of motorized net sales for the three months ended April 30, 2009 compared to $10,671 or 8.8% of motorized net sales for the three months ended April 30, 2008. The decrease in margin was due to a combination of increased discounts from unit list prices, increased wholesale and retail incentives provided to customers and changes in cost of products sold. Additional discounts and incentives were provided as a result of an overall decline in the recreation vehicle industry.

Cost of products sold decreased $64,455 to $45,814 or 96.0% of motorized net sales for the three months ended April 30, 2009 compared to $110,269 or 91.2% of motorized net sales for the three months ended April 30, 2008. The change in material, labor, freight-out and warranty comprised $61,650 of the $64,455 decrease in cost of products sold due to decreased sales volume. Material, labor, freight-out and warranty as a percentage of net sales increased to 84.6% from 84.4%. Manufacturing overhead as a percentage of motorized net sales increased to 11.4% from 6.8% due to a decrease in production resulting in lower absorption of fixed overhead costs. Manufacturing overhead decreased $2,805 due to lower variable overhead costs resulting from lower production offset by unabsorbed fixed overhead costs.

Selling, general and administrative expenses were $3,729 or 7.8% of motorized net sales for the three months ended April 30, 2009 compared to $7,279 or 6.0% of motorized net sales for the three months ended April 30, 2008. The primary reason for the $3,550 decrease was decreased net sales which caused commissions, bonuses, and other compensation to decrease by $2,075. In addition, legal and settlement costs decreased $911 due to the resolution of various legal and product disputes and advertising and selling related costs decreased $386.

Motorized income before income taxes was a negative 24.1% of motorized net sales for the three months ended April 30, 2009 and 2.8% of motorized net sales for the three months ended April 30, 2008. The primary factor for this decrease was the loss of gross profit on reduced sales volume of $73,216 and the $9,717 write-off of goodwill.

BUSES

Analysis of Percentage Change in Net Sales Versus Prior Year

	Average Price Per Unit	Units	Net Change
Buses	(0.4)%	(2.9)%	(3.3)%

The decrease in buses net sales of 3.3% resulted from a 2.9% decrease in unit shipments and a 0.4% decrease in average price per unit resulting primarily from mix of product.

Buses gross profit increased $878 to $10,475 or 10.1% of buses net sales for the three months ended April 30, 2009 compared to $9,597 or 9.0% of buses net sales for the three months ended April 30, 2008. The increase was due to the additional margin we realized on additional features with higher margins included in our buses.

Cost of products sold decreased $4,418 to $92,956 or 89.9% of buses net sales for the three months ended April 30, 2009 compared to $97,374 or 91.0% of buses net sales for the three months ended April 30, 2008. The decrease in material, labor, freight-out and warranty represents $3,987 of the $4,418 decrease in cost of products sold. Material, labor, freight-out and warranty as a percentage of buses net sales decreased to 82.9% from 83.9%. This decrease in percentage of cost of products sold was due to better procurement. Manufacturing overhead decreased $431 which caused manufacturing overhead to decrease to 7.0% from 7.2% as a percentage of buses net sales.

Selling, general and administrative expenses were $9,244 or 8.9% of buses net sales for the three months ended April 30, 2009 compared to $4,293 or 4.0% of buses net sales for the three months ended April 30, 2008. The primary reason for the $4,951 increase in selling, general and administrative expenses was due to a $4,000 increase in self insurance reserves and a $902 increase in legal and settlement costs.

Buses income before income taxes was 1.2% of buses net sales for the three months ended April 30, 2009 compared to 4.8% for the three months ended April 30, 2008. This decrease is primarily due to the increases in selling, general and administrative expenses noted above.

