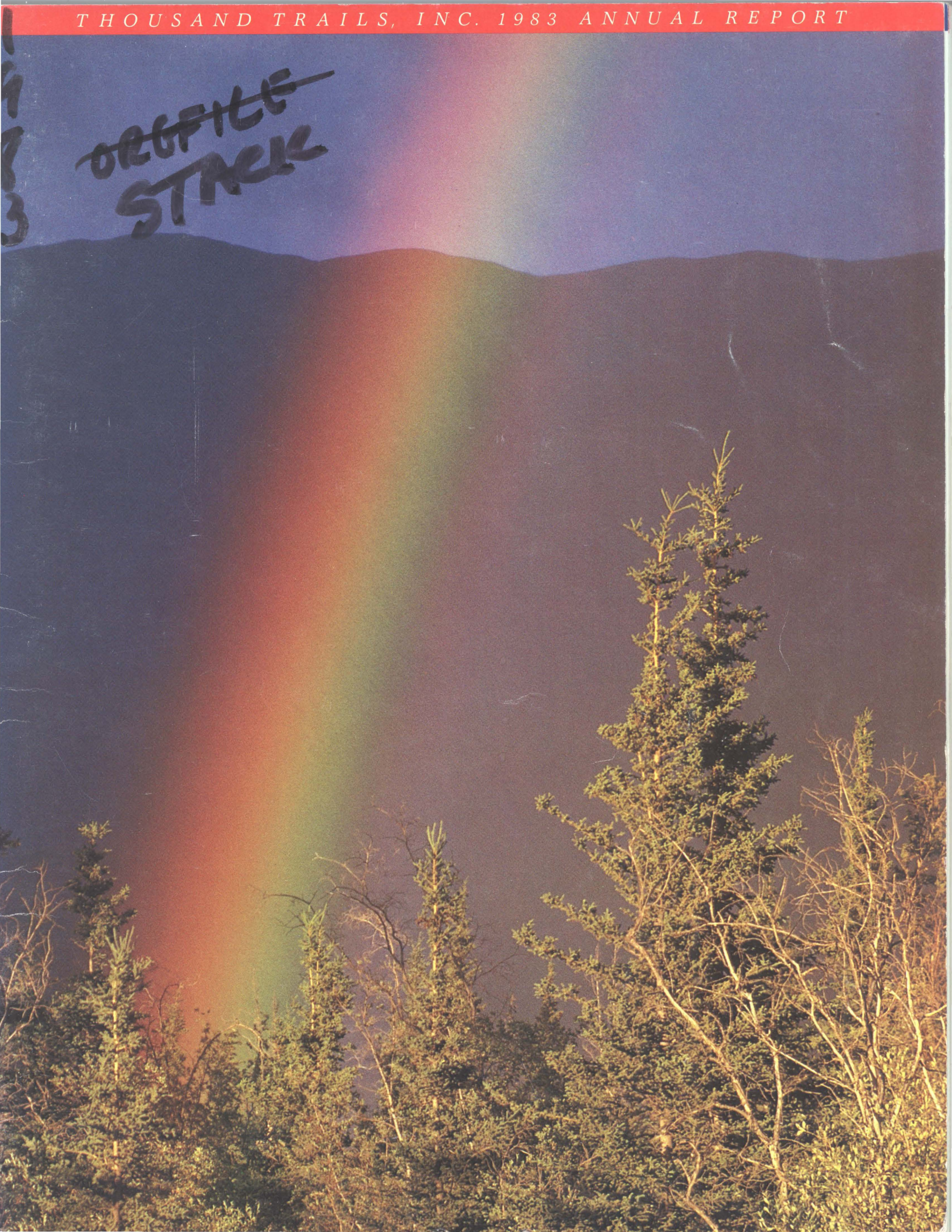


~~ORVILLE~~  
STACK





## The Company

Thousand Trails is the national leader in the membership campground resort industry. The Company, based in Seattle, owns, operates and sells memberships in a 30-resort network located in nine states and in British Columbia, Canada. More than 51,100 families are members of Thousand Trails.

While most resorts are located on the West Coast in Washington, Oregon and California, additional properties have been developed or acquired in Arizona, Nevada, Texas, Illinois, Ohio and Virginia.

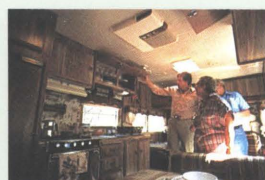
Each "preserve," as the resorts are called, is a destination for families who love the outdoors and appreciate quality facilities managed by a fine staff of professionals. Each location is distinguished by its natural beauty, surrounding attractions and well-planned amenities such as swimming pools; indoor recreation centers; tennis, basketball and athletic courts; game fields and playgrounds; hiking trails and open space.

A membership entitles the purchaser to three generations of use of any existing or future locations for an unlimited number of visits of up to two weeks' duration per visit.



### **Geographic expansion.**

An aggressive expansion program in 1983 saw Thousand Trails add nine new properties, including two on the East Coast and two in the Midwest. The Company now operates in nine states and in British Columbia, Canada.



### **Record sales and earnings.**

Record earnings of \$12.0 million were up 54.7 percent from 1982, while membership sales were \$79.9 million, a gain of 41.7 percent from a year ago. Earnings per share were \$1.81 compared with \$1.34.



### **Vacation membership.**

The Company successfully demonstrated an ability to sell memberships to families without RVs. "Vacation memberships"—featuring Company-owned trailers—accounted for 30.5 percent of all memberships sold in 1983.



### **Equity offering.**

Thousand Trails raised approximately \$16 million in a July offering of 718,816 shares of common stock, reducing by year end the Company's debt-to-equity ratio to 1.5-to-1.

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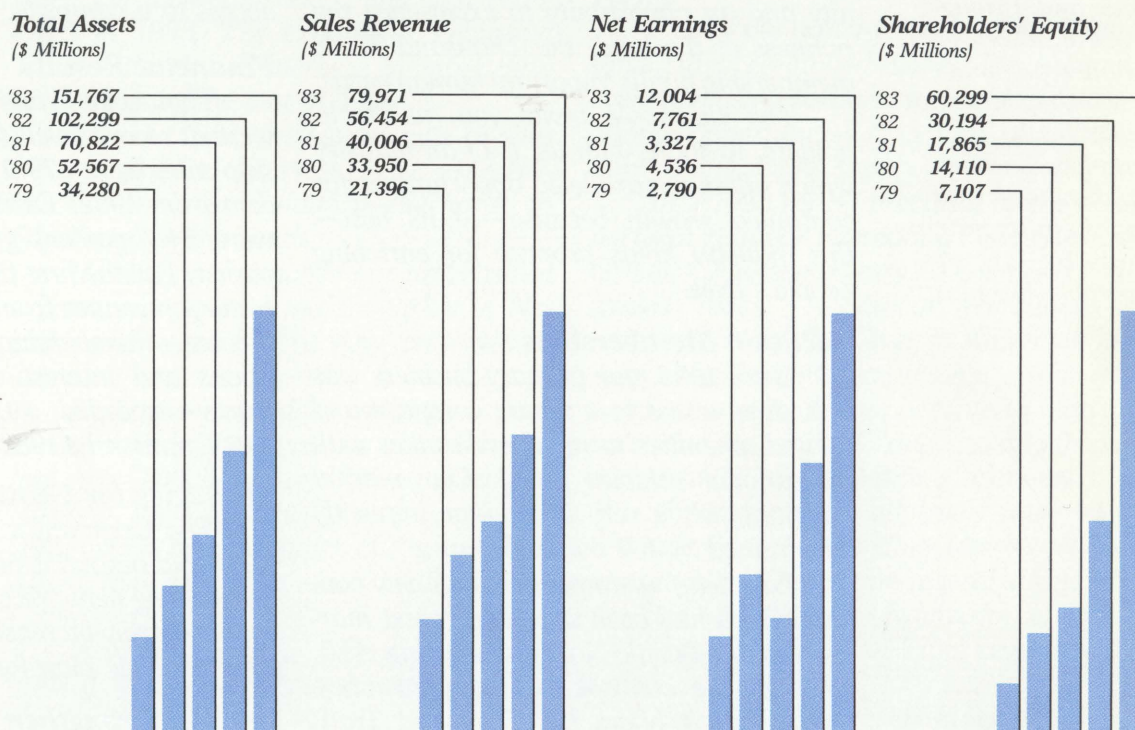
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## Thousand Trails Operating Highlights

