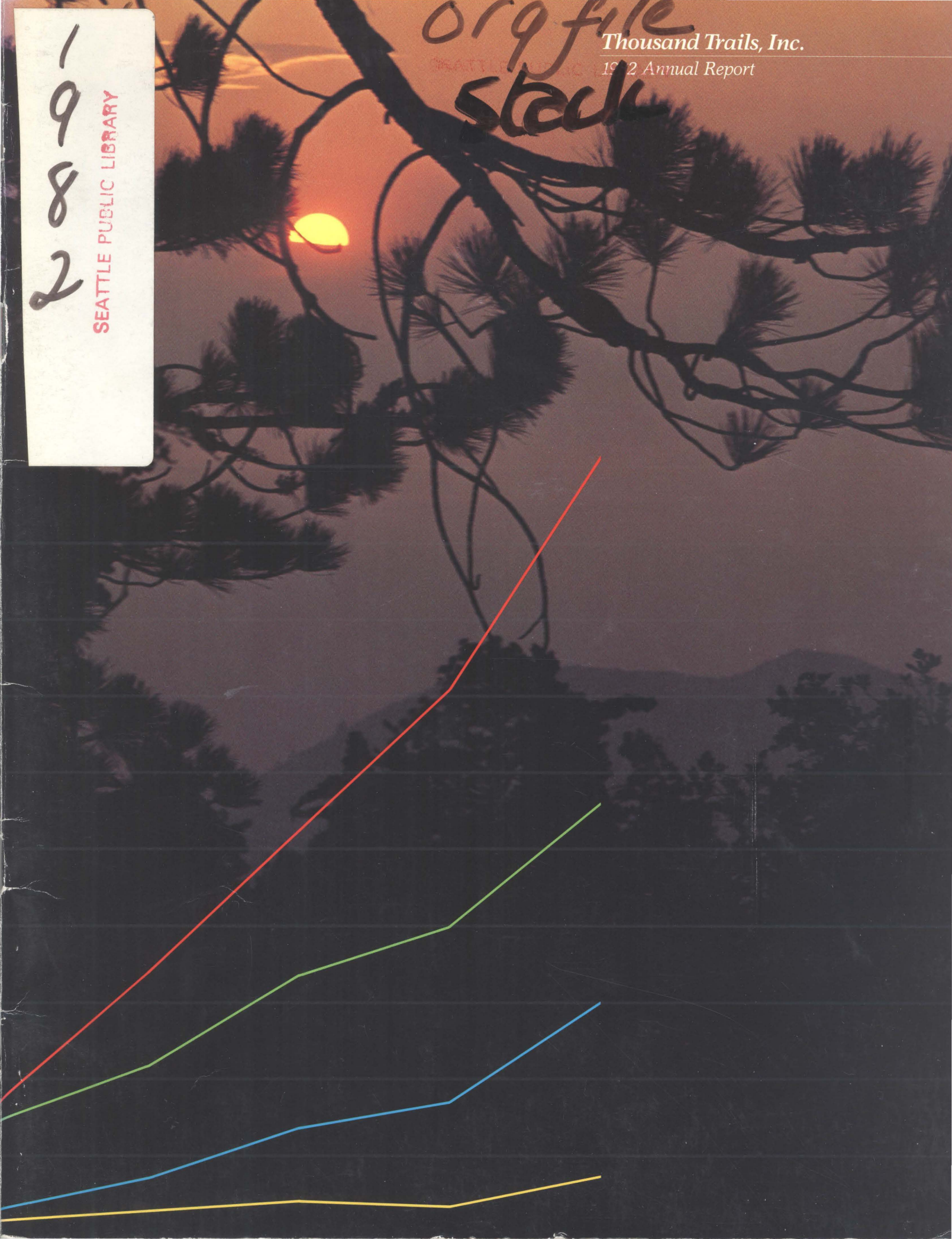


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Thousand Trails, Inc.

1992 Annual Report



The graph shown on the cover represents performance statistics for 1978 through 1982. Full details are included in the graph on page 2.

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The Company

Thousand Trails is an organization which owns, operates and sells memberships in resort campgrounds throughout the Pacific Northwest, British Columbia (Canada), California, Nevada and Texas. Each preserve (as the campgrounds are called) is a destination site for families who love the outdoors and appreciate top quality facilities and a fine staff of support personnel. All preserves are distinguished by their natural beauty, surrounding attractions, and a full complement of well-planned amenities. These amenities include swimming pools, indoor recreation centers, tennis, basketball and athletic courts, game fields and playgrounds, hiking trails and open space. Individual campsites are developed with special care to ensure privacy and to provide full conveniences for members. Shower and restroom facilities are light, clean and well maintained. Trained maintenance and security staff are on duty at all times. Planned and supervised recreational activities are organized at each preserve in response to member interest. A lifetime family membership entitles the purchaser to use any existing or future location for an unlimited number of visits of up to two weeks at a time. The Company owns all of its preserves with the exception of its La Conner, Washington site which is leased through the year 2028.

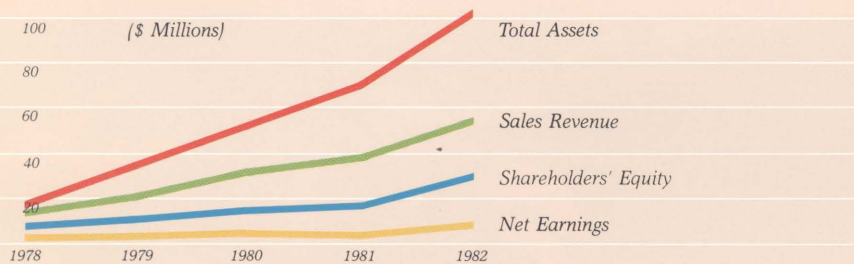
A Thousand Trails membership offers a sensible alternative for thousands of families who are aware of the shortcomings of existing state and national campgrounds and the problems associated with declining public campsite availability and security.

As the Company matures, increasing attention is being paid to the development of people and systems. The Thousand Trails product has come of age, as has the Company's ability to manage and sell that product.



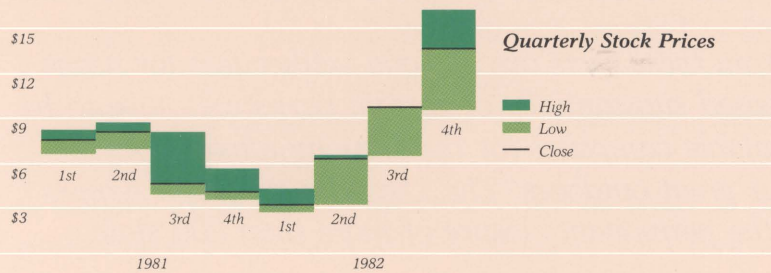
Operating Highlights

<i>Year ended December 31,</i>	<i>1982</i>	<i>1981</i>
Membership sales	\$56,454,000	\$40,006,000
Net earnings	\$ 7,761,000	\$ 3,327,000
Earnings per share		
Primary	\$1.45	\$.71
Fully diluted	\$1.34	\$.68
Weighted average shares and equivalents (primary basis)	5,332,000	4,723,000
Shareholders' equity per share	\$5.52	\$3.90
Number of shareholders	1,459	1,507
Employees	745	675
Family memberships	38,100	27,600
Preserves	21	15



National Market System

Effective February 7, 1983, the Company elected to participate in the new NASD National Market System. Thousand Trails has been designated as a "Tier One" company and quotations of price and volume of its common stock are currently listed separately and highlighted in the "over-the-counter market" reports of most leading daily newspapers under the heading "NASDAQ National Market." The Company believes this service provides its shareholders with benefits equivalent to an exchange listing, because it generally has over 15 market makers in its stock compared with one specialist for listed stocks.



"We provide a better alternative"

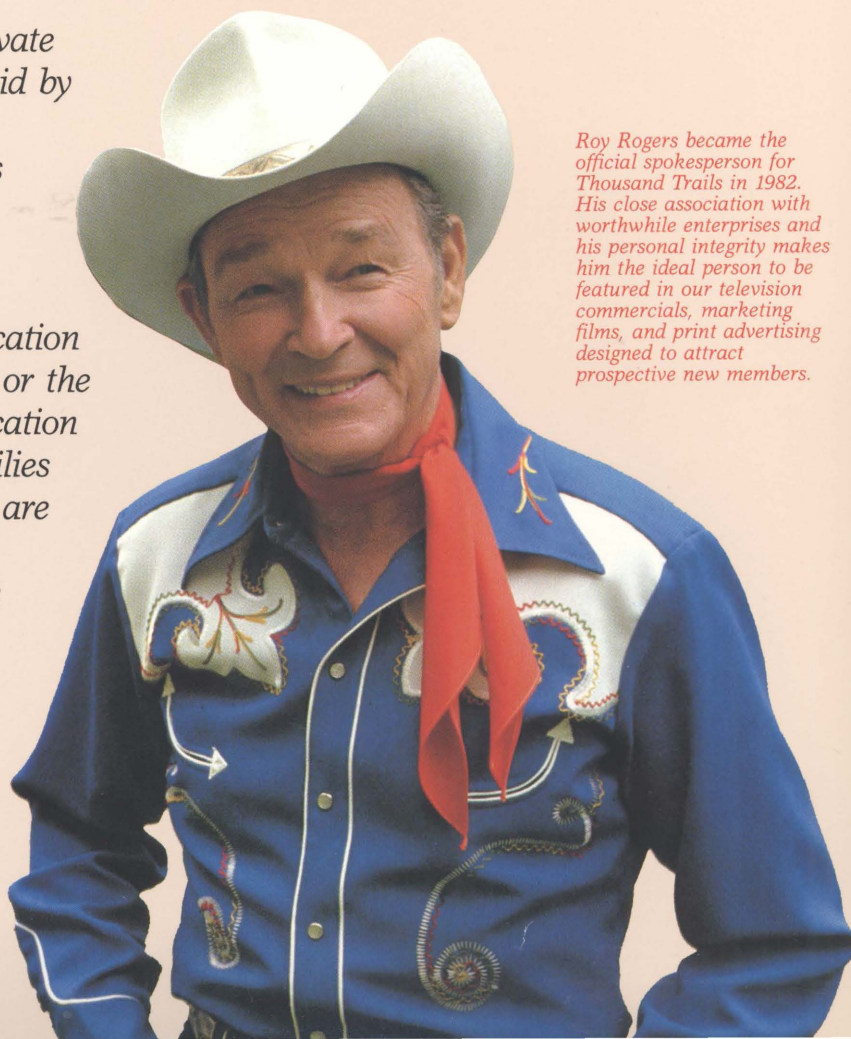
In the early 1960s, the federal government had a seemingly endless supply of funds and an attitude of providing everything for everybody. Though well-intentioned, this strategy has now depleted Uncle Sam's "coffers" to the extent that funds now available for maintaining the National Parks System are substantially inadequate. This lack of funds has, out of necessity, caused reductions in both size and number of facilities available, which when coupled with an ever-increasing demand, has resulted in overcrowding of the remaining parks. In addition, security and maintenance previously provided have been severely curtailed.

Governmental funding available for the National Parks System is expected to decline even further. According to the General Accounting Office, operation and maintenance costs per visitor at national parks between 1971 and 1981 increased by 149%, while entrance fee receipts per visitor declined 30% for the same period.

Conclusions to be drawn from these facts are obvious—either fees for usage of national parks must be increased substantially or certain parks will have to be closed, further reducing the available campsites for the growing number of Americans desiring to utilize our great outdoors. The Department of the Army's Corps of Engineers documents the permanent closure of more than 200 state parks in 1982.

Thousand Trails, as part of the private sector, intends to continue to fill this void by providing professionally managed, well-maintained, private campground resorts with 24-hour security for the exclusive use of its members.

Ten to twenty years ago, middle income families could well afford to vacation at luxurious resorts in Hawaii, Mexico or the Caribbean. Inflation has eroded the vacation dollar and trends substantiate that families are recreating closer to home. Families are returning to the outdoors seeking fresh air and water which, unfortunately, are becoming increasingly scarce in most cities. Many Americans are realizing



Roy Rogers became the official spokesperson for Thousand Trails in 1982. His close association with worthwhile enterprises and his personal integrity makes him the ideal person to be featured in our television commercials, marketing films, and print advertising designed to attract prospective new members.

that family bonds are not made in hotels, but rather by walking together in the woods.