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Nine Months Ended April 30, 2009 vs.
Nine Months Ended April 30, 2008

	Nine Months Ended 4/30/2009	Nine Months Ended 4/30/2008	Change Amount	%
NET SALES:				
Recreation Vehicles				
Towables	$ 664,517	$ 1,398,172	$ (733,655)	(52.5)
Motorized	112,499	372,265	(259,766)	(69.8)
Total Recreation Vehicles	777,016	1,770,437	(993,421)	(56.1)
Buses	303,956	300,400	3,556	1.2
Total	$ 1,080,972	$ 2,070,837	$ (989,865)	(47.8)
# OF UNITS:				
Recreation Vehicles				
Towables	29,732	62,936	(33,204)	(52.8)
Motorized	1,419	4,681	(3,262)	(69.7)
Total Recreation Vehicles	31,151	67,617	(36,466)	(53.9)
Buses	4,648	4,567	81	1.8
Total	35,799	72,184	(36,385)	(50.4)

		% of Segment Net Sales		% of Segment Net Sales	Change Amount	%
GROSS PROFIT:						
Recreation Vehicles						
Towables	$ 68,799	10.4	$ 200,986	14.4	$ (132,187)	(65.8)
Motorized	(2,501)	(2.2)	34,344	9.2	(36,845)	(107.3)
Total Recreation Vehicles	66,298	8.5	235,330	13.3	(169,032)	(71.8)
Buses	28,369	9.3	25,661	8.5	2,708	10.6
Total	$ 94,667	8.8	$ 260,991	12.6	$ (166,324)	(63.7)
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:						
Recreation Vehicles						
Towables	$ 48,223	7.3	$ 80,462	5.8	$ (32,239)	(40.1)

Motorized	15,641	13.9	20,575	5.5	(4,934)	(24.0)
Total Recreation Vehicles	63,864	8.2	101,037	5.7	(37,173)	(36.8)
Buses	17,909	5.9	11,961	4.0	5,948	49.7
Corporate	16,863		20,134		(3,271)	(16.2)
Total	$ 98,636	9.1	$ 133,132	6.4	$ (34,496)	(25.9)
INCOME (LOSS) BEFORE INCOME TAXES:						
Recreation Vehicles						
Towables	$ 21,197	3.2	$ 123,318	8.8	$ (102,121)	(82.8)
Motorized	(28,405)	(25.2)	13,804	3.7	(42,209)	(305.8)
Total Recreation Vehicles	(7,208)	(0.9)	137,122	7.7	(144,330)	(105.3)
Buses	10,263	3.4	12,808	4.3	(2,545)	(19.9)
Corporate	(13,184)		(9,904)		(3,280)	(33.1)
Total	$ (10,129)	(0.9)	$ 140,026	6.8	$ (150,155)	(107.2)

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CONSOLIDATED

Net sales and gross profit for the nine months ended April 30, 2009 were down 47.8% and 63.7%, respectively, compared to the nine months ended April 30, 2008. Selling, general and administrative expenses for the nine months ended April 30, 2009 decreased 25.9% compared to the nine months ended April 30, 2008. The specifics on changes in net sales, gross profit, selling, general and administrative expense and income before income taxes are addressed in the segment reporting below.

Corporate costs in selling, general and administrative were $16,863 for the nine months ended April 30, 2009 compared to $20,134 in the nine months ended April 30, 2008. The decrease of $3,271 is primarily due to decreases of $2,708 in insurance related expense, $1,633 in incentive based compensation, and $553 in audit and tax related fees. These decreases were partially offset by an increase in non-incentive compensation cost of $458. In addition, the Company s provision for probable losses related to vehicle repurchase commitments increased by $1,320 due to higher repurchase activity resulting from decreased demand for recreation vehicles.

Corporate interest income and other income was $4,804 for the nine months ended April 30, 2009 compared to $10,188 for the nine months ended April 30, 2008. The decrease of $5,384 is primarily due to a $4,936 decrease in interest income due to lower interest rates and the contractual terms of our auction rate securities which restrict the maximum yearly interest earned.