<i>Year Ended December 31</i>	<b>1983</b>	<b>1982</b>	<b>1981</b>	<b>1980</b>	<b>1979</b>
Membership Sales	<b>\$79,971,000</b>	\$56,454,000	\$40,006,000	\$33,950,000	\$21,396,000
Net Earnings	<b>\$12,004,000</b>	\$ 7,761,000	\$ 3,327,000	\$ 4,536,000	\$ 2,790,000
Earnings Per Share*					
Primary	<b>\$1.85</b>	\$1.45	\$.71	\$1.13	\$.78
Fully Diluted	<b>\$1.81</b>	\$1.34	\$.68	\$.95	\$.78
Weighted Average Shares* and Equivalents (Primary)	<b>6,481,000</b>	5,332,000	4,723,000	4,017,000	3,558,000
(Fully Diluted)	<b>6,669,000</b>	5,858,000	5,055,000	5,070,000	3,558,000
Shareholders' Equity Per Share	<b>\$8.87</b>	\$5.52	\$3.90	\$3.15	\$1.87
Number of Shareholders	<b>1,643</b>	1,459	1,507	929	460
Employees	<b>1,100</b>	745	675	650	575
Family Memberships	<b>51,100</b>	38,100	27,600	20,700	12,900
Preserves	<b>30</b>	21	15	13	10

\*adjusted for 1983 stock split and 1980 10% stock dividend.





## Management's Letter To Shareholders:

1983 was an extraordinary year for Thousand Trails.

It was a year of record achievement.

More importantly, perhaps, it was a year of discovery . . . a year in which the Company developed a broader vision.

In this 5th annual report, we invite stockholders to "share the vision"—not of what has passed, but of what lies ahead. For while our growth in recent years has been explosive, we see even greater opportunities in the future . . . opportunities tied to basic American values and lifestyles.

By offering shared activities with family and friends, a relaxing environment for personal development, a sense of community and an opportunity to experience the richness of the land, the Thousand Trails membership fulfills important human needs.

The vision we invite you, as stockholders, to share with us, is of an industry which offers unparalleled opportunities for continued growth because—at its best—this industry holds promise for enriching people's lives.

### Vacation Memberships

Until 1983, our primary business was providing access to a secure campsite and related amenities to member families with recreational vehicles (RVs). Our market potential, while very large, was implicitly constrained by RV ownership.

Last year, we implemented a new concept which had been successfully test-marketed in the Pacific Northwest during 1982. We call the concept "vacation membership," and it offers the Thousand Trails experience to families who do not own or have access to an RV. For a modest daily fee in addition to the regular membership charges, vacation members are able to stay in a Company-owned, 24-foot trailer—complete with cooking utensils, dishes, etc.—while enjoying all the other activities of our resorts.

Consumer response was immediate and dramatic.

Fully 30.5 percent of the 13,841 memberships sold in 1983 were vacation memberships. In 1984, we expect 40 to 50 percent of our sales will be to families who do not own a recreational vehicle.

This development represents significant new opportunities. In the past, we measured our market potential in terms of total RV registrations, but we now know that potential to be much larger. **Virtually any family within a 90-minute drive of a Thousand Trails resort can be considered a prospect for membership.**

It is clear that the appeal of the Thousand Trails lifestyle is universal, and that it represents a value far greater than access to a campsite.

### Financial Results

Thousand Trails' sales and earnings were at record levels for the year. Membership sales were \$79.9 million, up 41.7 percent from 1982. Earnings of \$12.0 million were 54.7 percent greater than the year earlier. For the first time in the Company's history, revenues from our three sources of income—membership sales, preserve operations and interest on membership contracts—exceeded \$100 million, up from \$70.1 million in 1982.

### Strategies for Growth

The Company's greatest challenge in 1984 and beyond is our ability to manage a burgeoning network of campground resorts and a sharply increasing membership base. Our strategic plan for growth is threefold:

(1) **Strengthen and develop the Company's basic business.** We have demonstrated—in 1983 more than ever before—that we can develop, sell and maintain a product that meets or exceeds the expectations of the membership. We don't propose to change a proven formula. But as we grow larger, and as the lines of communication grow longer, we recognize the need to establish a more formal management system so that employees at every

*The mission of Thousand Trails is twofold: to enhance the quality of life of its members and customers by providing high quality products and services; and, through growth, to provide a challenging and rewarding environment for its employees while maintaining leadership in its primary business—private membership resorts.*



location, and at every level, have the training and expertise necessary to maintain the basic integrity of our product as well as the sales momentum necessary for continuing profitability.

Perhaps the most essential element in strengthening our basic business is a management philosophy keyed to achieving long-term goals. Thousand Trails created the private membership campground resort industry and continues to be the industry leader. We expect to retain leadership by offering existing and prospective members a product of genuine and enduring value.

**(2) Accelerated Geographic Expansion.** The Company added nine new properties in 1983. The expanding Thousand Trails network will increase by more than 50 percent by the end of 1984.

Prior to 1982, the Company's 15 sites were confined to the West Coast, from British Columbia in Canada in the north, to San Diego in the south.

In 1982, we launched our first eastern expansion, opened a major market in Nevada and acquired five new preserves in Texas.

Last year we added properties near Chicago and Cincinnati in the Midwest, and near Lynchburg and Williamsburg in Virginia. We established a presence in Arizona with a preserve north of Phoenix, and added two properties each in Texas and California.

We will continue our expansion in 1984 with new resorts in the Midwest and the East.

**(3) Develop new business opportunities related to the Company's primary business.** Thousand Trails members share many things in common. Their ages, income levels, leisure interests and strong support of the Company suggest the possibility of providing additional products and services to generate ancillary income—initially from the membership base, and

later from a larger population base with similar demographics.

During 1983, the Company test-marketed a number of ancillary products and services targeted to the existing membership base. Results from the tests convince us that supplementary commercial opportunities currently being developed will contribute substantially to future income.

In addition, the Company plans to test-market a major new venture by late 1984 or early 1985 that will have broad appeal for existing members as well as a new population "universe."

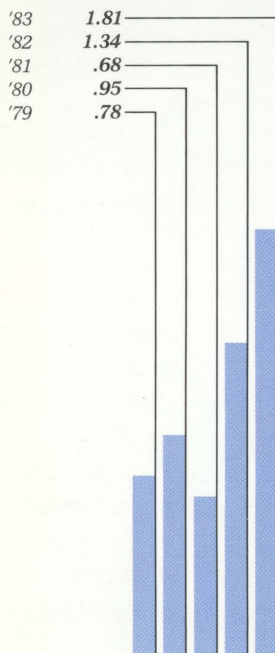
### **Thousand Trails—Tracking a National Trend**

One of the principal reasons for Thousand Trails' continued success has been an ever-increasing demand for outdoor recreational opportunities at a time of steadily diminishing public supply.

In a 1983 report prepared by the non-partisan Outdoor Recreation Policy Review Group, Chairman Henry L. Diamond concluded that "... outdoor recreation is more important than ever in American life—as a fundamental expression of our national character, for its benefits to individuals and to society, and its significant contribution to the nation's economy... Yet, governments at all levels have been retrenching and providing less recreation opportunity. The major federal agency in the field and the major federal funding program have been dismantled or severely curtailed."