While national parks have deteriorated, user demand has increased and the recreational vehicle industry is booming. Shipments of RVs to dealers increased substantially in both 1981 and 1982, and the Recreational Vehicle Industry Association forecasts an additional 30% increase in 1983. These combined factors support the continued viability of the Thousand Trails concept.

It has always been interesting to me that annual reports tend to focus on reporting the **effects** of a company's performance and seldom deal with **causes** underlying those results.

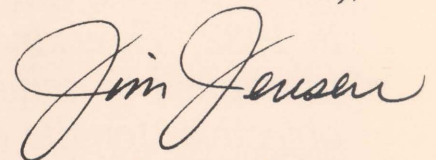
In 1982, Thousand Trails achieved record sales of \$56.5 million, up 41% over the previous year, with record net earnings of \$7.8 million, up 133% over 1981. Additionally, the Company reached a milestone by surpassing \$100 million in assets while shareholders' equity increased to \$30.2 million, up 69% from the \$17.9 million of just one year ago.

As a shareholder, member, or employee, I would want to know the "cause" of these results. What are the real opportunities for Thousand Trails, and what is happening in the Company as well as what is the impact of external socio-economic trends which tend to support the Company's basic business?

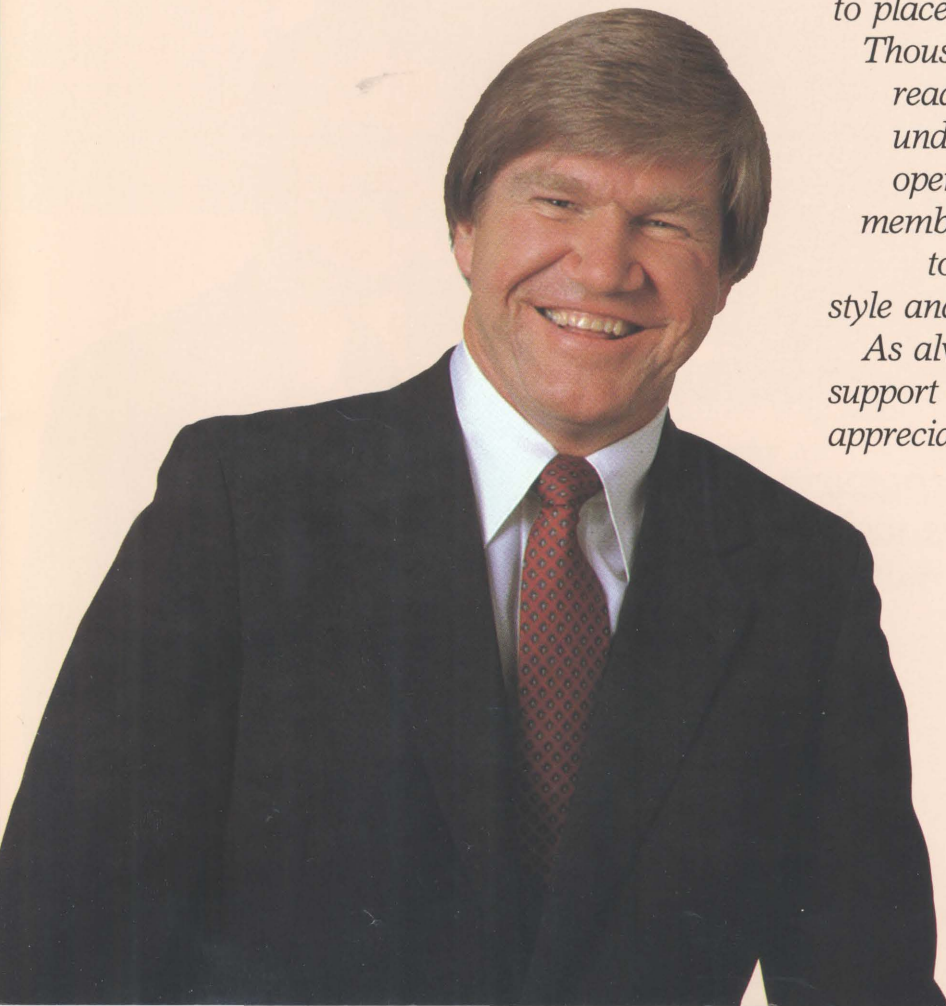
Consequently, this year's annual report is designed to place the reader **behind the scenes** at Thousand Trails. It is our hope that after reading this report you will better understand the essence of our Company's operational strategies; its market and member profiles; why this is a good business to be in; and management's philosophy, style and outlook for the future.

As always, your continued interest and support of the Company is very much appreciated.

Sincerely,

A handwritten signature in dark ink, reading "Jim Jensen". The signature is fluid and cursive, with the first name "Jim" and last name "Jensen" clearly legible.

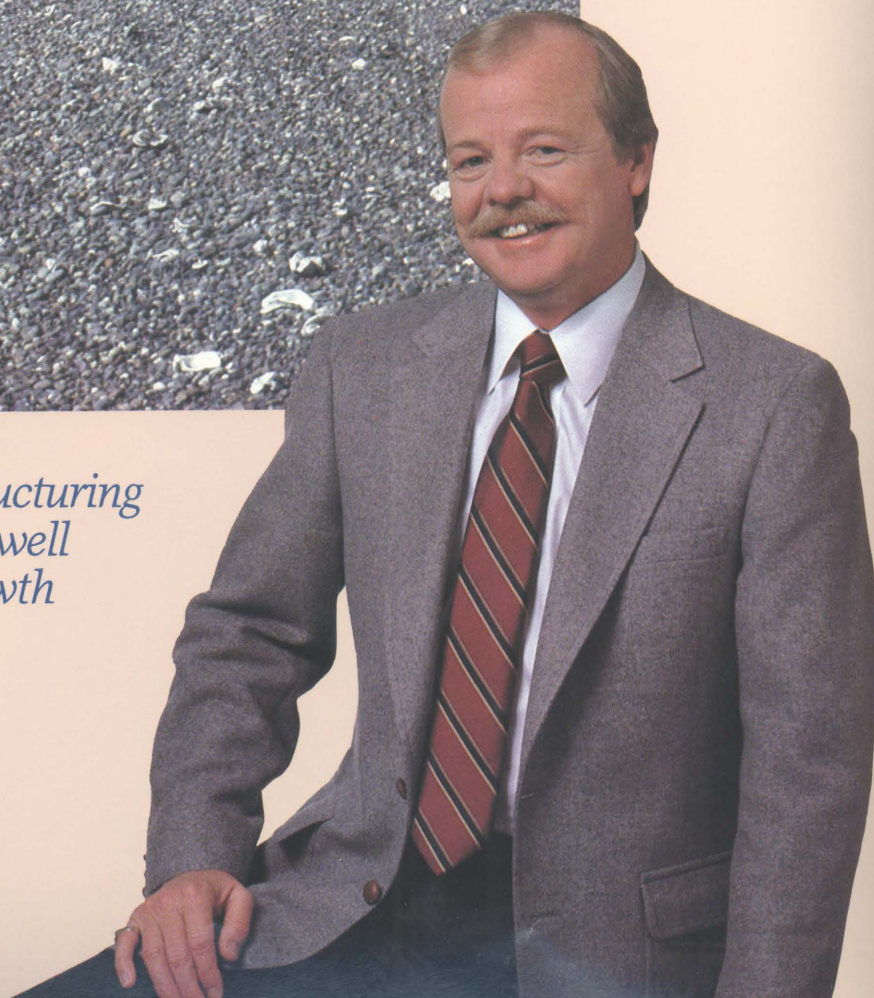
C. James Jensen
Chairman





"As a result of financial restructuring in 1982, Thousand Trails is well positioned to achieve its growth objectives for the eighties."

Mel Kays
Executive Vice President,
Treasurer & Chief Financial Officer



Financial Highlights

1982 was the most financially successful year in the Company's history. Each segment of the Company's operations contributed at least twice the prior year's profits, resulting in an overall increase in net earnings of 133%. 1982 results coupled with those of the past 4 years produced the following statistics:

5-year compounded growth in sales	48.9%
5-year compounded growth in earnings	48.6%
5-year return on average equity	44.9%

1982 also showed marked improvement in cash flow from operations before preserve improvements, reaching a positive cash flow of \$4,305,000.

Operating results were not the only achievements of the Company during 1982. During the year, the Company's external financing was restructured to provide for a \$25,000,000 working capital revolving credit line and a 7-year \$25,000,000 acquisition and development credit facility, both at favorable rates.

Expansion of the total credit facility to \$50,000,000 together

1982	1.34	Earnings per Share
1981	.68	(Dollars, Fully Diluted)
1980	.95	
1979	.78	
1978	.44	

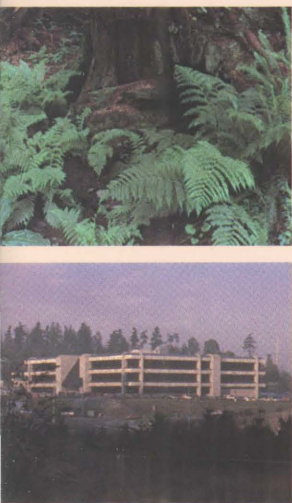
with internally generated cash flow, provides the Company with the flexibility to acquire new properties and develop them at a rate sufficient to meet the requirements of its 5-year growth plan. The 7-year term funding will be provided by the Company's single largest shareholder, Western Savings & Loan Association of Phoenix, Arizona. Increased borrowing capabilities, together with significant expansion of the network of preserves to 21 during 1982, position the Company to achieve even greater results in 1983.

The Company's Business

A thorough understanding of a company's business or concept must include an understanding of the underlying financial models inherent to that company's operations. The financial model for Thousand Trails consists of three interrelated profit centers, these being: 1) sale of memberships, 2) service to members, and 3) financial services.

Sale of Memberships

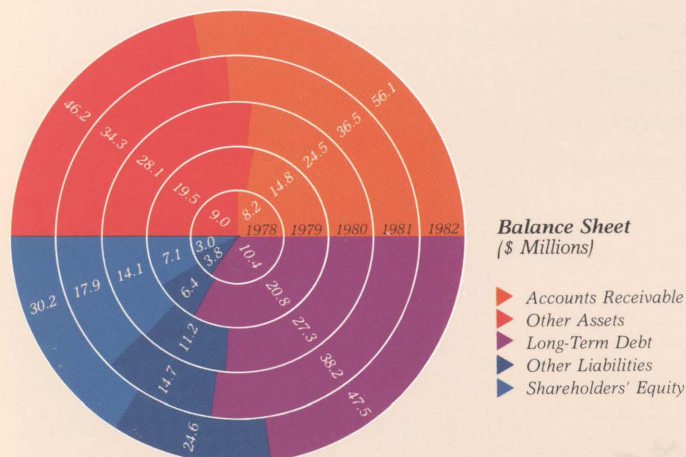
Basic to the Thousand Trails concept is the acquisition and development of properties for marketing of memberships to consumers and the resultant use by



members. Although no individual property complies exactly with the Company's financial model, on a typical property basis, each should generate similar returns over five to seven years.