The overall effective tax rate for the nine months ended April 30, 2009 was a tax benefit at a 24.6% rate on $10,129 loss before income taxes compared to tax expense at a 37.4% rate on $140,026 income before income taxes for the nine months ended April 30, 2008. The primary reasons for the change in the tax benefit recognized are the adjustment for tax credits for the Qualified Alternative Fuel Motor Vehicles and Research & Development activities, the increase in the FIN 48 liability for uncertain tax positions, the increased impact of specific permanent items when compared to lower income before taxes and the finalization of California tax audits.

SEGMENT REPORTING

RECREATION VEHICLES

Analysis of Percentage Change in Net Sales Versus Prior Year

	Average Price Per Unit	Units	Net Change
Recreation Vehicles			
Towables	0.3%	(52.8%)	(52.5%)
Motorized	(0.1)%	(69.7%)	(69.8%)

TOWABLE RECREATION VEHICLES

The decrease in towables net sales of 52.5% resulted from a 0.3% increase in average price per unit, primarily as a result of mix of products sold, and a 52.8% decrease in unit shipments. The overall industry

decrease in towables for August 2008 through April 2009 was 56.1% according to statistics published by the Recreation Vehicle Industry Association.

Towable gross profit decreased $132,187 to $68,799 or 10.4% of towable net sales for the nine months ended April 30, 2009 compared to $200,986 or 14.4% of towable net sales for the nine months ended April 30, 2008. The decrease in margin was due to a combination of increased discounts from unit list prices, increased wholesale and retail incentives provided to customers and changes in cost of products sold. Additional discounts and incentives were provided as a result of an overall decline in the recreation vehicle industry.

Cost of products sold decreased $601,468 to $595,718 or 89.6% of towable net sales for the nine months ended April 30, 2009 compared to $1,197,186 or 85.6% of towable net sales for nine months ended April 30, 2008. The change in material, labor, freight-out and warranty comprised $566,169 of the $601,468 decrease in cost of products sold due to decreased sales volume. Material, labor, freight-out and warranty as a percentage of towable net sales increased to 80.4% from 78.7%. Manufacturing overhead as a percentage of towable net sales increased to 9.2%, from 6.9,% due to a decrease in production resulting in lower absorption of fixed overhead costs. Manufacturing overhead decreased $35,299 due to lower variable overhead costs, resulting from lower production offset by unabsorbed fixed overhead costs.

Selling, general and administrative expenses were $48,223 or 7.3% of towable net sales for the nine months ended April 30, 2009 compared to $80,462 or 5.8% of towable net sales for the nine months ended April 30, 2008. The primary reason for the $32,239 decrease in selling, general and administrative expenses was decreased net sales which caused commissions, bonuses, and other compensation to decrease by $29,197. In addition, advertising and selling related costs decreased $2,090 due to decreased sales activity and legal and settlement costs decreased $1,359 due to the resolution of various legal and product disputes and accounting and other expenses decreased $2,112. These decreases were offset by increased costs of $2,519 for vehicle repurchase activity.

Towables income before income taxes decreased to 3.2% of towable net sales for the nine months ended April 30, 2009 from 8.8% of towable net sales for the nine months ended April 30, 2008. The primary factor for this decrease of $102,121 was the decreased sales volume of $733,655.

MOTORIZED RECREATION VEHICLES

The decrease in motorized net sales of 69.8% resulted from a 69.7% decrease in unit shipments and a 0.1% decrease in average price per unit. The overall market decrease in motorhome unit shipments was 73.1% for August 2008 through April 2009 according to statistics published by the Recreation Vehicle Industry Association. The decrease in the average price per unit resulted primarily from the mix of products sold.

Motorized gross profit decreased $36,845 to $(2,501) or negative 2.2% of motorized net sales for the nine months ended April 30, 2009 compared to $34,344 or 9.2% of motorized net sales for the nine months ended April 30, 2008. The decrease in margin was due to decreased sales and a combination of increased discounts from unit list prices, increased wholesale and retail incentives provided to customers and changes in cost of products sold. Additional discounts and incentives were provided as a result of an overall decline in the recreation vehicle industry.