Demand, on the other hand, has never been higher. The Recreation Vehicle Industry Association (RVIA) estimates that "RV sales in 1983 were up 40 percent, making it the industry's best year since 1978." The association points to an A.C. Nielsen Company study showing 60 million campers in the U.S., 40 percent of whom camp in recreational vehicles. Nielsen expects the number of campers to grow by 4.4 million by the end of the decade.

**Earnings per Share**  
( \$ Fully Diluted)











RVIA also cites a new report by the internationally known marketing research firm of Yankelovich, Skelly and White. The report concludes that many basic American values are in harmony with the active RV lifestyle: (1) a strong orientation toward fitness and healthy living, (2) a renewed emphasis on family togetherness, (3) a desire to travel close to home, and (4) a move toward strategic family buying, or careful planning to get the most for the money, including economical family vacations and leisure pursuits.

As the resort campgrounds industry leader and trend-setter, Thousand Trails is ideally positioned to benefit from these underlying national trends.

Ours is an exciting, dynamic industry, attuned to the needs of the American character, shaped by our nation's love for freedom and mobility.

The future of Thousand Trails seems assured. The degree of our success will depend on maintaining an aggressive and disciplined management team, sensitive to the expectations of our member families and alert to a variety of emerging opportunities. We believe that team is in place, and that it will achieve—with energy and with vision—the broad goals to which we are committed.

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

**Jerry D. Horn**  
President & Chief  
Operating Officer

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

#### 5-Year Compound Growth

Earnings	52.0%
Sales	41.0%
Return on average equity	35.5%



## Financial Highlights

**F**Thousand Trails continued its rapid growth in 1983, the Company's most financially successful year. Membership sales and net earnings were up 41.7 percent and 54.7 percent, respectively, while earnings per share on a fully diluted basis increased 35.1 percent.

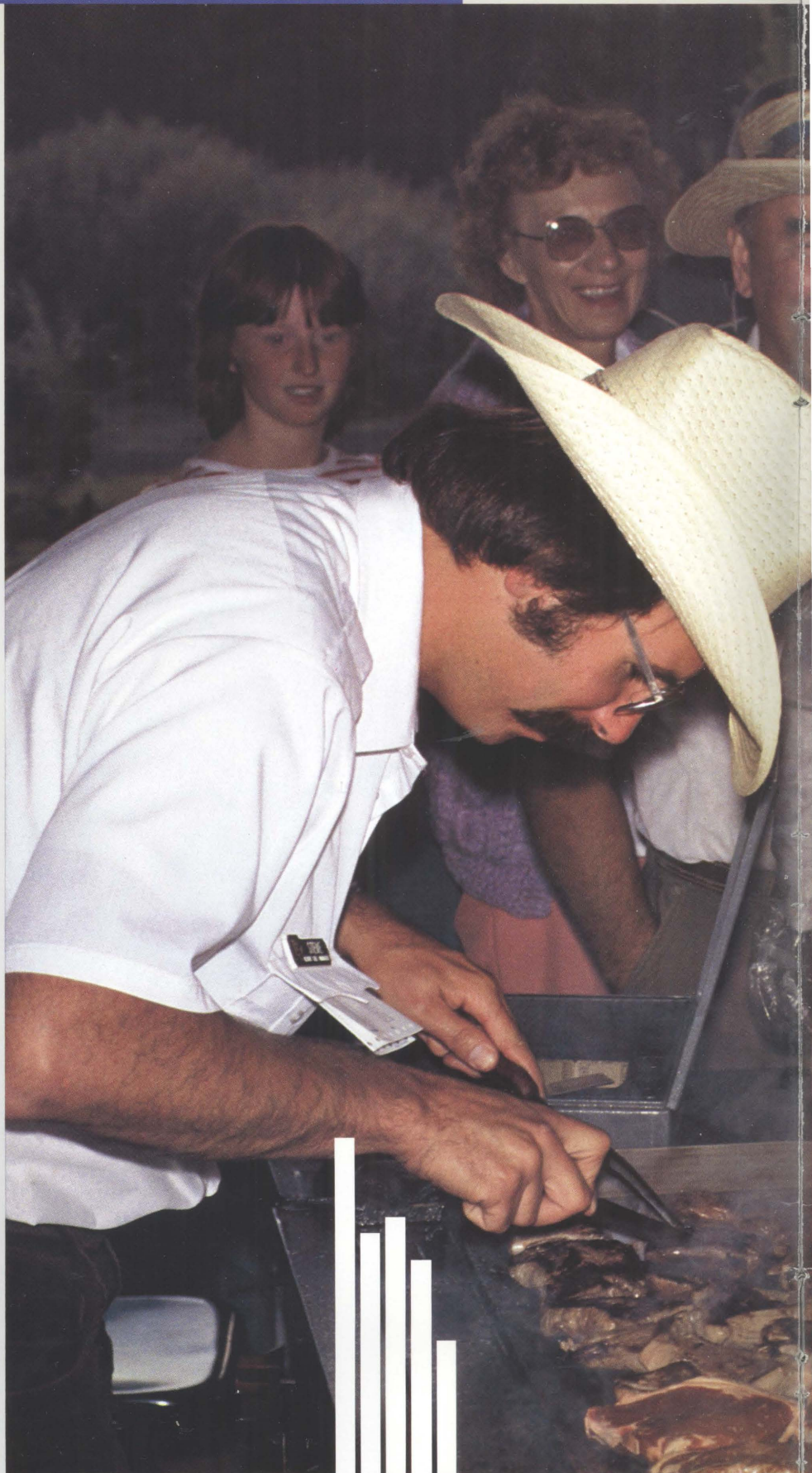
Thousand Trails generates revenues from three interrelated profit centers: membership sales, preserve operations, and financial services. For the first time in the Company's history, revenues from these three sources exceeded \$100 million, up from \$70.1 million in 1982.

**Membership sales.** Sales of memberships were \$79.9 million in 1983, with on-site selling activity conducted at 21 of the Company's resort locations. We anticipate continued growth in memberships from our existing properties, and are excited about our future as we begin sales activity at our newer locations in the Midwest and East Coast markets.

A typical Thousand Trails resort should generate a return on investment of 4.3 to 1. Historical usage by members indicates 10 memberships may be sold for each campsite within a region without overcrowding. Usage patterns vary by region and by season, but our experience has proven this formula to be valid. Computation of return on investment from membership sales is as follows:

### Typical Property, Including 600 Campsites and Standard Amenities

Investment in property, including land cost, and purchased and developed amenities	\$ 5,000,000
Potential membership sales (6,000 units)	\$38,000,000
Marketing costs (44%)	16,720,000
Contribution	\$21,280,000
Return on investment	4.3:1



Total Debt to Equity

'83	1.5:1
'82	2.4:1
'81	3.0:1
'80	2.7:1
'79	3.8:1





*"For the first time in the Company's history, revenues from its three profit centers—membership sales, preserve operations and interest on membership contracts—exceeded \$100 million."*





*"Thousand Trails expects to retain its leadership of the resort campground industry by offering existing and prospective members a product of genuine and enduring value."*



**Preserve Operations.** The Resort Services Division revenues consist primarily of membership dues. Each Thousand Trails member is assessed dues at a rate designed to cover the division's operating costs and a pro rata share of its overhead costs when 40 percent of the memberships at any given 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 \$210 per member (subject to annual increases)	\$1,260,000
Annual operating costs (including pro rata portion of division overhead)	500,000
Annual contribution per preserve	\$ 760,000

New preserves, of course, do not generate profits immediately because of the time lag between acquisition and membership sales. However, as the total membership base increases, this segment of the Company's business will ultimately become the most significant source of profit contribution.