Typical property, including 600 campsites and standard amenities

Investment in property—	
Purchase price (including existing amenities—if any)	\$ 2,100,000
Additional improvements	2,900,000
Total development costs	\$ 5,000,000
Potential membership sales (6,000 units)	\$35,000,000
Marketing costs (44%)	15,400,000
Contribution margin	\$19,600,000
Return on investment	3.9:1



Service to Members

Each Thousand Trails member is assessed annual dues at a rate designed to fully cover Resort Services Division's operating costs and a pro rata portion of its overhead costs when approximately 40% of available memberships

at any location are sold. The financial model for this aspect of the Company's business when all available memberships at a particular location have been sold, is as follows:

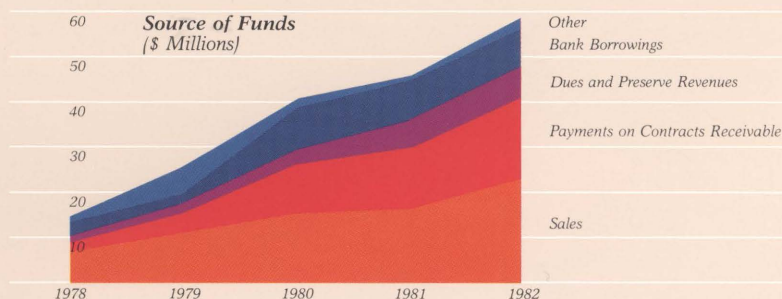
Dues paying memberships	6,000
Annual dues revenue at \$200 per member (subject to annual increases)	\$1,200,000
Annual operating costs (including pro rata portion of division overhead)	450,000
Annual contribution per preserve	\$ 750,000

It should be noted that in periods of rapid growth such as the Company has experienced during the past five years, dues income from existing members compared to dues income ultimately to be achieved is not substantially above breakeven; however, as the base of total members continues to increase, profit contribution from this segment of the Company's business will become more

significant. During 1982, 15 of the Company's 21 preserves showed an operating profit.

Financial Services

A substantial portion of annual memberships are sold on an installment basis, at terms ranging from 24 to 72 months. These receivables bear interest at 15% fixed with an average yield of 14.8% on the portfolio. Property acquisition and development are typically financed by fixed rate land contracts, while working capital, and acquisition and development loans are at rates approximating prime plus 1%. As of year end, the Company has approximately \$56 million in interest-earning installment receivables, \$23.1 million in fixed rate debt averaging 11%, and \$24.3 million at rates approximating prime plus 1%. The Company's total receivable portfolio at year end was approximately \$8.6 million greater than total borrowed funds, and this spread is expected to increase substantially in future years as receivable growth far exceeds projected needs for additional borrowed funds. Accordingly, the excess of interest income over interest expense is expected to contribute significantly to earnings in future years.



Increased Capitalization and Stock Split

In response to ever-increasing demands for stock ownership in Thousand Trails and the resultant appreciation in TRLS market price, effective February 1, 1983, at a special shareholders' meeting, authorized capital of the Company was increased from 5,000,000 shares to 15,000,000 shares and a 3-for-2 stock split was approved. All per-share amounts in this year's annual report reflect the adjusted shares outstanding on a retroactive basis.

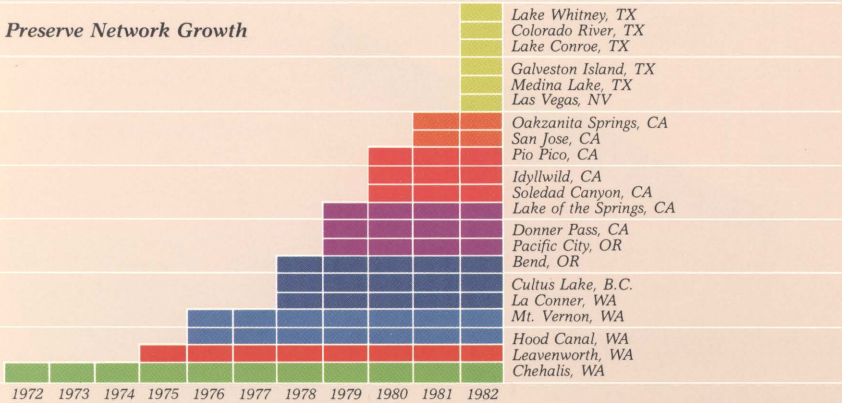
Properties

Thousand Trails, Inc. is committed to expand and develop its concept at as great a rate as possible without sacrificing the quality of its product or the service to its members, employees or shareholders. Continued acquisition of high quality properties is an essential element of this commitment. During 1982, five properties in Texas and one in Nevada were acquired, expanding the Thousand Trails network to 21 preserves. Acquisition of six more properties is planned for 1983.

The Thousand Trails acquisition team is charged with identifying properties which meet or exceed rigid standards established to ensure that only high quality properties are added to the Company's growing network of preserves.

The Company utilizes three primary techniques for identifying properties as candidates for acquisition.

The "overlay" method consists of extensive mapping. Once a geographic area has been targeted as desirable, topography maps and other detailed information of the area are collected and evaluated. Planning engineers overlay these maps with existing zoning and access information. Demographics of



the area's population are then evaluated against the Thousand Trails member profile to determine the most desirable properties from a marketing perspective. Landowners whose properties meet all the criteria for a Thousand Trails preserve are then contacted to determine which properties are available for sale.

Thousand Trails retains an exclusive agent to whom brokers in areas targeted for development refer specific properties. This second method of identifying potential acquisition properties is very productive because the Thousand Trails agent has developed a network of real estate brokers knowledgeable in the Company's destination resort-campground concept. Properties referred by brokers are investigated by our agent and, if acquisition criteria are met, submitted for Company review.

Finally, many outstanding recommendations to the acquisition team come to the Company from member families of Thousand Trails.

The team approach to land acquisition ensures that the number and quality of new preserves added to the Thousand Trails system will be consistent with Company objectives.



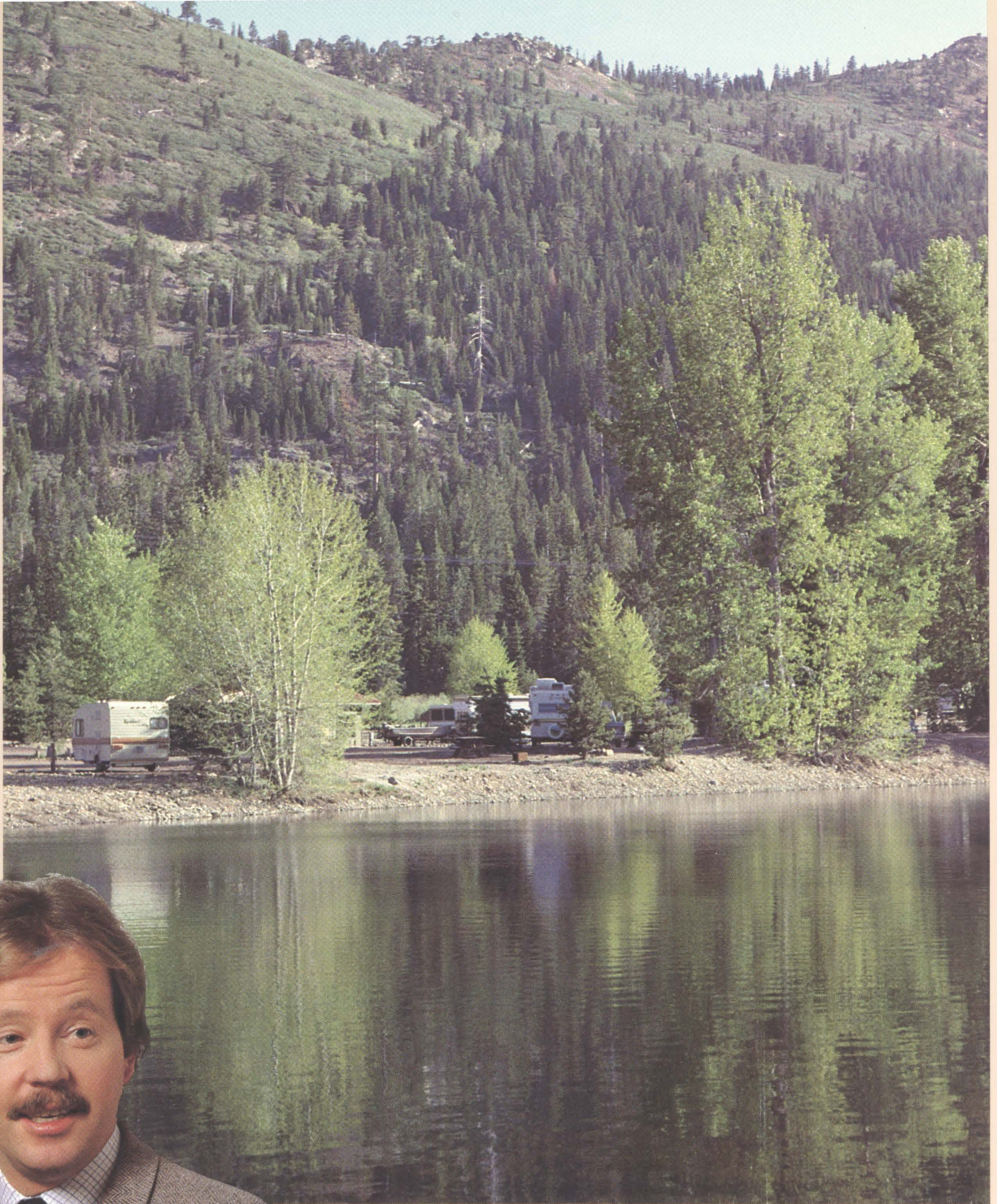
Acquisition Standards

Environmental—Access to lakes, streams, mountains, ocean beaches, or other natural recreational opportunities is essential to a Thousand Trails preserve. The property must be large enough and the terrain suitable for developing the Company's standard recreational facilities.

Economic—Acquisition and development costs per potential campsite must meet established criteria to ensure the profitability of each property. These criteria include availability of water and its source, potential for sewage disposal, and proximity to and condition of public access roads.

Regulatory—The property must already have, or be suitable to meet, the regulatory requirements necessary to be operated as a recreational resort.

Marketability—The property must be situated approximately within a 90-minute drive of a city with a population of at least 500,000.



"Company growth objectives include the acquisition of six new preserves in 1983, with another eight planned for 1984."

*Rodger Sheraton
Vice President
Construction and Engineering*

COLORADO RIVER

PRESERVE - 20



"Thousand Trails provides quality destination resorts for the exclusive use of our members—not just overnight campgrounds."

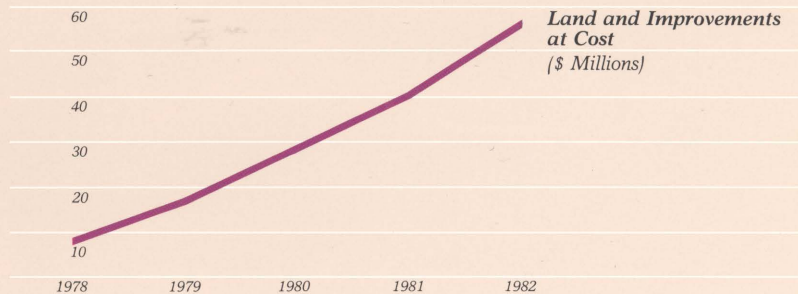
Jim Jaeger
Utilities Engineer
Construction and Engineering



Construction and Engineering

Properties being carefully analyzed by the Thousand Trails acquisition team are simultaneously under study and evaluation by members of the Company's construction and engineering staff. By the time negotiations for purchase of a property are concluded, a group of highly qualified Company planners, engineers, site designers, landscape architects and graphic artists will have analyzed the strengths and limitations of the location, and will have already begun to design the amenities which typify a Thousand Trails preserve. Close attention is paid to the natural environment. This laissez-faire attitude is consistent with the construction and engineering philosophy that "the least change to the natural environment is best."

Land use is a primary concern from initial development throughout the life of a project. The Engineering Department has an in-house staff of professional planners who oversee the various permit and regulatory processes with local and state agencies. This group, in conjunction with legal counsel, conducts zoning analyses, prepares environmental impact reports, and obtains requisite land-use permits.



The Company's engineers and site designers plan a preserve as if it were a small city. Primary resources, water system development, electrical planning, sewage disposal, road design, and construction material needs are all considered and included in the final plans. The construction management team works closely with the design staff. Project managers are trained in the Thousand Trails concept and are experts at creating the distinctive qualities of a Thousand Trails preserve.

The Thousand Trails Construction and Engineering Division is one of the few construction operations which has expanded at a tremendous rate in the nation's slowly recovering economy. As a measure of this growth, during 1982 the Construction and Engineering Division opened six new preserves; constructed 35,000 linear feet of roads; built 763 campsites, three swimming pools, 32,000 sq. ft. of new structures; and installed 1,400 signs. All projects were completed on time, on or under budget, and with the same high degree of excellence that has become the trademark of a Thousand Trails preserve.