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Cost of products sold decreased $222,921 to $115,000 or 102.2% of motorized net sales for the nine months ended April 30, 2009 compared to $337,921 or 90.8% of motorized net sales for the nine months ended April 30, 2008. The change in material, labor, freight-out and warranty comprises $214,737 of the $222,921 decrease in cost of products sold due to decreased sales volume. Material, labor, freight-out and warranty as a percentage of motorized net sales increased to 88.4% from 84.4%. This increase in cost was due to product mix. Manufacturing overhead as a percentage of motorized net sales increased to 13.8% from 6.4% due to a decrease in production resulting in lower absorption of fixed overhead costs. Manufacturing overhead decreased $8,184 due to lower variable overhead costs resulting from lower production offset by unabsorbed fixed overhead costs.

Selling, general and administrative expenses were $15,641 or 13.9% of motorized net sales for the nine months ended April 30, 2009 compared to $20,575 or 5.5% of motorized net sales for the nine months ended April 30, 2008. The primary reason for the $4,934 decrease was decreased net sales which caused commissions, bonuses, and other compensation to decrease by $6,253. In addition, advertising and selling related costs decreased $897. These decreases were offset by increases of $996 for legal and settlement costs due to increases in various legal and product disputes and increased costs of $1,452 related to vehicle repurchase activity.

Motorized income before income taxes was a negative 25.2% of motorized net sales for the nine months ended April 30, 2009 and a positive 3.7% of motorized net sales for the nine months ended April 30, 2008.

BUSES

Analysis of Percentage Change in Net Sales Versus Prior Year

	Average Price Per Unit	Units	Net Change
Buses	(.6%)	1.8%	1.2%

The increase in buses net sales of 1.2% resulted from a 1.8% increase in unit shipments offset by a ..6% decrease in average price per unit resulting from product mix.

Buses gross profit increased $2,708 to $28,369 or 9.3% of buses net sales for the nine months ended April 30, 2009 compared to $25,661 or 8.5% of buses net sales for the nine months ended April 30, 2008. The increase in margin was due to additional features with higher margins included in our buses.

Cost of products sold increased $848 to $275,587 or 90.7% of buses net sales for the nine months ended April 30, 2009 compared to $274,739 or 91.5% of buses net sales for the nine months ended April 30, 2008. The increase in material, labor, freight-out and warranty represents $203 of the $848 increase in cost of products sold. Material, labor, freight-out and warranty as a percentage of buses net sales decreased to 83.0% from 83.9%. This decrease in percentage of cost of products sold was due to a combination of better procurement and higher sales. Manufacturing overhead increased $645 which caused manufacturing overhead to increase to 7.7% from 7.6% as a percentage of buses net sales.

Selling, general and administrative expenses were $17,909 or 5.9% of buses net sales for the nine months ended April 30, 2009 compared to $11,961 or 4.0% of buses net sales for the nine months ended

April 30, 2008. The primary reason for the increase of $5,948 in selling, general and administrative expenses was a $4,010 increase in self insurance reserves. Additionally, legal and settlement costs increased $1,142 and commissions and incentive based compensation increased $738 due to the increase in sales.

Buses income before income taxes decreased to 3.4% of buses net sales for the nine months ended April 30, 2009 from 4.3% for the nine months ended April 30, 2008, primarily due to the increase in selling, general and administrative expenses described above.

Financial Condition and Liquidity

As of April 30, 2009, we had $177,878 in cash and cash equivalents compared to $189,620 on July 31, 2008. Reference is made to Note 6 to our condensed consolidated financial statements contained elsewhere in this Report for a description of developments related to our investments in ARS.