**Interest on Accounts Receivable.** The Financial Services Department currently manages a receivables portfolio of approximately \$90.0 million. Most Thousand Trails memberships are sold on an installment basis with terms ranging from 24 to 84 months. The majority of these receivables have a stated rate of interest of 15 percent with an average yield of 14.9 percent on the total portfolio. Interest earned in 1983 was \$10.2 million, exceeding by approximately \$6.2 million the Company's interest expense for the year. This substantial differential between interest income and interest expense should become greater each year and, therefore, continue to contribute significantly to earnings in

**Total Accounts Receivable**  
(\$ Millions)

'83	89,630
'82	58,106
'81	38,334
'80	26,014
'79	16,260



future years.

In addition to the sources of revenue already discussed, new, related businesses currently are being developed for the years ahead. While it is premature to predict income from these sources, the long-term possibilities are substantial.

#### Common Stock Offering

In July 1983, the Company sold 718,816 shares of common stock at an offering price of \$23.50 per share. Net proceeds of \$16.2 million were used to reduce bank borrowings. The Company's ratio of debt to equity has declined steadily for the past five years and was 1.5 to 1 at year's end.

**P**roperties, Construction, Engineering. Exploring the world of Thousand Trails is an adventure, because each resort is unique, each maintains the character and contour of its natural surroundings.

Thousand Trails' world, which began in the mist-shrouded forests of the Pacific Northwest, now extends the length and breadth of America, from British Columbia in the north to the Texas gulf, from California's Sierra Nevada to the plains of Illinois and east to historic Virginia.

Thousand Trails' vision is of a national network of preserves—offering to members an opportunity to savor the endless variety of the American landscape.

Building this network is a highly trained team of professionals—engineers, planners, designers, architects, and graphic artists. A properties acquisition team—strengthened and expanded in 1983—finds the best private lands available, and measures them against Thousand Trails' demanding criteria. These teams currently are reviewing sites in the Midwest, the East, and the Southeast.

In addition to being within a 90-minute drive of population centers containing at least 500,000 residents, candidate properties must contain or offer access to lakes,

Land and Improvements, at cost  
(\$ Millions)

'83	82,282
'82	56,167
'81	39,003
'80	29,658
'79	15,356



*"Thousand Trails' vision is of a national network of preserves—offering to members an opportunity to savor the endless variety of the American landscape."*





*"In many respects, our business is to make people happy."*

streams, rivers, mountains, beaches or other natural recreational activities. The property must be large enough and the terrain suitable for developing the Company's standard facilities and amenities, and the purchase and development costs per campsite must meet established profitability criteria.

Operating with the philosophy that the least change to the natural environment is best, 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.

To reduce construction costs, during 1983 the Construction and Engineering Division standardized the design of certain facilities. All cost accounting and budget planning systems are now fully computerized, enabling the Company to meet schedules and budget objectives with greater accuracy.

Improved training programs for project managers, skilled tradespeople and designers were put in place during the year, along with an enhanced incentive compensation program for construction managers.

As a measure of the Company's growth during the year, the division opened nine new preserves, constructed 123,496 linear feet of roads, built 1,038 campsites, and 51,200 square feet of new structures. Total expenditures for improvements increased 63 percent over 1982. All projects were completed on time, on or under budget, and all with the same high degree of excellence that has become the trademark of a Thousand Trails preserve.

### **R**esort Services

Many members tell us that people are what Thousand Trails is all about. The Company's Resort Services Division agrees.

In many respects, our business is to





make people happy.

Resort Services is the primary link between members and their Thousand Trails experience. From the operators of the Advance Notification System, to the ranger who greets each member, to the hundreds of men and women who organize and supervise activities and maintain the grounds—all are unified in a single purpose: to provide consistently high levels of quality service to member families.

During 1983, the division welcomed more than a half million members and guests to Thousand Trails preserves, served about 300,000 meals, and handled 125,000 advance notification calls. As the Company's membership base increases, so too will these service requirements.

In anticipation of meeting expanded requirements, the division has broadened its management training programs, developed improved cost management techniques, and will install an expanded automated Advance Notification System during 1984.

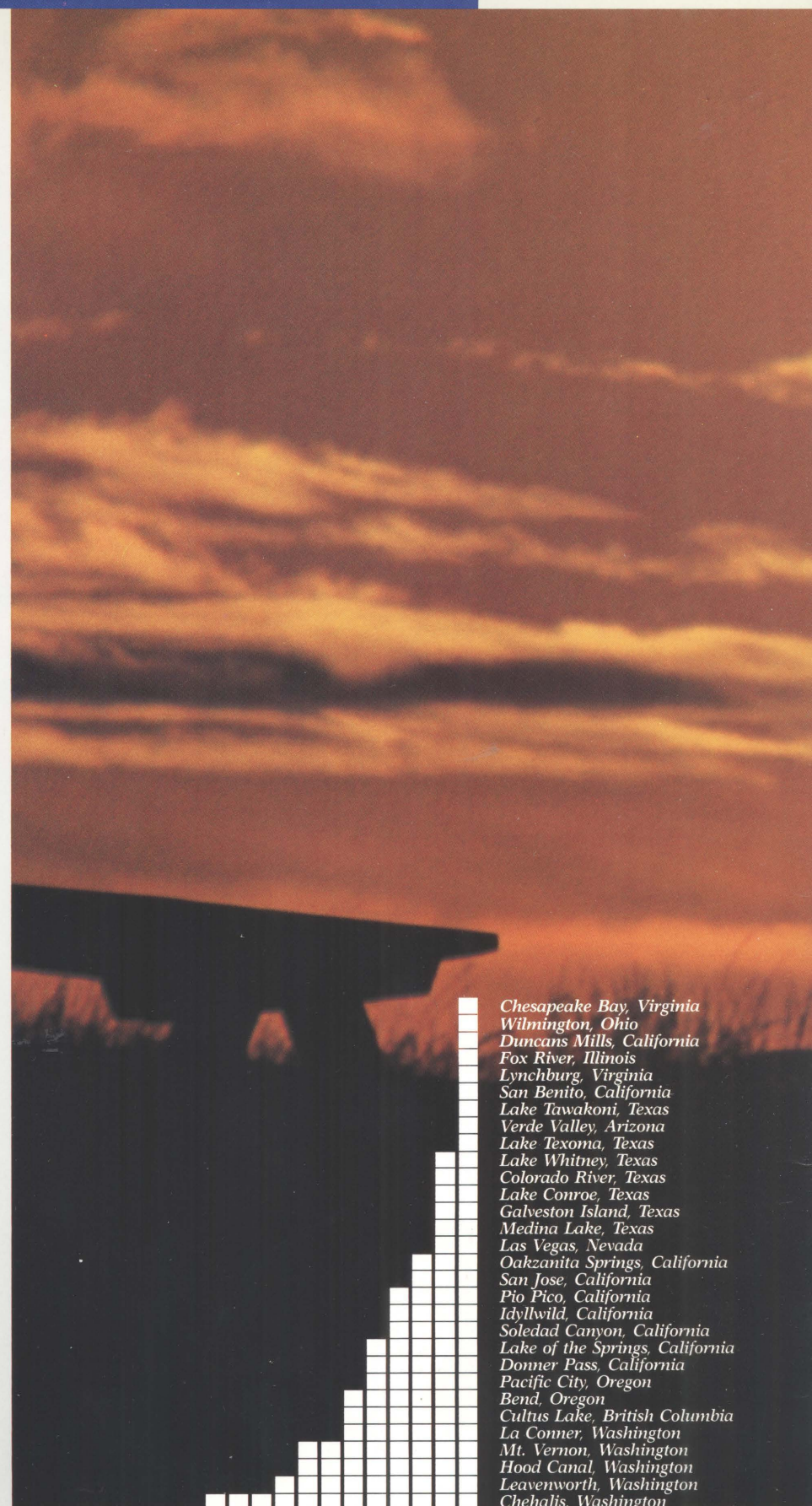
Each preserve is operated as a separate profit center. Annual dues are the greatest single source of revenue, but other revenues are realized from the sale of food and goods at the trading post, game machines, laundry services, breakfast and dinner events, and other special activities.