Resort Services

The primary responsibility of the Company's Resort Services Division is service to its members. Each preserve employs a manager, recreation supervisor, maintenance supervisor, security supervisor, and, at most preserves a trading post supervisor, and their staffs.

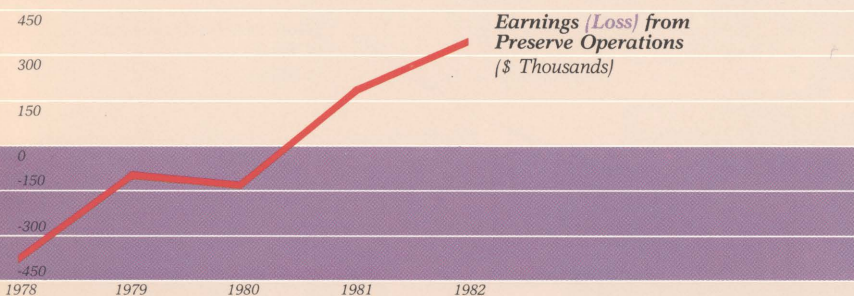
Resort services employees are the primary link between the members and their Thousand Trails experience. "We are the Thousand Trails Product" is the division motto. Every Thousand Trails family is assured the very finest in resort camping and outdoor recreation at each preserve. The service provided for member comfort and enjoyment is planned to be the perfect complement to well-designed buildings, well-groomed grounds, and attractive natural settings.

Members and guests are greeted by friendly, courteous and professional security rangers who patrol the preserve, and control access and traffic. The recreation staff plans and conducts a wide range of activities to suit every age

group. Whether member families enjoy athletics, games, dancing, movies, miniature golf, nature hikes, reading, fireside conversation, or some other pastime, they will

find abundant opportunity to pursue their favorite activities. The highly trained, uniformed maintenance staff keeps Thousand Trails preserves well manicured and spotlessly clean at all times. Special pride is taken in quality family restrooms and litter-free grounds. A well-stocked trading post is available at most preserves to provide a convenient source of staples and supplies popular with campers.

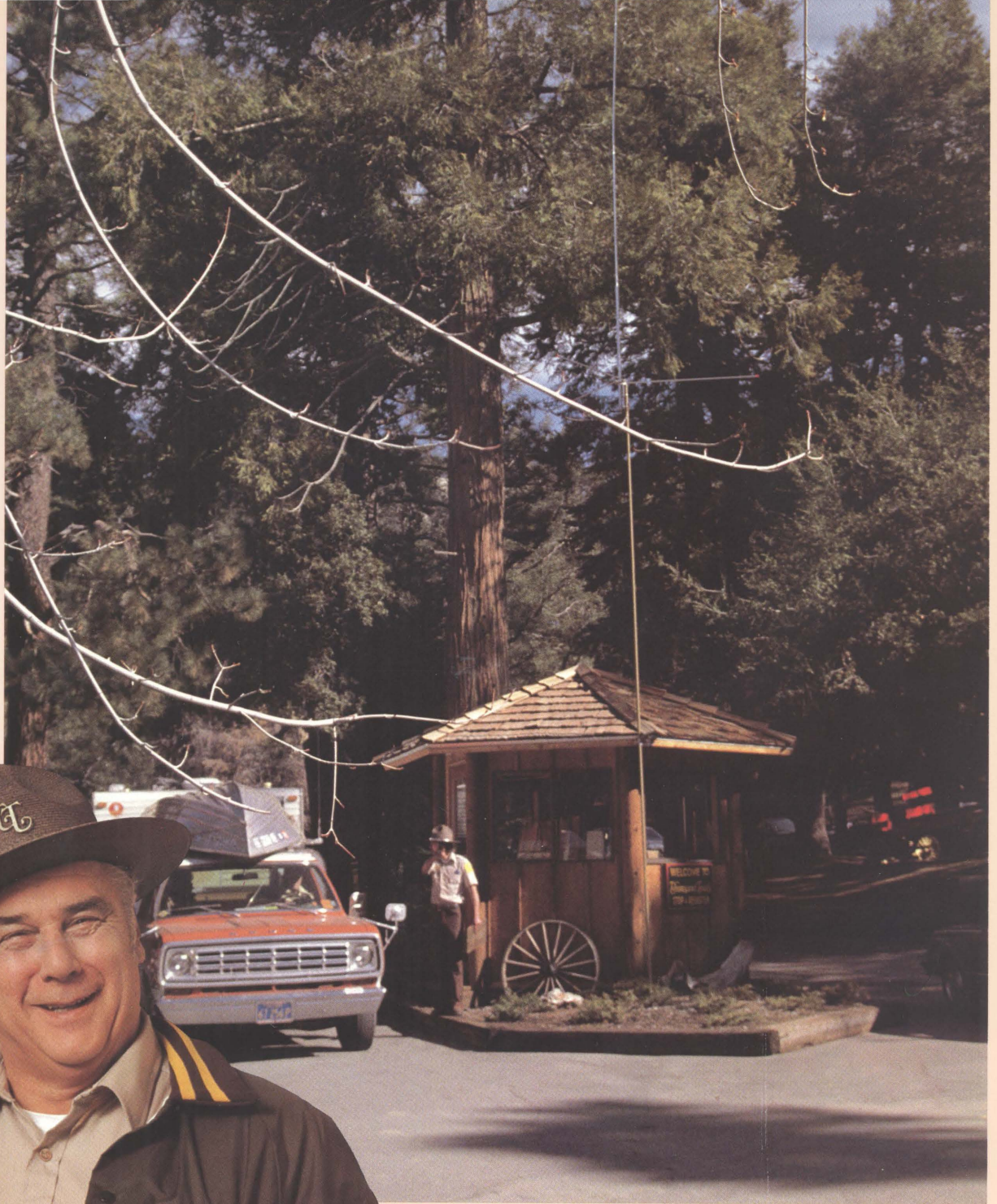
Each preserve is operated as a separate profit center. As the membership base at each location increases, cash and earnings from preserve operations become a more significant contributor to the overall earnings of the Company. Annual membership dues are the greatest single source of revenue for preserve operation. Dues for new members are currently assessed at \$212 per year and are subject to annual increases. Other sources of preserve revenue include the sale of food and goods at the trading post, game machines, laundry services, breakfast and dinner events, and other special activities.



In every aspect of their performance, resort services personnel strive to maintain:

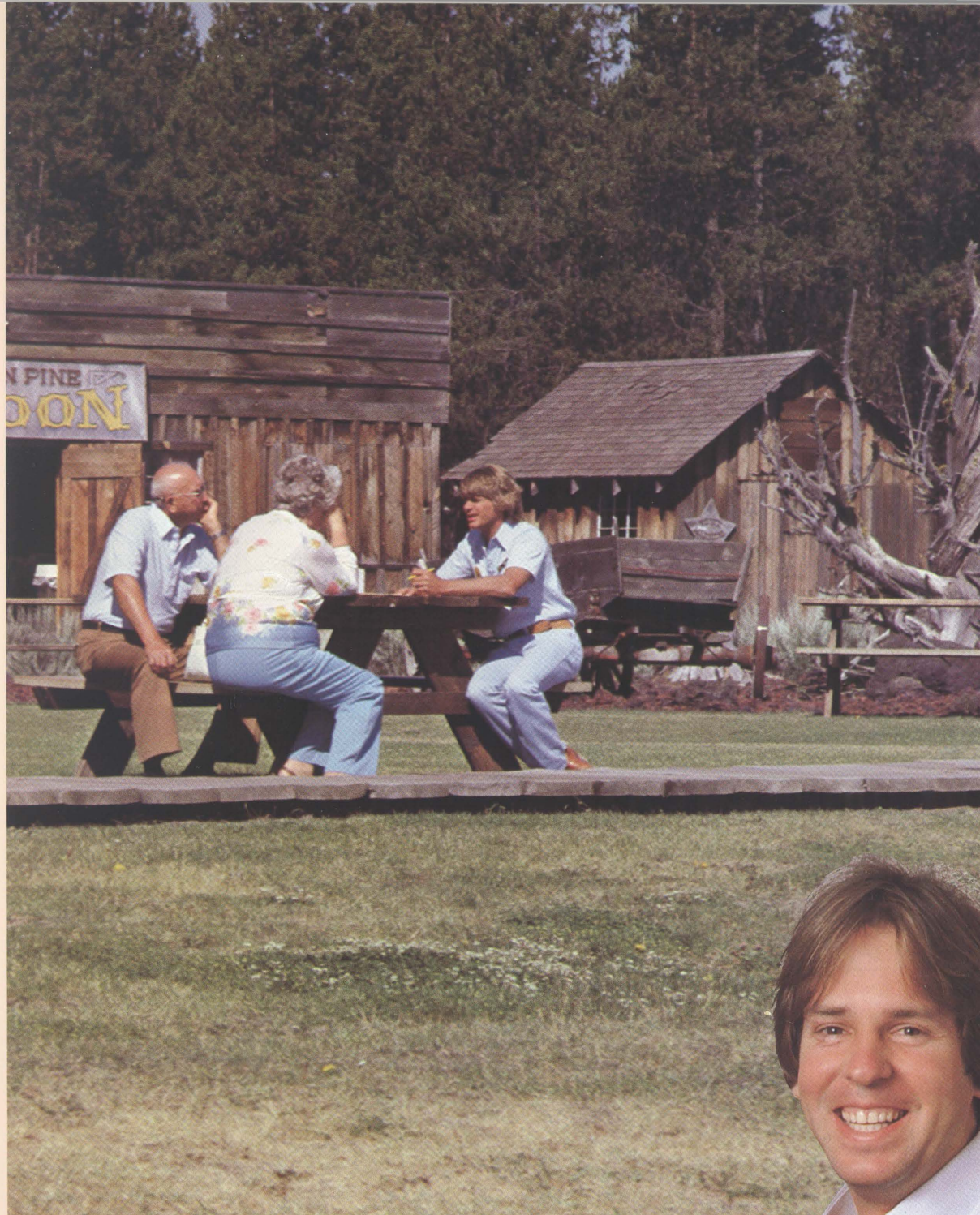
"A thoroughly excellent, highly saleable preserve. Happy members and satisfied staffers. A balanced, profitable budget."

... This is the Resort Services' credo



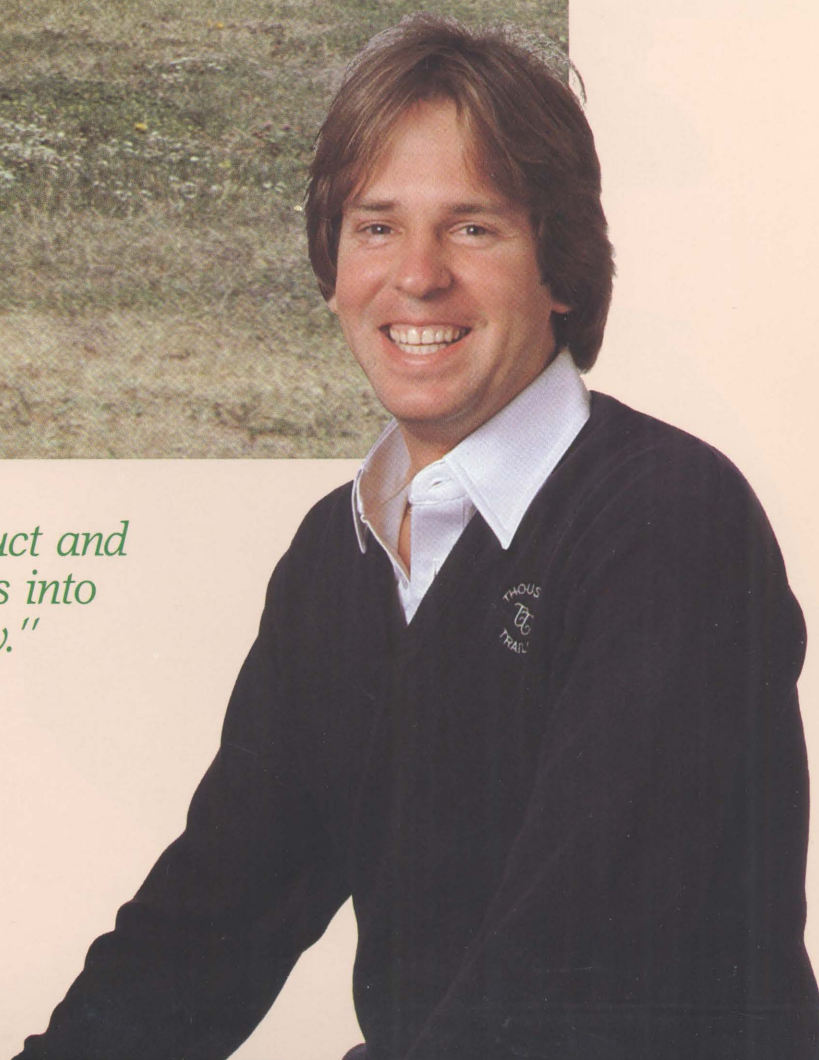
"24-hour security, high quality maintenance, and supervised entertainment provide the finest in outdoor family recreation."