Working capital at April 30, 2009 was $283,436 compared to $279,504 at July 31, 2008. We have no long-term debt. Capital expenditures of approximately $4,652 for the nine months ended April 30, 2009 were made primarily to upgrade IT systems and replace machinery and equipment used in the ordinary course of business.

The Company anticipates additional capital expenditures in fiscal 2009 of approximately $2,000. These expenditures will be made primarily for replacement and upgrading of machinery and 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.

Critical Accounting Principles

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

Impairment of Goodwill, Trademarks and Long-Lived Assets

At least annually we review the carrying amount of goodwill and trademarks with indefinite useful lives. Long-lived assets, identifiable intangibles that are amortized, goodwill and trademarks with indefinite useful lives are also reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable from future cash flows. This review is performed using estimates of future cash flows. If the carrying amount of a long-lived asset is considered impaired, an impairment charge is recorded for the amount by which the carrying amount of the long-lived asset exceeds its fair value. Management believes that the estimates of future cash flows and fair values are

reasonable; however, changes in estimates of such cash flows and fair values could affect the evaluations.

Insurance Reserves

Generally, we are self-insured for workers compensation and group medical insurance. Under these plans, liabilities are recognized for claims incurred, including those incurred but not reported, and changes in the reserves. 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 reserve requirements and historical claims experience. Group medical reserves are estimated using historical claims experience. We have a self-insured retention for products liability and personal injury matters of $5,000 per occurrence. We have established a reserve on our balance sheet for such occurrences based on historical data and actuarial information. We maintain excess liability insurance aggregating $25,000 with outside insurance carriers to minimize our risks related to catastrophic claims in excess of all our self-insured positions. Any material change in the aforementioned factors could have an adverse impact on our operating results.

Warranty

We provide customers of our products with a warranty covering defects in material or workmanship for primarily one year with longer warranties of up to five years 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 reserve is adequate; however, actual claims incurred could differ from estimates, requiring adjustments to the reserves. Warranty reserves are reviewed and adjusted as necessary on a quarterly basis.

Income Taxes

The Company accounts for income taxes under the provisions of SFAS No. 109, Accounting for 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 the Company s financial statements or tax returns. Judgment is required in assessing the future tax consequences of events that have been recognized in the Company s financial statements or tax returns. Fluctuations in the actual outcome of these tax consequences could materially impact the Company s financial position or its results of operations.

Revenue Recognition

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

1) An order for a product has been received from a dealer;

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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 under cash on delivery (COD) terms. The Company recognizes revenue on COD sales upon payment and delivery. Most sales are made by 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. On average, the Company receives payments from floorplan lenders on products sold to dealers within 15 days of the invoice date.

Repurchase Commitments

It is customary practice for companies in the recreation vehicle industry to enter into repurchase agreements with financing institutions to provide financing to their dealers. Generally, these agreements provide for the repurchase of products from the financing institution in the event of a dealer s default. The risk of loss under these agreements is spread over numerous dealers and further reduced by the resale value of the units which the Company would be required to repurchase. Although losses under these agreements have increased in the past nine months, they have not been significant in the periods presented in the consolidated financial statements, and management believes that any future losses under these agreements will not have a significant effect on the Company s consolidated financial position or results of operations. The Company records repurchase reserves based on prior experience and known current events.

Investments

We have an investment portfolio comprised of taxable and tax-exempt auction rate securities. The value of these securities is subject to market volatility for the period we hold these investments and until their sale or maturity. We recognize realized losses when declines in the fair value of our investments, below their cost basis, are judged to be other-than-temporary. In determining whether a decline in fair value is other-than-temporary, we consider various factors including market price (when available), investment ratings, the length of time and the extent to which the fair value has been less than our cost basis, auction success and failure rates, and our intent and ability to hold the investment until maturity or for a period of time sufficient to allow for any anticipated recovery in market value. We make significant judgments in considering these factors. If it is judged that a decline in fair value is other-than-temporary, the investment is valued at the current fair value and a realized loss equal to the decline is reflected in net income which could materially adversely affect our operating results.