## Sales and Marketing

The phenomenal success of the vacation trailer membership—which vastly increases Thousand Trails' potential for growth—belongs in large measure to the creative efforts of the Company's sales and marketing team.

Working together, the team substantially broadened the Company's vision for 1984 and beyond.

Well-trained professionals sell memberships at 21 of the Company's 30 preserves. Marketing supports the on-site efforts with direct-mail, advertising, tele-marketing and member referral programs



Chesapeake Bay, Virginia  
 Wilmington, Ohio  
 Duncans Mills, California  
 Fox River, Illinois  
 Lynchburg, Virginia  
 San Benito, California  
 Lake Tawakoni, Texas  
 Verde Valley, Arizona  
 Lake Texoma, Texas  
 Lake Whitney, Texas  
 Colorado River, Texas  
 Lake Conroe, Texas  
 Galveston Island, Texas  
 Medina Lake, Texas  
 Las Vegas, Nevada  
 Oakzanita Springs, California  
 San Jose, California  
 Pio Pico, California  
 Idyllwild, California  
 Soledad Canyon, California  
 Lake of the Springs, California  
 Donner Pass, California  
 Pacific City, Oregon  
 Bend, Oregon  
 Cultus Lake, British Columbia  
 La Conner, Washington  
 Mt. Vernon, Washington  
 Hood Canal, Washington  
 Leavenworth, Washington  
 Chehalis, Washington

Preserve Network



*"At a Thousand Trails resort campground, it is still possible to feel the magic of the land . . . and the renewal of spirit."*



as a means of generating tours. Nearly 150,000 potential new members toured the Company's resorts in 1983.

Direct mail solicitations are developed internally. The creative appeal of these mailings was strengthened during the year, a membership referral program achieved a major breakthrough, and results from direct telephone contact exceeded projections by 100 percent.

Professional sales development continued to be a high priority for the sales organization, with an enhanced and expanded sales training package featuring 21 half-hour videotape programs detailing effective selling methods. The program is creating a more disciplined, standardized sales presentation while upgrading the professionalism and reducing turnover of the sales staff.

In 1984, sales and marketing will expand upon the successful programs developed and refined in recent years. New tour generation concepts will continue to be tested as the Thousand Trails membership base is expanded.

## **C**ommunications

Thousand Trails is a company, but it also is an idea. As the Company's geographical and cultural horizons expand, and as it matures in its vision of the future, effective communications will play an increasingly important role in bringing its several parts together.

The Thousand Trails "family" is comprised of members, headquarters staff, prospective members, field personnel, community leaders, shareholders, and news media.

Many are isolated geographically and therefore especially eager to feel a sense of community with the organization. The Thousand Trails communications network is an effort to share . . . not only news about the Company, but also an understanding of its goals, achievements, values, and people.

A complete, in-house audio/video center is an essential element of the communications effort. Twice each month,

"Insights," a video news show, is presented to all employees.

"Trailblazer" is the monthly magazine link between the Company and its 51,100 member families. Its goal is to inform as well as to reinforce the bond that exists among members.

"Preserve" is mailed each month to every employee's home. It focuses on individual achievements, and encourages employees to seek new levels of awareness and control over their personal and professional lives.

"New Dimensions" is a weekly publication designed to motivate and recognize efforts of the sales team.

**M**embers  
Many Thousand Trails members don't think of themselves as "members" at all, but rather as neighbors, friends or even as part of an extended family.

Because the Company's success is tied directly to the level of membership satisfaction, we conduct an annual survey to see how Thousand Trails measures up to members' expectations. In 1983, the survey showed a high degree of satisfaction. Preserve management was rated excellent or good by 97.5 percent, preserve security 95.5 percent excellent or good, preserve maintenance 96.0 percent excellent or good and the Company overall 90.4 percent excellent or good.

The profile of members shows them to be mature, stable and financially sound. Most own recreational vehicles and have an active interest in camping, boating and other family-oriented recreational activities.

The profile of an average Thousand Trails member is:

- 56 years of age (head of household)
- working or semi-retired (51 percent), retired (49 percent)
- the parent of two children
- a homeowner (94 percent)
- in the 14th year at his present residence
- relatively affluent (household income ranges from \$25,000 to \$30,000)
- the recipient of 3.8 weeks of paid vacation
- the owner of an RV (96 percent)



## ***Financial Data***

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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,	1983	1982	1981	1980	1979
Membership Sales	\$79,971	\$56,454	\$40,006	\$33,950	\$21,396
Gross Profit on Membership Sales	31,715	23,173	14,422	13,802	10,405
Gross Profit on Preserve Operations	1,995	1,298	880	383	366
Net Earnings	12,004	7,761	3,327	4,536	2,790
Primary Earnings Per Share	1.85	1.45	.71	1.13	.78
Fully Diluted Earnings Per Share	1.81	1.34	.68	.95	.78

#### Selected Balance Sheet Data

(in thousands)

December 31,	1983	1982	1981	1980	1979
Current Assets	\$23,666	\$15,981	\$10,967	\$ 7,575	\$ 8,014
Current Liabilities	22,118	15,001	9,395	7,755	6,950
Membership Contracts Receivable (Net)	82,373	53,443	34,696	23,482	13,949
Operating Preserves	82,282	56,167	39,003	29,658	15,356
Total Assets	151,767	102,299	70,822	52,567	34,280
Debt:					
Long-Term	28,206	23,183	22,344	20,498	17,527
Bank Line of Credit	25,033	24,279	15,855	6,811	3,300
Total Deferred Income Taxes	29,033	18,505	11,437	8,458	4,256
Shareholders' Equity	60,299	30,194	17,865	14,110	7,107



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

### Results of Operations

The Company has experienced a compound annual growth rate in membership sales over the past five years of approximately 41 percent. Sales increases have resulted primarily from growth in the number of preserves operated by the Company, which increased the number of preserves available for use by members as well as the number of locations at which memberships are sold. During these five years the Company acquired 20 preserves for use by its members and increased the number of selling preserves from 9 to 21. Additional development of existing preserves has also enhanced the desirability of a Thousand Trails membership. In 1981, the Company's earnings declined from the prior year primarily as a result of increased marketing expenses as a percentage of sales. During 1982, the Company reduced marketing expenses as a percentage of sales to 44.1 percent from 49.6 percent in 1981, while increasing the number of memberships sold. This trend continued in 1983 when membership sales increased by 41.7 percent, and marketing expenses as a percentage of sales decreased to 44.0 percent.

The table below (dollars in thousands) summarizes for the periods indicated the contribution to total revenues and earnings before taxes of each of the three principal sources of the Company's revenues and earnings:

### Membership Sales

Increases in revenues from membership sales during the last three years resulted from increases in the number of memberships sold (7,585 in 1981,

10,120 in 1982, and 13,841 in 1983) and from increases in the average membership price (from \$5,275 in 1981 to \$5,600 in 1982 to \$5,800 in 1983). The increase in the number of memberships sold in 1983 was due primarily to the addition of five new selling preserves, accounting for 60.0 percent of the increase, and an aggregate increase in sales from the Company's more mature locations, accounting for 40.0 percent of the increase. The Company conducted sales at 21 preserves during 1983, an increase of 12 new selling preserves during the past three years.

Marketing expenses as a percentage of sales decreased from 49.6 percent in 1981, to 44.1 percent in 1982, to 44.0 percent in 1983 as a result of emphasis on cost control of the Company's marketing and sales programs, including more effective incentive compensation plans, increased emphasis on recruiting and training of sales personnel, and the use of more cost-effective methods for generating sales tours by prospective new members. The Company is continuing its efforts to improve marketing productivity through training of sales personnel.