*Chet Satterlee
Security Supervisor
Hood Canal Preserve*



*"We are proud of our product and
love bringing new members into
our Thousand Trails family."*

*Jon Stearns
Sales Manager
La Conner Preserve*



Sales and Marketing

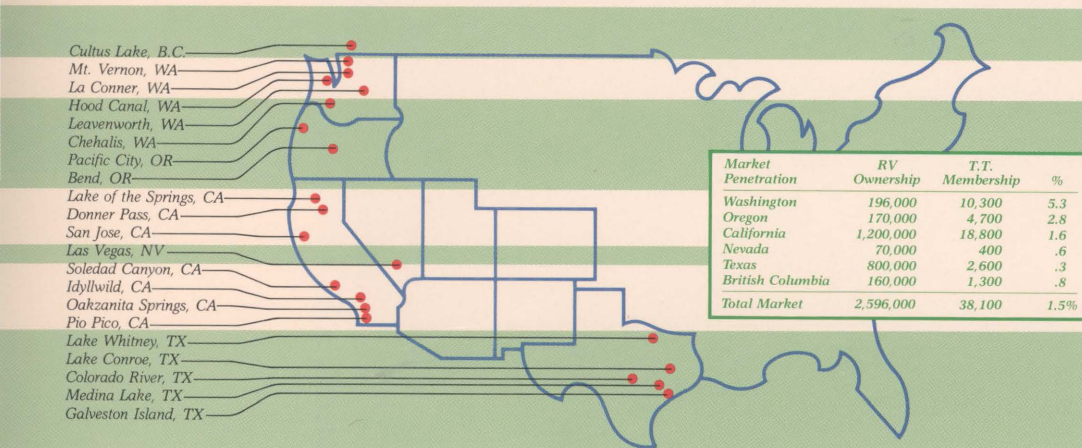


Utilizing a well-trained professional sales team, on-site selling activity of memberships is conducted at 16 of the Company's 21 preserve locations. Marketing supports the on-site sales efforts utilizing direct mail, advertising, telemarketing, and member referral programs as a means of generating tours. All programs are conceived, directed and tested internally. Outside vendors and agencies are utilized to produce specialized materials. Kraft Smith, a regional advertising firm, was selected during 1982 to work closely with the Company on specialized programs.

In 1982, the above methods resulted in over 100,000 visits to Thousand Trails preserves by prospective member families, with more than 10,000 new members joining the Thousand Trails family. Direct mail and advertising produced about 60% of sales, with member and other referrals accounting for approximately 30%. Telemarketing and other programs accounted for the

remaining sales. The diversity of successful methods of tour generation now being employed has substantially increased the stability and productivity of the marketing function.

The Operations Department of Sales and Marketing focused



on reducing marketing costs in 1982. Systems were developed that expanded the department's capability to monitor expenditures and analyze the cost effectiveness of alternative marketing strategies. The sales compensation program was restructured to reduce costs while retaining productivity incentives. As a result, booked sales increased 41% in 1982, with marketing costs as a percentage of sales decreasing to 44.1% from 49.6% in 1981.

The Sales and Marketing Division began 1982 with the task of strengthening its management capability and of bringing unity, teamwork and trust to the marketing effort. In 1983, the division is capitalizing upon the successful experiences and results of 1982. New tour generation concepts will continue to be tested as the Thousand Trails membership base is expanded. In 1983, increased emphasis will be placed on the professional development of the sales staff through an expanded training program for all sales personnel.

Communications

Thousand Trails Communications Department has been designed to bring together all components of the Company—members, home office, field staff, communities and shareholders. Building pride, loyalty, and defining common directions are all objectives well served when there is emphasis on communication. Decentralization of field functions necessitates a heavy reliance on Company publications and presentations for orientation, training, Company and industry news, as well as personal recognition for a job well done.

A complete in-house audio/video communications center is an integral element of Thousand Trails' communication efforts. Special announcements, events and new preserve acquisitions are videotaped, edited and distributed to each preserve for immediate viewing. Twice each month, **Insights**, a video news show, is presented to all employees.

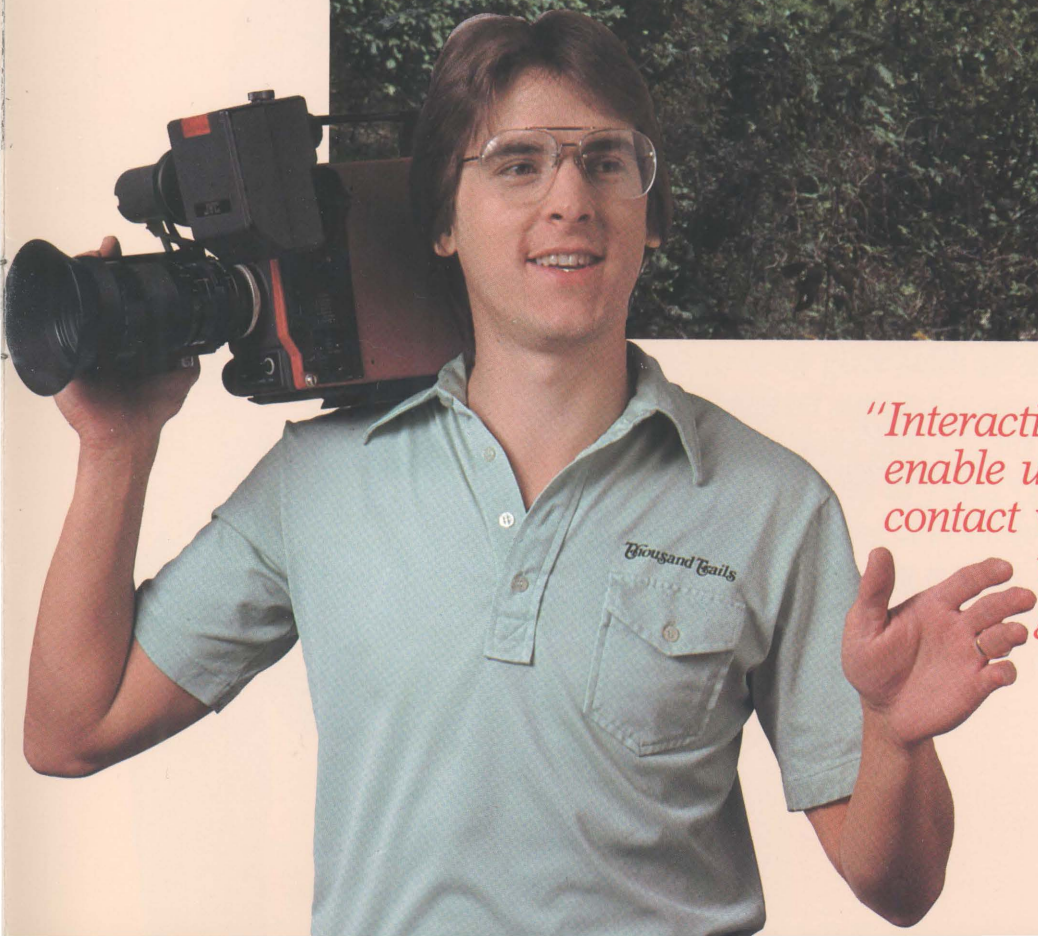
Communications' Graphics Department produces a monthly publication called **Trailblazer**, which currently serves 40,000 members. Included in this publication are a calendar of special activities, descriptions of newly acquired preserves, and other informative articles of interest.

Another monthly publication is **Preserve**, a magazine mailed to each employee's home, which contains articles describing the achievements of specific Thousand Trails employees. Individuals are encouraged to achieve new levels of awareness and control over their personal and professional lives by this exposure and form of recognition. A message from the chairman in each issue highlights some aspect of personal or professional development.

New Dimensions is a weekly publication used to motivate and recognize the efforts of the Company's sales team. Every issue includes highlights from each preserve relating and supporting the sales effort.

Thousand Trails is committed to staying at the forefront of new communication developments as our culture passes into an "Information Age." Strong, two-way interchanges with members and the public provide factual information for future decisions and keep people happy and informed. Creative communication links within the Company are the most effective way to disseminate new management techniques and beliefs for the benefit of the Company and the development of each employee.





"Interactive video communications enable us to remain in close contact with our fellow employees while rapidly expanding geographically."

*Les Fitzpatrick
Videographer
Communications*



*"It is a privilege to support our
field teammates in our common
commitment to excellence."*

*Donna Williams
Purchasing Manager
Sales and Marketing*



Corporate Support Services

Administrative, financial, legal and other support personnel perform a variety of functions to coordinate and report the results of the operational activities of Thousand Trails. It is the Company's belief that people are its greatest resource. Personal and professional development is promoted as a means of ensuring effective, efficient and integrated employee support for the operational divisions.

Thousand Trails currently manages and collects contracts receivable of approximately \$56,000,000. An on-line and fully automated information system, which provides instant up-to-date statistics on the Company's receivables, sales processing and cash receipts, results in low delinquency percentages. Bad debt losses accordingly, are well below the standard for the industry.

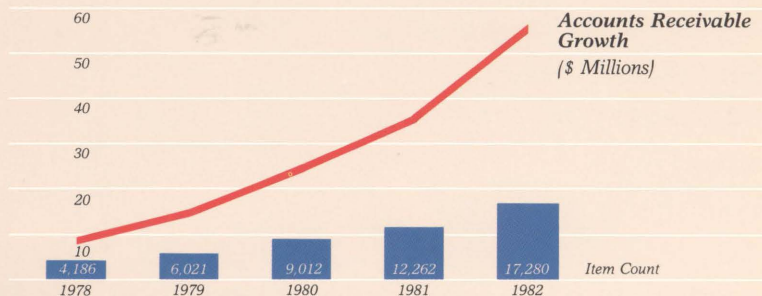
Thousand Trails Legal Department is responsible for conducting legal review of, and providing legal services and advice for, all aspects of the Company's business. Given

Thousand Trails' future growth plans and its recent expansion throughout the Western United States, the need for prompt, participatory and effective legal opinions and advice is ongoing and vital.

Positive and effective relations with communities near Thousand Trails preserves is essential, and is the responsibility of the Corporate Affairs Department. Without acceptance by the community, necessary regulatory permit and approval processes become lengthy and impractical. This department is also responsible for responding to specific member requirements. A toll-free telephone line provides prompt and efficient response to questions and needs of Thousand Trails members.

During 1982, the Company expanded its data processing, communications, and information systems to keep pace with its geographic and member growth. Information systems are designed around a newly installed computer system that will integrate corporate-owned data into a data-base environment. The changing nature of the Company's growth and organizational and financial commitments dictates the need to improve planning and budgeting capabilities. To meet these requirements, a new financial modeling system is being implemented.

All departments performing corporate services interact with all areas of the Company and remain committed to excellence and service.