Accounting Pronouncements

In December 2007, the FASB issued SFAS 141R, *Business Combinations* (SFAS 141R) which is effective as of the beginning of an entity s first fiscal year beginning after December 15, 2008. This standard will significantly change the accounting for business acquisitions both during the period of the acquisition

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and in subsequent periods. Among the more significant changes in the accounting for acquisitions are the following:

- Transaction costs, many of which are currently treated as costs of the acquisition, will generally be expensed.
- In-process research and development will be accounted for as an asset, with the cost recognized as the research and development is realized or abandoned. These costs are currently expensed at the time of the acquisition.
- Contingencies, including contingent consideration, will generally be recorded at fair value with subsequent adjustments recognized in operations. Contingent consideration is currently accounted for as an adjustment of the purchase price.
- Decreases in valuation allowances on acquired deferred tax assets will be recognized in operations. Previously such changes were considered to be subsequent changes in consideration and were recorded as decreases in goodwill.

The affects of implementing SFAS 141R on the Company s financial position, results of operations, and cash flows will depend on future acquisitions.

In April 2009, FASB issued FSP FAS 157-4, Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly. This FSP provides additional guidance on estimated fair value when the volume and level of activity for an asset or liability have significantly decreased in relation to normal market activity for the asset or liability. The FSP also provides additional guidance on circumstances that may indicate that a transaction is not orderly. FSP FAS 157-4 is effective for interim and annual periods ending after June 15, 2009.

In April 2009, the FASB issued FSP SFAS 107-1, Interim Disclosures about Fair Value of Financial Instruments. FSP SFAS 107-1 require disclosures about fair value of financial instruments in interim and annual financial statements. FSP SFAS 107-1 are effective for periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009.

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. These forward looking statements involve uncertainties and risks. There can be no assurance that actual results will not differ from the Company s expectations. Factors which could cause materially different results include, among others, additional issues that may arise in connection with the findings of the completed investigation of the Audit Committee of the Board of Directors and the SEC s requests for additional information, fuel prices, fuel availability, lower consumer confidence, interest rate increases, tight lending practices, increased material costs, the success of new product introductions, the pace of acquisitions, cost structure improvements, the impact of the auction market failures on our liquidity, 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, 2008 and Part II, Item 1A of this Quarterly Report on Form 10-Q. The Company disclaims any obligation or undertaking to disseminate any updates or revisions to any change in expectation of the Company after the date hereof or any change in events, conditions or circumstances on which any statement is based except as required by law.

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ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

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

Reference is made to Note 6 to our condensed consolidated financial statements contained elsewhere in this Report for a description of developments related to our investments in ARS.

In January 2009 we entered into two credit agreements 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 we made two $10,000 loans to the Borrowers. The first loan is payable in full on January 15, 2014 and the second loan is payable in full on January 29, 2010. The Borrowers own approximately 90% of FreedomRoads Holding Company, LLC (FreedomRoads) the parent company of one of our dealers. The loans are guaranteed by FreedomRoads and are secured by a first priority security interest in all of the direct and indirect legal, equitable and beneficial interests of the Borrowers in FreedomRoads. While we believe that the notes receivable from the Borrowers are collectible, a deterioration in the liquidity or credit worthiness of the Borrowers or FreedomRoads could impact the collectibility of the notes receivable.

ITEM 4. Controls and Procedures

The Company maintains disclosure controls and procedures , as such term is defined under Securities 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, the Company s management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and the Company s management necessarily was 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 the Company s management, including its 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 the Company s disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC s rules and forms.

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During the three months ended on April 30, 2009, there were no material 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.

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PART II Other Information

ITEM 1. LEGAL PROCEEDINGS.