The Company has been able to increase the efficiency of its existing management and administrative staff during the last three years as sales volume increased. General and administrative expenses as a percentage of membership sales have decreased from 17.8 percent in 1981, to 15.2 percent in 1982, to 14.8 percent in 1983.

The provision for doubtful accounts as a percentage of membership sales decreased from 4.6 percent in 1981, to 4.0 percent in 1982, but

### Sources of Revenues and Earnings

Year Ended December 31,	1983		1982		1981	
Revenues:						
Membership sales	\$ 79,971	79.8%	\$56,454	80.5%	\$40,006	82.0%
Preserve operations	10,104	10.1	6,997	10.0	4,786	9.8
Interest on membership contracts	10,147	10.1	6,622	9.4	4,153	8.5
Other	42		35	.1	(147)	(.3)
	\$100,264	100.0%	\$70,108	100.0%	\$48,798	100.0%
Earnings before taxes:						
Membership sales	\$ 15,911	70.3%	\$12,320	81.6%	\$ 5,415	84.9%
Preserve operations	489	2.2	325	2.2	169	2.7
Interest income net of expense	6,190	27.3	2,419	16.0	940	14.7
Other	42	.2	35	.2	(147)	(2.3)
	\$ 22,632	100.0%	\$15,099	100.0%	\$ 6,377	100.0%



increased to 5.0 percent in 1983. The increase in 1983 is a result of a greater number of sales on the installment basis (70 percent in 1981, 74 percent in 1982, and 82 percent in 1983). The percentage of delinquent receivables relative to the total portfolio has remained constant during the three years at approximately 2.0 percent.

### **Preserve Operations**

Revenues from preserve operations continued to increase as the base of dues-paying members grew from 20,675 on January 1, 1981 to 51,140 on December 31, 1983. Preserve operations, after allocating to marketing expenses certain costs related to membership sales, have generated a profit during the past three years, increasing from \$169,000 in 1981, to \$325,000 in 1982, to \$489,000 in 1983.

### **Interest Income and Expense**

Interest expense has continued to be a significant cost of the Company's operations, although it has been more than offset by interest income from the Company's growing accounts receivable portfolio. Historically, a substantial portion of total debt has been in the form of seller financing for preserve acquisitions at favorable interest rates. During the last three years, borrowings under the bank line of credit became proportionately greater. The substantial decrease in bank lending rates in the latter part of 1982 and during 1983 resulted in a significant positive impact on the Company's earnings, as interest income exceeded interest expense by \$6,190,000 in 1983, compared with \$2,419,000 in 1982 and \$940,000 in 1981. The average cost of borrowed funds over the past three years has fluctuated, but decreased from 16.2 percent in 1981, to 15.2 percent in 1982, to 11.7 percent in 1983.

### **Liquidity and Capital Resources**

The Company believes the number of memberships that may be sold within a region is limited by campsite capacity at, and the size of the market area for, each preserve within the region. Accordingly, to continue to generate additional growth in membership sales, it is necessary for the Company to add new preserves. Substantial costs are incurred to acquire and develop preserves prior to sale of memberships and use by members. Revenues from membership sales, however, are recorded in full at the time of sale, although cash flow from memberships sold on installment contracts is received over a number of years. Therefore, while internally generated cash flow has been sufficient to fund the Company's ongoing activities, the substantial number of preserves acquired in recent years

has required the Company to rely on borrowed funds to finance its preserve acquisition and development program.

Continued rapid growth of the Company's system of preserves will require external financing. As in the past, the Company expects to finance its preserve acquisition and development program and to meet its working capital requirements through borrowings under its bank line of credit, leases, real estate loans, and the sale of debt or equity securities, in addition to cash generated by operations. The primary source of such external financing is expected to continue to be bank borrowings secured by the Company's accounts receivable portfolio.

The Company has generated additional liquidity through the deferral of income taxes resulting from the difference in the methods of reporting membership sales for financial statement and income tax purposes. Income taxes will continue to be deferred and additional liquidity provided as long as the Company continues to expand its accounts receivable portfolio.

The Company is also in the process of developing programs intended to improve cash flow by increasing the amount of cash received by the Company at the time memberships are sold. In 1983, 18 percent of membership sales were for cash compared with 26 percent in 1982 and 30 percent in 1981. Down payments and cash sales as a percentage of membership sales were 35 percent in 1983 compared with 40 percent in 1982 and 45 percent in 1981. The Company believes it can increase down payments and cash sales as a percentage of membership sales through properly structured incentive programs, and is in the process of developing such programs.

During July 1983, the Company sold 718,816 shares of its common stock at \$23.50 per share. The net proceeds of \$16,177,000 were used to reduce borrowings under its bank line of credit.

On December 31, 1983, the Company's unused sources of liquidity consisted principally of \$770,000 cash and approximately \$24,967,000 of additional borrowing capacity under its \$50,000,000 bank line of credit. Borrowings under the bank line of credit reached a maximum of \$31,200,000 during the year but were reduced by proceeds of the stock offering previously discussed.

The Company believes that its capital requirements for planned acquisition and development of preserves through 1984 will be met by its bank line of credit, seller financing of preserve acquisitions, deferral of income taxes, and cash generated by operations.



# Consolidated Statements of Earnings

Thousand Trails, Inc. and Subsidiaries

Year ended December 31,	1983	1982	1981
<b>Membership Sales</b>	<b>\$79,971,000</b>	<b>\$56,454,000</b>	<b>\$40,006,000</b>
<b>Costs Attributable to Membership Sales:</b>			
Marketing expenses	35,209,000	24,892,000	19,831,000
Preserve land and improvement costs	13,047,000	8,389,000	5,753,000
General and administrative expenses	11,827,000	8,612,000	7,141,000
Provision for doubtful accounts	3,977,000	2,241,000	1,866,000
	<b>64,060,000</b>	<b>44,134,000</b>	<b>34,591,000</b>
<b>Income From Membership Sales</b>	<b>15,911,000</b>	<b>12,320,000</b>	<b>5,415,000</b>
<b>Preserve Operations:</b>			
Membership dues	7,355,000	4,982,000	3,304,000
Trading post and other sales	2,749,000	2,015,000	1,482,000
	<b>10,104,000</b>	<b>6,997,000</b>	<b>4,786,000</b>
Less —			
Cost of trading post sales	2,400,000	1,839,000	1,346,000
Maintenance and operations expense	5,709,000	3,860,000	2,560,000
General and administrative expenses	1,506,000	973,000	711,000
	<b>9,615,000</b>	<b>6,672,000</b>	<b>4,617,000</b>
<b>Income From Preserve Operations</b>	<b>489,000</b>	<b>325,000</b>	<b>169,000</b>
<b>Other Income (Expense):</b>			
Interest income	10,147,000	6,622,000	4,153,000
Interest expense	(3,957,000)	(4,203,000)	(3,213,000)
Other	42,000	35,000	(147,000)
	<b>6,232,000</b>	<b>2,454,000</b>	<b>793,000</b>
<b>Earnings Before Deferred Income Taxes</b>	<b>22,632,000</b>	<b>15,099,000</b>	<b>6,377,000</b>
<b>Deferred Income Taxes</b>	<b>10,628,000</b>	<b>7,338,000</b>	<b>3,050,000</b>
<b>Net Earnings</b>	<b>\$12,004,000</b>	<b>\$ 7,761,000</b>	<b>\$ 3,327,000</b>
<b>Net Earnings Per Share:</b>			
Primary	<b>\$1.85</b>	<b>\$1.45</b>	<b>\$.71</b>
Fully diluted	<b>\$1.81</b>	<b>\$1.34</b>	<b>\$.68</b>

See notes to consolidated financial statements.