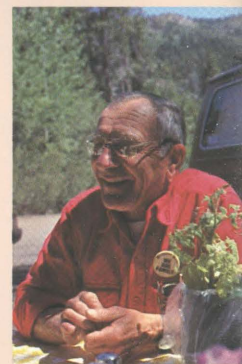
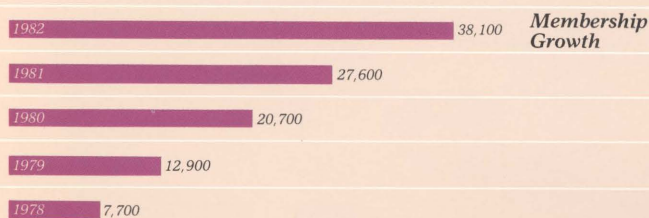
Members

The Company theme, "We Are Family," is a strong statement of the unity between Thousand Trails members and employees. The Thousand Trails member is currently part of a growing 40,000 member family. Based on the Company's annual survey of members completed during 1982, the profile of a typical Thousand Trails member is as follows:

- Average age of head of household—51.4 years
- Percentage who are retired—43%
- Average number of children—2.1
- Percentage who are homeowners—91.7%
- Years at present residence—12.5 years
- Average household income range—\$25,000-\$30,000
- Weeks of paid vacation—3.6 weeks
- Percentage who own a recreational vehicle—94%



This profile shows that Thousand Trails members are mature, stable and financially sound. Most own recreational vehicles and have an active interest in camping, boating, and other family-oriented recreational activities.



In addition to providing a member profile to help Thousand Trails target the best locations and increase the effectiveness of the Sales and Marketing Division's presentations, the survey also solicits the members' rating of Thousand Trails facilities and services. Responses are overwhelmingly positive and indicate high satisfaction with membership in Thousand Trails.

Physical facilities provided by the Construction and Engineering Division and the services provided by the Resort Services Division earn high marks from members. During 1982, members rated preserve management 96.9% excellent or good, preserve security 94.5% excellent or good, preserve maintenance 94.9% excellent or good, and the overall company 97.8% excellent or good. Member comments as a part of the survey give life to the statistics. Here are a few:

"Thanks for being a creative, honest organization."

"We're happy members and glad we joined."

"We, as a family, love what Thousand Trails has to offer each member of our family."



*"Thousand Trails is not only a
camping membership; it's friends,
family. . . a renewal of spirit."*

*Lucille Johnson
Member #19188*



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Management's Responsibility for Financial Statements

The financial statements of Thousand Trails, Inc. and subsidiaries, and all other information presented in this Annual Report, are the responsibility of the management of the Company. The financial statements have been prepared in accordance with generally accepted accounting principles, consistently applied.

Management is responsible for the integrity and objectivity of the financial statements, including estimates and judgments reflected therein, and fulfills this responsibility primarily by establishing and maintaining accounting systems and practices adequately supported by internal accounting controls. Such controls include the selection and training of management and supervisory personnel; an organization structure providing for delegation of authority and establishment of responsibilities; communication of requirements for compliance with approved accounting, control and business practices throughout the organization; and business planning

and review. Management believes that the internal accounting controls in use are satisfactory to provide reasonable assurance that the Company's assets are safeguarded, that transactions are executed in accordance with management's authorizations, and that the financial records are reliable for the purpose of preparing financial statements.

Independent public accountants are appointed annually by the Company's shareholders to examine the financial statements in accordance with generally accepted auditing standards. Their report appears elsewhere in this Annual Report. Their examinations include a review of internal accounting controls and selective review of transactions.

The Audit Committee of the Board of Directors, which consists of three directors who are not officers or employees of the Company, meets regularly with management and the independent public accountants to review matters relating to financial reporting, internal accounting controls and auditing.

Selected Financial Data

Selected Income Statement Data

(in thousands except per share amounts)

Year Ended December 31,	1982	1981	1980	1979	1978
Sale of Memberships	\$56,454	\$40,006	\$33,950	\$21,396	\$14,341
Gross Profit on Membership Sales	23,173	14,422	13,802	10,405	6,340
Gross Profit on Preserve Operations	1,298	880	383	366	84
Net Earnings	7,761	3,327	4,536	2,790	1,480
Primary Earnings Per Share	1.45	.71	1.13	.78	.44
Fully Diluted Earnings Per Share	1.34	.68	.95	.78	.44

Selected Balance Sheet Data

(in thousands)

December 31,	1982	1981	1980	1979	1978
Current Assets	\$15,981	\$10,967	\$ 7,575	\$ 8,014	\$ 2,809
Current Liabilities	15,001	9,395	7,755	6,950	5,002
Membership Contracts Receivable (Net)	53,443	34,696	23,482	13,949	7,308
Operating Preserves	56,167	39,003	29,658	15,356	7,762
Total Assets	102,299	70,822	52,567	34,280	17,188
Debt:					
Long-Term	23,183	22,344	20,498	17,527	7,023
Bank Line of Credit	24,279	15,855	6,811	3,300	3,387
Total Deferred Income Taxes	18,505	11,437	8,458	4,256	1,673
Shareholders' Equity	30,194	17,865	14,110	7,107	3,011

Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

The Company has experienced significant increases in sales and earnings during the past five years. Sales increases were primarily a result of growth in the number of preserves operated by the Company, thus increasing exposure and visibility of the Company's product to a larger number of prospective members. Additionally, increased development of existing preserves has enhanced the desirability of a Thousand Trails membership.

The table below sets forth items in the Consolidated Statements of Earnings as a percentage of revenues from the sale of memberships and preserve operations, as well as the percentage increase or decrease of those items compared with the prior year.

Net Earnings

Net earnings as a percentage of membership sales were 13.4%, 8.3% and 13.7% in 1980, 1981, and 1982, respectively. The Company achieved a significant increase in net earnings from \$3,327,000 in 1981 to \$7,761,000 in 1982 (133%).

Sale of Memberships

Increases in revenues from membership sales during the last three years resulted from increases in

the number of memberships sold (7,704 in 1980, 7,585 in 1981 and 10,120 in 1982) and from increases in the average membership price (from \$4,400 in 1980, to \$5,275 in 1981, to \$5,600 in 1982). Membership sales volume increases in 1982 were due to increased sales volume at the Company's more mature locations plus the addition of five new selling preserves during the year. The Company has added a total of ten new preserves during the past three years.

Marketing

Marketing expenses as a percentage of sales in 1982 decreased from the 1981 level (49% to 44%) as a result of continued emphasis on cost control of the Company's marketing and sales programs, including more effective incentive compensation plans, increased emphasis on management recruiting, training and development, and the use of more cost-effective methods for generating prospective new members. The Company is continuing its efforts to reduce marketing costs and has initiated actions to improve training of existing and new sales personnel.

General & Administrative

The Company was able to increase utilization of its existing management and administrative staff during 1982 resulting in a decrease in general and administrative expenses as a percentage of

				Percent Increase (Decrease)	
	1982	1981	1980	1982 v. 1981	1981 v. 1980
Sale of Memberships	100%	100%	100%	41%	18%
Costs Attributable to Membership Sales:					
Marketing Expenses	44	49	45	26	29
Preserve Land and Improvement Costs	15	14	14	46	19
General and Administrative Expenses	15	18	17	21	24
Provision for Doubtful Accounts	4	5	2	20	126
Income from Membership Sales	22%	14%	22%	128	(25)
Preserve Operations					
Membership Dues and Trading Post Sales	100%	100%	100%	46	64
Costs Attributable to Preserve Operations					
Preserve Maintenance, Operations and Trading Post Expenses	81	82	87	46	54
General and Administrative Expenses	14	15	18	37	36
Income (Loss) from Preserve Operations	5%	3%	(5%)	92	220

membership sales from 18% for 15%. In 1981, general and administrative expenses increased as a percentage of membership sales from 17% to 18%. This increase reflected an overall increase in the administrative effort necessary to properly serve the increasing membership base, the expanding geographical dispersion of the preserves, and a lower-than-anticipated sales volume.

Doubtful Accounts

The provision for doubtful accounts as a percentage of membership sales decreased from 4.6% in 1981 to 4.0% in 1982. Management continues to monitor the delinquency and collectability of the accounts receivable portfolio relative to general economic conditions. Delinquency percentages of the receivable portfolio in 1982 remained constant with 1981 levels.

Preserve Operations

Revenues from preserve operations have continued to increase as the base of dues paying members has grown from 12,930 on January 1, 1980 to 38,100 on December 31, 1982. Preserve operations for the second year in a row generated a profit for the Company, increasing from \$169,000 in 1981 to \$325,000 in 1982.

Interest Expense

Interest continues to be a significant cost of the Company's operations. Historically, a substantial portion of total debt has been in the form of low interest real estate contracts. During 1981 and 1982, borrowings under the bank line of credit have become proportionately greater. The substantial decrease in bank lending rates in the latter part of 1982 resulted in a significant positive impact on the Company's earnings, as interest income exceeded interest expense by \$2,419,000 in 1982 compared with \$940,000 in 1981 and \$1,198,000 in 1980. The average cost of borrowed funds over the past three years has fluctuated, but decreased from 16.2% in 1981 to 15.2% in 1982.

Liquidity and Capital Resources

The Company has relied heavily upon borrowed funds to finance its preserve acquisition and development program. Substantial land acquisition, development and marketing costs are incurred as new preserves are added, while cash flow from the new preserves is spread over a number of years as memberships are sold and as payments are made on memberships sold on installment contracts. Continued rapid growth of the Company's system of preserves will require additional external financing, as cash flow from membership sales is not expected to be sufficient to finance the acquisition and development of the new preserves. As in the past, the Company expects to meet its working capital requirements through borrowings under its bank line of credit or through leases, real estate loans, and the private and/or public placement of its debt and equity securities. As the Company continues to expand, liquidity will be enhanced to the extent that income taxes can continue to be deferred.

The Company expanded its credit facility to \$50,000,000 during 1982 with the addition of a \$25,000,000 term loan to be used for acquisition and development of preserve properties.

On December 31, 1982, the Company's unused sources of liquidity consisted principally of \$703,000 cash and approximately \$25,721,000 under its \$50,000,000 bank line of credit.

Consolidated Statements of Earnings

Thousand Trails, Inc. and Subsidiaries

Year ended December 31,	1982	1981	1980
Sale of Memberships	\$56,454,000	\$40,006,000	\$33,950,000
Costs Attributable to Membership Sales:			
Marketing expenses	24,892,000	19,831,000	15,323,000
Preserve land and improvement costs	8,389,000	5,753,000	4,825,000
General and administrative expenses	8,612,000	7,141,000	5,760,000
Provision for doubtful accounts	2,241,000	1,866,000	824,000
	44,134,000	34,591,000	26,732,000
Income From Membership Sales	12,320,000	5,415,000	7,218,000
Preserve Operations:			
Membership dues	4,982,000	3,304,000	2,048,000
Trading post and other sales	2,015,000	1,482,000	868,000
	6,997,000	4,786,000	2,916,000
Less —			
Cost of trading post sales	1,839,000	1,346,000	675,000
Maintenance and operations expense	3,860,000	2,560,000	1,858,000
General and administrative expenses	973,000	711,000	524,000
	6,672,000	4,617,000	3,057,000
Earnings (Loss) From Preserve Operations	325,000	169,000	(141,000)
Other Income (Expense):			
Interest income	6,622,000	4,153,000	2,530,000
Interest expense (Note G)	(4,203,000)	(3,213,000)	(1,332,000)
Gain on sale of property held for investment			437,000
Other	35,000	(147,000)	24,000
	2,454,000	793,000	1,659,000
Earnings Before Deferred Income Taxes	15,099,000	6,377,000	8,736,000
Deferred Income Taxes	7,338,000	3,050,000	4,200,000
Net Earnings	\$ 7,761,000	\$ 3,327,000	\$ 4,536,000
Net Earnings Per Share (1):			
Primary	\$1.45	\$.71	\$1.13
Fully diluted	\$1.34	\$.68	\$.95

(1) Reflects three-for-two stock split effective February 22, 1983.

See notes to consolidated financial statements.