The SEC is reviewing the facts and circumstances giving rise to the restatement of our previously issued financial statements as of July 31, 2006 and 2005, and for each of the years in the three-year period ended July 31, 2006, and the financial results in each of the quarterly periods in 2006 and 2005, and our financial statements as of and for the three months ended October 31, 2006 and related matters. We are cooperating fully with the SEC. The investigation by the SEC staff could result in the SEC seeking various penalties and relief, including, without limitation, civil injunctive relief and/or civil monetary penalties or administrative relief. The nature of the relief or remedies the SEC may seek, if any, cannot be predicted at this time.

Thor has been named in approximately 38 complaints, some of which were originally styled as putative class actions (with respect to which class certification was ultimately denied) and some of which were filed by individual plaintiffs, filed against manufacturers of travel trailers and manufactured homes supplied to the Federal Emergency Management Agency (FEMA) for use as emergency living accommodations in the wake of Hurricanes Katrina and Rita. The complaints have been transferred to the Eastern District of Louisiana by the federal panel on multidistrict litigation for consideration in a matter captioned In re FEMA Trailer Formaldehyde Products Liability Litigation, Case Number MDL 07-1873, United States District Court for the Eastern District of Louisiana. The complaints generally assert claims for damages (for health related problems, medical expenses, emotional distress and lost earnings) and for medical monitoring costs due to the presence of formaldehyde in the units. Some of the lawsuits also seek punitive and/or exemplary damages. Thus far, however, none of the lawsuits allege a specific amount of damages sought and instead make general allegations about the nature of the plaintiffs claims without placing a dollar figure on them. Thor strongly disputes the allegations in these complaints, and intends to vigorously defend itself in all such matters.

In addition, we are involved in certain litigation arising out of our operations in the normal course of our business most of which are based upon state lemon laws, warranty claims, other claims and accidents (for which we carry insurance above a specified deductible amount). We do not believe that any one of these claims is material.

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, 2008 except as provided below:

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

In accordance with customary practice in the recreation vehicle industry, upon the request of a lending institution financing a dealer s purchase of our products we will execute a repurchase agreement with the lending institution. Repurchase agreements provide that, for up to 18 months after a recreation vehicle is financed and in the event of default by the dealer, we will repurchase the recreation vehicle repossessed by the lending institution for the amount then due, which is usually less than 100% of the

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dealer s cost. The difference between the gross repurchase price and the price at which the repurchased product can then be resold, which is typically at a discount to the original sale price, is an expense to us. Thus, if we were obligated to repurchase a substantially greater number of recreation vehicles in the future, this would increase our costs. In difficult economic times this amount could become material.

Certain of our notes receivable may have collectability risk.

In January 2009 we entered into two credit agreements 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 we made two $10 million loans to the Borrowers. The first loan is payable in full on January 15, 2014 and the second loan is payable in full on January 29, 2010. The Borrowers own approximately 90% of FreedomRoads Holding Company, LLC (FreedomRoads) the parent company of one of our largest dealers. The loans are guaranteed by FreedomRoads and are secured by a first priority security interest in all of the direct and indirect legal, equitable and beneficial interests of the Borrowers in FreedomRoads. While we believe that the notes receivable from the Borrowers are collectible, deterioration in the liquidity or credit worthiness of the Borrowers or FreedomRoads could impact the collectability of the notes receivable. In addition, deterioration in the liquidity or credit worthiness of FreedomRoads could negatively impact our sales and accounts receivable and could trigger repurchase obligations under our repurchase agreements.

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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 2002.
32.2	Chief Financial Officer s Certification furnished pursuant to Section 906 of the Sarbanes-Oxley Act 2002.

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 9, 2009

/s/ Wade F. B. Thompson
Wade F. B. Thompson
Chairman of the Board, President and Chief Executive Officer

DATE: June 9, 2009

/s/ Christian G. Farman
Christian G. Farman
Senior Vice President and Chief Financial Officer