## Consolidated Balance Sheets

Thousand Trails, Inc. and Subsidiaries

<i>Assets December 31,</i>	<i>1983</i>	<i>1982</i>
<b>Current Assets:</b>		
Cash	\$ 770,000	\$ 703,000
Current portion of notes, contracts and accounts receivable—		
Membership contracts	20,382,000	13,568,000
Other	1,558,000	1,025,000
	21,940,000	14,593,000
Allowance for doubtful accounts	(1,111,000)	(646,000)
	20,829,000	13,947,000
Inventory and prepaid expenses	2,067,000	1,331,000
<b>Total Current Assets</b>	<b>23,666,000</b>	<b>15,981,000</b>
<b>Notes, Contracts and Accounts Receivable,</b>		
less current portion:		
Membership contracts	66,740,000	42,546,000
Real estate contracts	732,000	788,000
Other	218,000	179,000
	67,690,000	43,513,000
Allowance for doubtful accounts	(3,638,000)	(2,025,000)
	64,052,000	41,488,000
<b>Operating Preserves:</b>		
Land	17,702,000	12,347,000
Improvements	64,580,000	43,820,000
	82,282,000	56,167,000
Costs applicable membership sales	(38,466,000)	(25,427,000)
	43,816,000	30,740,000
<b>Preserves Under Development, at cost</b>	<b>6,592,000</b>	<b>2,244,000</b>
<b>Investment in Real Estate, at cost</b>	<b>2,773,000</b>	<b>2,793,000</b>
<b>Construction and Operating Equipment, net of</b>		
accumulated depreciation of \$3,174,000 and \$2,085,000	5,293,000	3,480,000
<b>Other Assets, at cost</b>	<b>5,575,000</b>	<b>5,573,000</b>
	<b>\$151,767,000</b>	<b>\$102,299,000</b>

See notes to consolidated financial statements.



\$151,767,000	\$102,299,000
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## Consolidated Statements of Shareholders' Equity

Thousand Trails, Inc. and Subsidiaries

	Common Stock		Retained earnings
	Shares	Amount	
Balance, January 1, 1981	4,476,890	\$ 6,160,000	\$ 7,950,000
Debenture conversions	84,186	310,000	
Issuance of common stock	21,301	118,000	
Net earnings			3,327,000
Balance, December 31, 1981	4,582,377	6,588,000	11,277,000
Debenture conversions	76,159	286,000	
Issuance of common stock	814,290	4,378,000	
Foreign currency translation			(96,000)
Net earnings			7,761,000
Balance, December 31, 1982	5,472,826	11,252,000	18,942,000
Debenture conversions	77,803	296,000	
Issuance of common stock	1,247,468	17,810,000	
Foreign currency translation			(1,000)
Net earnings			12,004,000
Balance, December 31, 1983	6,798,097	\$29,358,000	\$30,945,000

See notes to consolidated financial statements.



# Consolidated Statements of Changes in Financial Position

Thousand Trails, Inc. and Subsidiaries

Year ended December 31,	1983	1982	1981
<b>Operations:</b>			
Cash received—			
Membership sales	\$27,738,000	\$22,582,000	\$18,003,000
Collections on contracts receivable, including interest	28,619,000	19,278,000	13,258,000
Dues and preserve revenues	10,507,000	7,336,000	5,133,000
Other	211,000	133,000	(69,000)
	67,075,000	49,329,000	36,325,000
Cash expended—			
Marketing expenses	34,211,000	23,211,000	19,983,000
General and administrative expenses	11,788,000	7,739,000	7,130,000
Preserve maintenance and operations	9,001,000	6,127,000	4,571,000
Principal payments on debt related to preserve properties	4,337,000	3,744,000	2,032,000
Interest expense	3,957,000	4,203,000	3,213,000
	63,294,000	45,024,000	36,929,000
Cash provided by (used in) operations before preserve improvements	3,781,000	4,305,000	(604,000)
Cash expended for preserve improvements	(18,391,000)	(11,275,000)	(6,837,000)
Cash used in operations	(14,610,000)	(6,970,000)	(7,441,000)
<b>Other Sources (Uses) of Cash:</b>			
Issuance of common stock	17,756,000	4,161,000	10,000
Proceeds of borrowings collateralized by contracts receivable	851,000	8,646,000	9,069,000
Principal payments on notes payable and credit line arrangements	(1,109,000)	(735,000)	(743,000)
Acquisition of preferred stock		(3,000,000)	
Purchase of construction and operating equipment, net of related borrowings of \$1,388,000, \$1,072,000 and \$1,588,000	(2,943,000)	(1,490,000)	(789,000)
Other, net	122,000	(81,000)	(566,000)
	14,677,000	7,501,000	6,981,000
<b>Increase (Decrease) in Cash</b>	<b>67,000</b>	<b>531,000</b>	<b>(460,000)</b>
<b>Cash:</b>			
Beginning of year	703,000	172,000	632,000
End of year	\$ 770,000	\$ 703,000	\$ 172,000

See notes to consolidated financial statements.



## Notes to Consolidated Financial Statements

Thousand Trails, Inc. and Subsidiaries Three Years Ended December 31, 1983

### Note A Significant Accounting Policies:

#### General

The Company and subsidiaries operate membership-based destination resort campgrounds (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 percent 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, member 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 percent of total memberships available for sale. Membership agreements provide for annual adjustment of dues to reflect increases in the Consumer Price Index.

#### 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 recorded as a cost of membership sales based upon the ratio of actual memberships sold within each region to the total memberships planned by the Company to be available for sale within the 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 preserves in that region. The Company currently plans to sell 10 memberships for each campsite. Preserve utilization statistics are reviewed on a regular basis, and the number of total planned memberships available for sale will be revised in the event future experience indicates the 10 to 1 ratio is no longer appropriate. As of December 31, 1983, the Company had 51,100 members, which

represented approximately one-third of the total planned memberships 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

The Company translates 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.

#### Earnings per share

Earnings per share of common stock are computed based on the weighted average common and equivalent shares outstanding during the year retroactively restated for the 3 for 2 stock split effected February 22, 1983. Stock options, rights and warrants to purchase stock are included in the



computation of earnings per share when dilutive. The effect of an assumed conversion of the Company's convertible subordinated debentures is also included in the computation of fully diluted earnings per share.

#### **Note B**

##### **Membership**

##### **Contracts**

##### **Receivable:**

Membership contracts receivable bear interest at an average rate of 14.9 percent and currently are written with initial terms of 24 to 84 months with an average term of 61 months. The Company has no obligation to refund monies received or provide

further services to members in the event a membership is cancelled for nonpayment of contractual obligations.

Aggregate annual principal payments on membership contracts are as follows:

Year ending December 31,	
1984	\$20,382,000
1985	20,058,000
1986	18,173,000
1987	14,952,000
1988	10,036,000

Substantially all membership contracts receivable are pledged as collateral for debt.

#### **Note C**

##### **Long-Term Debt**

##### **and Line Of Credit:**

Long-term debt and line of credit consist of the following:

December 31,	1983	1982
Real estate contracts and capitalized leases, 6.5 percent to 13.25 percent (average 9.1 percent), payable in aggregate monthly installments of \$491,000 and \$351,000 including interest	\$23,096,000	\$16,810,000
Notes, 6 percent to 18 percent (average 12.6 percent), payable in aggregate monthly installments of approximately \$60,000 and \$131,000 including interest	1,967,000	3,137,000
Equipment and other contracts, 10 percent to 23.8 percent (average 15.7 percent), payable in aggregate monthly installments of \$116,000 and \$98,000 including interest	2,492,000	2,253,000
13 percent convertible subordinated debentures, due 1994, callable December 1984, interest payable quarterly	651,000	983,000
	28,206,000	23,183,000
Line of credit	25,033,000	24,279,000
	53,239,000	47,462,000
Current portion	(5,896,000)	(4,350,000)
	\$47,343,000	\$43,112,000

Substantially all of the Company's assets are pledged as collateral for the above debt. Aggregate annual principal payments during each of the next five years are as follows:

1984	\$5,896,000
1985	7,104,000
1986	5,741,000
1987	3,583,000
1988	3,489,000

The debentures are convertible into common stock at \$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, 1983.