Consolidated Balance Sheets

Thousand Trails, Inc. and Subsidiaries

Assets December 31,	1982	1981
Current Assets:		
Cash	\$ 703,000	\$ 172,000
Current portion of notes, contracts and accounts receivable —		
Membership contracts	13,568,000	9,190,000
Notes and other accounts	1,025,000	830,000
	14,593,000	10,020,000
Less allowance for doubtful accounts	(646,000)	(447,000)
	13,947,000	9,573,000
Inventory and prepaid expenses	1,331,000	1,222,000
Total Current Assets	15,981,000	10,967,000
Notes, Contracts and Accounts Receivable, less current portion:		
Membership contracts	42,546,000	27,279,000
Real estate contracts	788,000	844,000
Notes and other accounts	179,000	191,000
	43,513,000	28,314,000
Less allowance for doubtful accounts	(2,025,000)	(1,326,000)
	41,488,000	26,988,000
Operating Preserves:		
Land	12,347,000	8,643,000
Improvements	43,820,000	30,360,000
	56,167,000	39,003,000
Less costs applicable to sale of memberships	(25,427,000)	(17,109,000)
	30,740,000	21,894,000
Preserves Under Development, at cost	2,244,000	4,624,000
Investment in Real Estate, at cost	2,793,000	2,204,000
Construction and Operating Equipment, net of		
accumulated depreciation of \$2,085,000 and \$1,350,000	3,480,000	2,798,000
Other Assets, at cost	5,573,000	1,347,000
	\$102,299,000	\$70,822,000

See notes to consolidated financial statements.

<i>Liabilities and Shareholders' Equity December 31,</i>	<i>1982</i>	<i>1981</i>
Current Liabilities:		
Accounts payable	\$ 1,836,000	\$ 653,000
Accrued salaries	1,949,000	855,000
Prepaid membership dues	1,064,000	1,024,000
Other liabilities	1,289,000	789,000
Current portion of long-term debt	4,350,000	3,192,000
Deferred income taxes	4,513,000	2,882,000
Total Current Liabilities	15,001,000	9,395,000
Long-Term Debt, less current portion	43,112,000	35,007,000
Deferred Income Taxes	13,992,000	8,555,000
Commitments and Contingencies (Note F)		
Shareholders' Equity:		
Common stock, no par value—		
Authorized, 15,000,000 shares		
Issued, 5,472,826 and 3,054,918 shares	11,252,000	6,590,000
Retained earnings	18,942,000	11,277,000
Treasury stock, 1,881 shares, at cost		(2,000)
	30,194,000	17,865,000
	\$102,299,000	\$70,822,000

Consolidated Statements of Shareholders' Equity

Thousand Trails, Inc. and Subsidiaries

	Common stock		Retained earnings	Treasury stock
	Shares	Amount		
Balance, January 1, 1980	2,308,490	\$ 2,280,000	\$ 4,829,000	\$(2,000)
Stock dividend	230,766	1,415,000	(1,415,000)	
Debenture conversions	430,337	2,367,000		
Issuance of common stock	15,000	100,000		
Net earnings			4,536,000	
Balance, December 31, 1980	2,984,593	6,162,000	7,950,000	(2,000)
Debenture conversions	56,124	310,000		
Issuance of common stock	14,201	118,000		
Net earnings			3,327,000	
Balance, December 31, 1981	3,054,918	6,590,000	11,277,000	(2,000)
Debenture conversions	50,773	286,000		
Issuance of common stock	542,860	4,376,000		2,000
Three-for-two stock split (Note A)	1,824,275			
Foreign currency translation			(96,000)	
Net earnings			7,761,000	
Balance, December 31, 1982	5,472,826	\$11,252,000	\$18,942,000	\$ —

See notes to consolidated financial statements.

Consolidated Statements of Changes in Financial Position

Thousand Trails, Inc. and Subsidiaries

Year ended December 31,	1982	1981	1980
Operations:			
Cash received—			
Cash sales of memberships and down payments on contracts	\$22,582,000	\$18,003,000	\$15,410,000
Collections on contracts receivable, including interest	19,278,000	13,258,000	11,047,000
Dues and preserve revenues	7,336,000	5,133,000	3,294,000
Other income (expense)	133,000	(69,000)	154,000
	49,329,000	36,325,000	29,905,000
Cash expended—			
Marketing expenses	23,211,000	19,983,000	15,276,000
General and administrative expenses	7,739,000	7,130,000	5,866,000
Preserve maintenance and operations	6,127,000	4,571,000	3,035,000
Interest expense	4,203,000	3,213,000	1,158,000
Principal payments on debt related to preserve properties	3,744,000	2,032,000	2,581,000
	45,024,000	36,929,000	27,916,000
Cash provided by (used in) operations before preserve improvements	4,305,000	(604,000)	1,989,000
Proceeds from loans for construction of preserve improvements		11,000	1,000,000
Cash expended for preserve improvements	(11,275,000)	(6,848,000)	(8,673,000)
Cash used in operations	(6,970,000)	(7,441,000)	(5,684,000)
Other Sources (Uses) of Cash:			
Issuance of common stock	4,161,000	10,000	100,000
Proceeds of bank borrowings			74,000
Proceeds of borrowings collateralized by contracts receivable	8,646,000	9,069,000	9,102,000
Principal payments on notes payable and credit line arrangements	(735,000)	(743,000)	(6,281,000)
Acquisition of preferred stock	(3,000,000)		
Purchase of construction and operating equipment, net of related borrowings of \$1,072,000, \$1,588,000 and \$901,000	(1,490,000)	(789,000)	(480,000)
Increase in notes and other receivables	(183,000)	(403,000)	(300,000)
Principal payments on debt related to investments in real estate	(33,000)	(194,000)	(127,000)
Other, net	135,000	31,000	97,000
	7,501,000	6,981,000	2,185,000
Increase (Decrease) in Cash	531,000	(460,000)	(3,499,000)
Cash:			
Beginning of year	172,000	632,000	4,131,000
End of year	\$ 703,000	\$ 172,000	\$ 632,000

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Thousand Trails, Inc. and Subsidiaries
Three Years Ended December 31, 1982

Note A Significant Accounting Policies:

General

The Company and subsidiaries operate outdoor recreational resorts (preserves) in the United States and Canada. All significant intercompany transactions and balances have been eliminated in the accompanying financial statements.

Revenue recognition

The Company sells memberships for cash or on installment contracts. Revenues are recorded in full upon execution of membership agreements. Installment sales require a down payment of at least 10% of the sales price. All marketing costs and an allowance for estimated contract collection losses (based on historical loss occurrence rates) are recorded currently.

Members are assessed annual dues which are used for preserve maintenance and operations, members' services, and allocated general and administrative expenses. The Company establishes dues at rates intended to fully provide for such expenses when active memberships sold reach approximately 40% of total memberships available for sale. Membership agreements provide for annual adjustment of dues to reflect increases in the Consumer Price Index.

Preserve operating costs in excess of those necessary for preserve operations and member services are incurred to provide support for the Company's marketing program. Accordingly, those costs which management considers to be primarily related to membership sales are included in marketing expenses as follows:

Year ended December 31,

1982	\$963,000
1981	767,000
1980	611,000

Operating preserves

Operating preserve land and improvement costs, including estimated costs to complete preserves in accordance with the Company's development plans,

are aggregated by geographical region and are charged to costs and expenses based on the relationship of memberships sold to total memberships available for sale in each region. The maximum number of memberships which will be sold in a geographical region is determined based on members' historical use of the Company's preserve facilities in that region. The Company plans to sell ten memberships for each campsite. Preserve utilization statistics are reviewed on a regular basis, and revision of total planned memberships available for sale is made as necessary. As of December 31, 1982, the Company had approximately 38,100 members, which represented approximately one-third of the total memberships available for sale on operating preserves.

The Company generally incurs indebtedness in connection with the acquisition of preserve land and improvements. It is the Company's policy to reduce such indebtedness in a proportion at least equal to the ratio that memberships sold bears to total memberships available for sale. The Company capitalizes interest as a component of the cost of significant improvements of preserve properties.

Preserves under development

Costs related to preserves under development are classified as operating preserve land and improvements in the appropriate geographical region when development has been completed to the extent that the preserve is reflected in the Company's marketing program as available for use by members.

Investment in real estate

Land acquired in excess of that necessary for operating preserves or preserves under development is classified as investment in real estate. Real estate contiguous to operating preserves is infrequently used but is generally available for use by members until disposition or further development. Certain parcels of the real estate contiguous to operating preserves are subject to land use permits required in connection with development of the preserves. Prior to disposition or development of such parcels, the Company will be required to obtain waivers or modifications of such restrictions from local governmental authorities.

Depreciation

Depreciation is provided on the straight-line method over the assets' respective useful lives.

Foreign currency translation

Effective January 1, 1982, the Company adopted the policy of translating the financial statements of its

Canadian subsidiary into U.S. dollars at exchange rates in effect as of the balance sheet dates. Unrealized translation gains and losses are included in retained earnings. The change in policy did not have a material effect on the consolidated financial statements.

Earnings per share

Earnings per share of common stock are computed based on the weighted average number of common and equivalent shares outstanding during the year retroactively adjusted for the three-for-two stock split effective February 22, 1983. Stock options and the warrants to purchase stock are included in the computation of earnings per share when they are dilutive. Fully diluted earnings per share gives effect to the assumed conversion of the Company's convertible subordinated debentures.

Reclassifications

Certain reclassifications have been made in the 1980 and 1981 financial statements to conform with the 1982 classifications.

Note C

Long-Term Debt and Line-Of-Credit Arrangements:

Long-term debt consists of the following—

December 31,	1982	1981
Real estate contracts and capitalized leases, 6.5% to 13.25% (average 9.8%), due in aggregate monthly installments of \$351,000 and \$314,000 including interest	\$16,810,000	\$16,242,000
Notes, 6% to 17% (average 14%), due in monthly installments of approximately \$131,000 and \$87,000 including interest	3,137,000	2,642,000
Equipment and other contracts, 10% to 25% (average 16.6%), due in aggregate monthly installments of \$98,000 and \$79,000 including interest	2,253,000	2,154,000
13% convertible subordinated debentures, due 1994, callable December 1984, interest payable quarterly	983,000	1,306,000
	23,183,000	22,344,000
Lines of credit	24,279,000	15,855,000
	47,462,000	38,199,000
Less current portion	(4,350,000)	(3,192,000)
	\$43,112,000	\$35,007,000

Note B

Membership Contracts Receivable:

Membership contracts receivable bear interest at an average rate of 14.8% and are written with initial terms of 24 to 72 months with an average term of 57 months. The Company has no obligation to refund monies received or provide further services to members in the event membership is cancelled for nonpayment of contract obligations.

Substantially all membership contracts receivable are pledged as collateral for debt, as described in Note C.

Membership contracts provide for aggregate annual principal payments as follows—

Year ending December 31,

1983	\$13,568,000
1984	13,109,000
1985	11,571,000
1986	9,327,000
1987	6,141,000

Substantially all of the Company's assets are pledged as collateral for the above debt.

The Company's 13% convertible subordinated debentures are convertible into common stock of the Company at a price of \$4.24 per share, subject to adjustment. The indenture requires semiannual sinking fund payments of \$41,000. At the option of the Company, debentures converted to common stock were used to offset sinking fund requirements through December 31, 1982.

Aggregate annual principal and sinking fund payments during each of the next five years are as follows—

1983	\$4,350,000
1984	4,284,000
1985	3,549,000
1986	2,742,000
1987	1,952,000

At December 31, 1982, the Company had a line of credit of \$50,000,000 which includes a \$25,000,000

revolving line of credit and a \$25,000,000 term loan. The term loan is restricted to acquisition and development of properties and bears interest at the 26-week Treasury Bill rate plus 4% (12.55% as of December 31, 1982). As of December 31, 1982, the Company had not drawn any funds under the term loan agreement. The institution providing the term loan owned 24% of the Company's common stock outstanding as of December 31, 1982.

The revolving line of credit bears interest at the bank's prime lending rate plus 2% (13.5% as of December 31, 1982). Subsequent to December 31, 1982, the rate was renegotiated to prime plus 1%. At the option of the Company or the bank, the balance outstanding under the line may be converted to a term loan payable in 36 equal monthly installments plus interest. The Company is restricted from making cash dividend payments without the bank's approval. None of the amount due under the revolving line of credit is included in the current portion of long-term debt.