At December 31, 1983, the Company had a line of credit of \$50,000,000 consisting of 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 percent (13.6 percent as of December 31, 1983). As of December 31, 1983, the Company had drawn \$6,675,000 under the term loan agreement. The institution providing the term loan owned 22 percent of the Company's outstanding common stock as of December 31, 1983.

The revolving portion of the line of credit bears

interest at the bank's prime lending rate plus 1 percent (12 percent as of December 31, 1983). At the option of the Company or the bank, the balance outstanding under this portion of the line may be converted to a term loan payable in 36 equal monthly installments. The Company is restricted from payment of cash dividends 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,	1983	1982	1981
Federal	\$ 9,539,000	\$6,563,000	\$2,640,000
Foreign and state	1,089,000	775,000	410,000
	<b>\$10,628,000</b>	<b>\$7,338,000</b>	<b>\$3,050,000</b>

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

Year ended December 31,	1983	1982	1981
Installment sales	\$13,309,000	\$9,200,000	\$4,570,000
Capitalized interest	211,000	805,000	670,000
Amortization of site improvements	(4,033,000)	(1,642,000)	205,000
Decrease (increase) in tax basis net operating loss carryforward	977,000	(1,138,000)	(2,350,000)
Other, net	164,000	113,000	(45,000)
	<b>\$10,628,000</b>	<b>\$7,338,000</b>	<b>\$3,050,000</b>

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

**Note E**  
**Incentive**  
**Stock Plans:**

The Company has two stock option plans under which common stock is reserved for issuance to officers and key employees. Under the 1979 plan, options are exercisable 25 percent each year commencing one year after the date of grant, and expire after 10 years. Options granted under the 1980 plan are exercisable in full after one year and

expire five years after date of grant. Options are priced at not less than market value at date of grant.

In 1980, the Company adopted a key employee incentive compensation plan and a marketing benefit plan for sales personnel, both of which were terminated in April 1982, subject to rights existing on the date of termination.

Information with respect to options and rights granted under the plans is as follows:



	Authorized	Available for grant	Options outstanding		Currently exercisable	Exercised
			Shares	Price per share		
Balance at December 31,						
1982	568,348	51,055	269,559	\$3.47-\$11.54	179,300	247,734
granted		(39,300)	39,300			
exercised			(143,534)		(143,534)	143,534
forfeited		8,570	(8,570)		(7,525)	
exercisable						
during year					82,433	
Balance at December 31,						
1983	568,348	20,325	156,755	\$3.56-\$23.00	110,674	391,268

In 1982, the Company reserved 450,000 shares for issuance under a stock purchase plan for officers and key employees. The plan provides for sale of common stock to participants on a cash or installment basis at a price not less than market value. Shares purchased on installment are issued and recorded in the financial statements upon receipt of payment. Of the shares reserved for issuance under the plan, 191,250 shares were purchased by officers in 1982 at \$3.83 per share and 231,500 shares were purchased by officers in 1983 at an average price of \$20.86 per share. During 1983, 143,663 shares were issued under the plan.

In November 1983, the Company agreed to sell to its president and chief operating officer 50,000 shares of common stock at \$23.00 per share, payable in installments. As of December 31, 1983, none of these shares had been issued.

**Note F**  
**Post-Employment**  
**Agreements:**

During 1983, the Company entered into post-employment agreements with certain key officers. The agreements provide for preretirement death benefits, post-employment consulting, retirement benefits and an agreement not to compete. Cost to the Company under these agreements was \$275,000 in 1983.

**Note G**  
**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 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.

The Company has agreed to purchase five properties for use as future preserves, subject to obtaining applicable land use permits. The aggregate purchase price of these properties is \$4,100,000, which will be financed by the sellers under agreements requiring approximately 20 percent down payment with the balance payable over periods not to exceed seven years and interest rates averaging 10 percent.

**Note H**  
**Costs**  
**and Expenses:**

The Company capitalizes interest as a component of the cost of significant improvements to preserves. Total interest costs were \$6,411,000 in 1983, \$6,756,000 in 1982 and \$5,092,000 in 1981, of which \$2,454,000, \$2,553,000 and \$1,879,000, respectively, were capitalized.

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. Such costs are included in marketing expenses as follows:

Year ended December 31,	
1983	\$1,234,000
1982	963,000
1981	767,000



**Note I**  
**Quarterly**  
**Financial**  
**Information**  
**(Unaudited):**

The following table sets forth quarterly financial information (in thousands except per share data).

	First quarter	Second quarter	Third quarter	Fourth quarter
<b>1983:</b>				
Membership sales	\$8,722	\$21,773	\$31,317	\$18,159
Gross profit	2,967	8,975	12,892	6,881
Earnings before taxes	1,698	7,012	9,729	4,193
NET EARNINGS	873	3,604	5,001	2,526
Earnings per share:				
Primary	\$.14	\$.59	\$.75	\$.36
Fully diluted	.14	.57	.73	.35
<b>1982:</b>				
Membership sales	\$6,704	\$17,697	\$21,764	\$10,289
Gross profit	2,029	7,781	9,559	3,804
Earnings before taxes	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

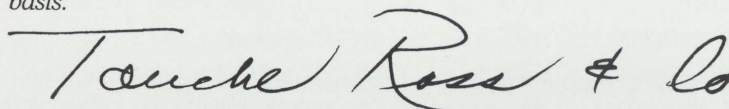
## **Accountants' Report**

January 27, 1984  
 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, 1983 and 1982, and the related consolidated statements of earnings, shareholders' equity and changes in financial position for each of the three years in the period ended December 31, 1983. 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, 1983 and 1982, 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, 1983, 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

**Trustee 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, May 10, 1984  
2 p.m.  
Congress Room of the Four Seasons Olympic  
Seattle, 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

Jerry D. Horn, ▲  
Thousand Trails, Inc.

C. James Jensen, ▲  
Thousand Trails, Inc.

Melvyn R. Kays, ▲  
Thousand Trails, Inc.

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

Robert M. Mayes  
Thousand Trails, Inc.

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

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

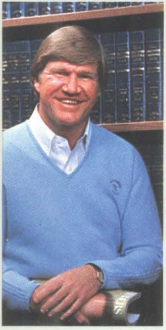
Edwin M. Stanley, ■  
Chairman,  
Management Compensation Group, Portland, OR

J.P. Weyerhaeuser III,  
Weyerhaeuser Company, retired

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



## Corporate Officers



**Jim Jensen**  
Chairman of the  
Board & Chief  
Executive Officer



**Jerry Horn**  
President &  
Chief Operating  
Officer



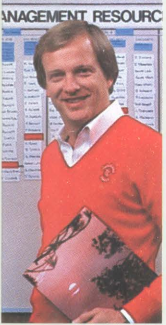
**Mel Kays**  
Executive V.P.,  
Treasurer &  
Chief Financial  
Officer



**Craig Kirsch**  
V.P. Finance &  
Administration



**Kathy Hornsby**  
V.P. & Corporate  
Secretary



**Bob Mayes**  
Senior V.P. Sales  
& Service



**Ron Bidleman**  
V.P. New Business  
Development



**Jerry Andres**  
President  
Thousand Trails  
Development  
Corporation



**Jim Claus**  
V.P. and  
Corporate  
Controller



**Duke Campbell**  
V.P. Sales &  
Marketing  
Operations



**Rodger Sheraton**  
V.P. Construction  
& Engineering



**Don Kent**  
V.P. Marketing



**Julie Brooks**  
V.P. General  
Counsel &  
Assistant  
Secretary



**Howard Behar**  
V.P. Resort  
Services



**Jerry Alto**  
V.P.  
Communications



**Al Schriber**  
V.P. Financial  
Services



*Thousand Trails, Inc.*  
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Seattle, WA 98188