Note D Deferred Income Taxes:

The provision for deferred income taxes consists of the following—

Year ended December 31,	1982	1981	1980
Federal	\$6,563,000	\$2,640,000	\$3,590,000
Foreign and state	775,000	410,000	610,000
	\$7,338,000	\$3,050,000	\$4,200,000

The tax effect of items reported in different periods for financial statement and income tax purposes is as follows—

Year ended December 31,	1982	1981	1980
Installment sales	\$9,200,000	\$4,570,000	\$4,446,000
Capitalized interest	805,000	670,000	768,000
Amortization of site improvements	(1,642,000)	205,000	(193,000)
Gain on sale of real property			219,000
Increase in tax basis net operating loss carryforward	(1,138,000)	(2,350,000)	(1,010,000)
Other, net	113,000	(45,000)	(30,000)
	\$ 7,338,000	\$3,050,000	\$4,200,000

No U.S. income taxes have been provided on earnings of the Canadian subsidiary, as the Company reinvests substantially all of these earnings in the growth of the business in Canada. Undistributed earnings of the foreign subsidiary included in consolidated retained earnings amounted to \$297,000 at December 31, 1982. If such earnings were distributed, U.S. income taxes would be offset by available foreign tax credits.

Investment tax credits are recorded as a reduction of the income tax provision in the year available.

Note E

Incentive Stock Plans and Other Plans:

The Company has key employee stock option plans under which common stock is reserved for issuance to officers and key employees. Options are exercisable 25% each year commencing one year after the date of grant and expire after ten years under the 1979 plan. Options are exercisable in full after one year and expire after five years under the 1980 plan. The exercise price is determined by the Board of Directors but cannot be less than market value at the date of grant. Under those plans, as of December 31, 1982, 531,300 options for shares were authorized, and 480,246 options were granted. During the year ended December 31, 1982, 67,878 options were terminated or cancelled at prices ranging from \$.73 to \$3.56 per share, and 224,598 shares were exercised at prices ranging from \$.61 to \$5.67 per share. As of December 31, 1982, 179,300 options were exercisable at prices ranging from \$3.47 to \$5.67 per share, and 76,348 options were not exercisable at prices ranging from \$3.47 to \$11.54 per share.

In 1982, the Company adopted a stock purchase plan for key officers and employees. As of December 31, 1982, 450,000 shares were authorized. During the year, employees exercised rights to purchase 194,250 shares at \$3.83 per share, which had not been issued as the purchase price had not been paid. At its option, the Company may, under certain circumstances, repurchase shares from employees.

In 1980, the Company adopted a key employee incentive compensation plan, which was terminated on April 22, 1982, and a marketing benefit plan under which awards for 53,287 shares were granted at prices ranging from \$3.15 to \$7.50 per share. During the year ended December 31, 1982, 7,925 shares were forfeited and 21,195 shares were issued. The

remaining awards for 13,912 shares are scheduled for issuance on April 1, 1983.

In connection with a public offering of the Company's common stock in 1979, the Company issued a five-year stock purchase warrant for 42,075 shares of Company common stock at \$4.37 per share.

The Company has entered into two agreements for sale of stock to a member of the Board of Directors (currently Chairman of the Board and Chief Executive Officer) providing for sale of 225,000 shares of Company common stock at prices ranging between \$3.33 and \$4.00 per share. As of December 31, 1982, 25,999 shares have been issued under these agreements.

Note F

Commitments and Contingencies:

Certain of the Company's preserves have been developed, and must be operated, in compliance with the provisions of applicable land use permits. Management believes the Company currently is in compliance with such permits and, in the future, will make applications for new permits or for modifications of existing permits as considered necessary for preserve operations or for further development.

Subsequent to year end, the Company has entered into five purchase agreements for real estate to be used for development of future preserves. The agreements are subject to obtaining approval of applicable land use permits. The aggregate purchase price of the properties is \$4,600,000 which will be financed on real estate purchase agreements requiring approximately 16% down payment with the balance financed over periods not to exceed seven years at interest rates averaging 11%.

Note G

Capitalization of Interest:

The Company capitalizes interest as a component of the cost of significant improvements to operating preserves. Interest costs amounted to \$6,756,000 in 1982, \$5,092,000 in 1981 and \$2,868,000 in 1980, of which \$2,553,000, \$1,879,000 and \$1,536,000, respectively, were capitalized.

Note H
Quarterly
Financial
Information
(Unaudited):

The following table sets forth financial information by quarter for 1982 and 1981 (in thousands except per share data).

	First quarter	Second quarter	Third quarter	Fourth quarter
1982:				
Sale of memberships	\$6,704	\$17,697	\$21,764	\$10,289
Gross profit	2,029	7,781	9,559	3,804
Earnings before taxes on income	408	5,273	6,948	2,470
NET EARNINGS	212	2,742	3,613	1,194
Earnings per share:				
Primary	\$.05	\$.55	\$.63	\$.22
Fully diluted	.05	.52	.60	.17
1981:				
Sale of memberships	\$6,547	\$10,719	\$15,228	\$7,512
Gross profit	2,322	4,245	5,960	1,895
Earnings (loss) before taxes on income	1,192	2,691	3,173	(679)
NET EARNINGS (LOSS)	620	1,399	1,650	(342)
Earnings (loss) per share:				
Primary	\$.13	\$.29	\$.35	\$(.06)
Fully diluted	.13	.28	.33	

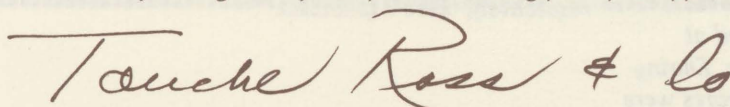
Accountants' Report

February 25, 1983
 Seattle, Washington

Board of Directors and Shareholders
 Thousand Trails, Inc.
 Seattle, Washington

We have examined the consolidated balance sheets of Thousand Trails, Inc. and subsidiaries as of December 31, 1982 and 1981, and the related statements of earnings, shareholders' equity and changes in financial position for each of the three years in the period ended December 31, 1982. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the financial position of Thousand Trails, Inc. and subsidiaries as of December 31, 1982 and 1981, and the results of their operations and the changes in their financial position for each of the three years in the period ended December 31, 1982, in conformity with generally accepted accounting principles applied on a consistent basis.



Touche Ross & Co.
 Certified Public Accountants

Transfer Agent and Registrar

Seattle-First National Bank
Stock Transfer Agent & Registrar
Seattle, WA 98124

Trustees Under Indenture

Security Pacific National Bank
Los Angeles, CA 90051

Legal Counsel

Hillis, Phillips, Cairncross, Clark & Martin P.S.
403 Columbia
Seattle, WA 98104

Independent Accountants

Touche Ross & Co.
30th Floor
1111 Third Avenue
Seattle, WA 98101

Corporate Headquarters

4800 South 188th Way
Seattle, WA 98188

Annual Meeting

Thursday, July 14, 1983
2 p.m.
La Conner Preserve
La Conner, WA

Form 10-K

The Company files an Annual Report with the Securities and Exchange Commission on Form 10-K, pursuant to the Securities Exchange Act of 1934. Shareholders may obtain a copy of this report without charge by writing: M.R. Kays, Executive Vice President, Treasurer and Chief Financial Officer, Thousand Trails, Inc., 4800 South 188th Way, Seattle, WA 98188.

Investor Relations Counsel

Corporate Communications, Inc.
200 W. Mercer, Ste. 412
Seattle, WA 98119

Directors

Directors

Thomas J. Cable, ▲ ●
General Partner, Cable, Howse & Ragen, Inc.,
General Partner, CH Partners, Seattle, WA

Gary H. Driggs,
President & Chief Executive Officer
Western Savings & Loan Association,
Phoenix, AZ

Kingdon J. Dunham, ▲ ●
The Boeing Company, retired

C. James Jensen, ▲
Thousand Trails, Inc.

Melvyn R. Kays, ▲
Thousand Trails, Inc.

Milton G. Kuolt II, ▲
President & Chief Executive Officer
Horizon Air, Seattle, WA

J. Paul Meyer, ● ■
Material Finance Manager,
The Boeing Company, retired

James F. Nordstrom,
President,
Nordstrom, Inc., Seattle, WA

Edwin M. Stanley, ■
Chairman,
Management Compensation Group, Portland, OR

J.P. Weyerhaeuser III,
Weyerhaeuser Company, retired

Accountants' Report

February 28, 1993

Seattle, Washington

Board of Directors and Shareholders

Thousand Trails, Inc.

Seattle, Washington

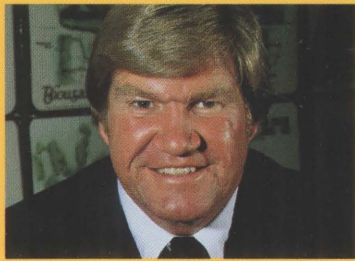
We have audited the consolidated financial statements of Thousand Trails, Inc. and subsidiaries for the years ended December 31, 1991 and 1990, and the related statements of owners' equity and changes in owners' equity for each of the three years in the period ended December 31, 1992. Our examinations were made in accordance with generally accepted auditing standards and, in our opinion, the consolidated financial statements present a fair view of the financial position and results of operations of the company and its subsidiaries for the years and periods stated.

In our opinion, the consolidated financial statements present a fair view of the financial position and results of operations of the company and its subsidiaries for the years and periods stated.

We also audited the consolidated statements of owners' equity and changes in owners' equity for the years ended December 31, 1991 and 1990, and the related statements of owners' equity and changes in owners' equity for each of the three years in the period ended December 31, 1992. In our opinion, these statements present a fair view of the changes in owners' equity for the years and periods stated.

- ▲ member of executive committee
● member of audit committee
■ member of compensation committee

Executive Officers



*C. James Jensen,
Chairman of the Board,
President & Chief Executive Officer*



*Melvyn R. Kays,
Executive Vice President,
Treasurer & Chief Financial Officer*

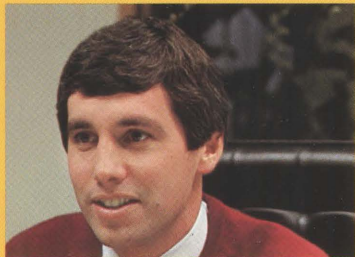
*R. Craig Kirsch,
Vice President, Finance*



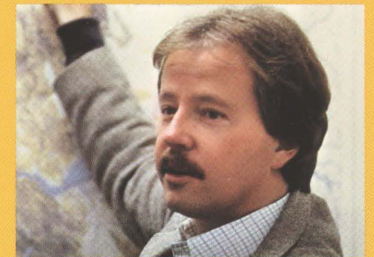
*Kathleen M. Hornsby,
Vice President &
Corporate Secretary*



*James E. Claus,
Corporate Controller*



*Robert M. Mayes,
Vice President, Sales & Marketing*



*Rodger C. Sheraton,
Vice President, Construction &
Engineering*



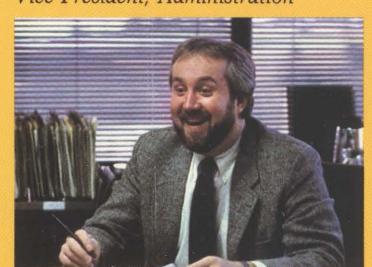
*Julie A. Brooks,
Vice President, General Counsel*



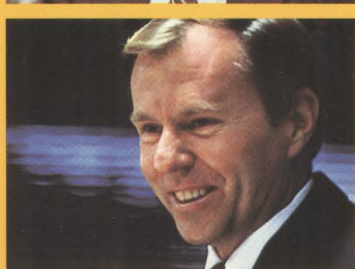
*J. Michael Moyer,
Vice President, Corporate Affairs*



*Ronald L. Bidleman,
Vice President, Administration*



*Jerry D. Alto,
Vice President, Communications*



*Jerol E. Andres,
Vice President, Resort Services*

Thousand Trails, Inc.

*4800 South 188th Way
Seattle, WA 98188*