NATIONAL RV HOLDINGS INC
Form 10-K
April 02, 2001

SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

FORM 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 (FEE REQUIRED); OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

For the year ended December 31, 2000
Commission file number 0-22268

NATIONAL R.V. HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware	No. 33-0371079
(State or other jurisdiction of incorporation or organization)	(I.R.S.Employer Identification No.)

3411 N. Perris Blvd., Perris, California	92571
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (909) 943-6007

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, par value $.01 per share	New York Stock Exchange
(Title of class)	(Name of each Exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act: NONE

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

Yes X   No___

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

Aggregate market value (based upon the closing sale price) of the voting stock held by nonaffiliated stockholders of Registrant as of March 27, 2001 was approximately $64,860,000.

The number of shares outstanding of the Registrant's common stock, as of March 27, 2001, was 10,595,536.

Documents Incorporated by Reference: Part III incorporates by reference portions of the National R.V. Holdings, Inc. Proxy Statement for the 2001 Annual Meeting of Stockholders.

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PART I

Item 1. Business of the Registrant

General

National R.V. Holdings, Inc. (the "Company") is one of the nation's leading manufacturers of Class A motorhomes. From its Perris, California facility, the Company designs, manufactures and markets National R.V., Inc. ("NRV") Class "A" motor homes under brand names including Tradewinds, Dolphin, Tropi-Cal, Sea Breeze, Marlin, Islander, Sea View, Surf Side, and Caribbean, and travel trailers under brand names including Sea Breeze, Palisades, Splash and Rage'n. From its Junction City facility, the Company designs, manufactures and markets Country Coach, Inc. ("CCI") high-end (Highline) Class "A" motorhomes and bus conversions under brand names including Affinity, Allure, Intrigue and Magna. The Company, which began manufacturing recreational vehicles ("RVs") in 1964, is the fifth largest domestic manufacturer of Class A motorhomes and sells its motorhomes through a network of approximately 230 dealer locations in 38 states and Canada.

The Company was incorporated in Delaware in 1988. NRV's predecessor was organized in 1963. CCI's predecessor was organized in 1973. As used herein, the term "Company" refers to National R.V. Holdings, Inc., NRV and CCI unless the context otherwise requires.

The Company's headquarters are located at 3411 N. Perris Blvd., Perris, California 92571, and its telephone number is (909) 943-6007.

Recreational Vehicle Industry Overview

Products

Based upon standards established by the Recreational Vehicle Industry Association (the "RVIA"), RVs are commonly classified into three main categories: (i) motorhomes, composed of Class A, B and C types; (ii) towables, composed of fifth-wheel travel trailers, conventional travel trailers, truck campers and folding camping trailers, and (iii) van conversions.

Motorhomes: Motorhomes are self-powered RVs built on a motor vehicle chassis. The interior typically includes a driver's area and kitchen, bathroom, dining and sleeping areas. Motorhomes are self-contained, with their own power generation, heating, cooking, refrigeration, sewage holding and water storage facilities, so that they can be lived in without being attached to utilities. Motorhomes are generally categorized into A, B and C classes. Class A motorhomes are constructed on a medium-duty truck chassis, which includes the engine, drive train and other operating components. Retail prices for Class A motorhomes generally range from $40,000 to $200,000. Highline motorhomes, which are a subset of Class A motorhomes, generally range in retail price from $200,000 to $1,000,000. Class C motorhomes are built on a van or pick-up truck chassis, which includes an engine, drive-train components and a finished cab section, and generally range in retail price from $40,000 to $70,000. Class B motorhomes are van campers, which generally contain fewer features than Class A or Class C motorhomes.

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Towables: Towables are non-motorized RVs. Fifth-wheel travel trailers, similar to motorhomes in features and use, are constructed with a raised forward section that attaches to the bed of a pick-up truck. This allows a bi-level floor plan and generally more living space than conventional travel trailers. Fifth-wheel travel trailers are typically less expensive than motorhomes and range in retail price from $15,000 to $80,000. Conventional travel trailers are similar to fifth-wheel travel trailers but do not have the raised forward section. Truck campers have many of the amenities found on travel trailers and slide into the bed of a pickup truck. Folding camping trailers contain fewer features than other towables and are constructed with collapsible "tent" sidewalls that fold for easy towing.

Van Conversions: Van conversions are automotive vans converted by van upfitters to include such features as entertainment centers, comfortable seating, window treatments and lighting.

Trends and Demographics

According to the RVIA's wholesale statistics, RV unit sales (excluding van conversions) in 2000 decreased 6.6% to 300,100 from 321,200 in 1999. The aggregate wholesale value of these 2000 shipments was approximately $7.6 billion, with Class A motorhomes comprising $3.9 billion or 51% of the total and travel trailers comprising $2.7 billion or 36% of the total. Unit shipments of Class A motorhomes in 2000 decreased 17.0% to 41,000 from 49,400 in 1999. The average wholesale price of Class A motorhomes increased 5.7% in 2000 to $94,003 from $88,962 in 1999. Unit shipments of travel trailers decreased 0.7% in 2000 to 176,800 from 178,000 in 1999. The average wholesale price of conventional travel trailers increased 2.4% in 2000 to $11,763 from $11,488 in 1999, while the average wholesale price of fifth-wheel travel trailers decreased 6.2% to $19,032 in 2000 from $20,284 in 1999.

While overall unit shipments have increased over the past five years, the RV industry's manufacturing base has undergone a consolidation. Between 1992 and 2000, the number of Class A motorhome manufacturers declined from 45 to 29. In addition, during this period, the aggregate retail market share of the ten largest Class A motorhome manufacturers increased from 82.5% to 90.6%.

RVs are purchased for a variety of purposes, including camping, visiting family and friends, sightseeing, vacationing and enjoying outdoor activities and sporting events. According to a University of Michigan study, approximately 8.6 million households (or 9.8% of all households) in the United States owned RVs in 1997, up from 8.2 million in 1993, 7.7 million in 1988 and 5.8 million in 1980. In addition, the study indicated that 67% of all current RV owners and 25% of all former RV owners plan to purchase another RV in the future. This study further indicated that 65% of RVs purchased are used (RVIA and market share statistics reflect new product sales only) with more than 34% of these used RVs older than 15 years. The eventual scrappage of these older units is expected to result in an increasing proportion of new product sales over the next ten years.

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Ownership of RVs reaches its highest level among those Americans aged 55 to 64, with 16.4% of households in this category owning RVs. The number of households in this group, which constitutes the Company's primary target market, is projected to grow by 8.0 million households, or 63% from 1997 to 2010 as compared to total growth of 14.9 million households, or 14.9%. Baby Boomers are defined as those born between the years 1946 and 1964, and thus the leading edge of the Baby Boomer generation began turning 50 in 1996. This generation is expected to be more affluent and retire earlier than past generations. As Baby Boomers enter and travel through the important 50 to 65 age group for RV sales, they represent the potential for a secular uptrend in the RV industry.

As motorhomes have increased in popularity due, in part, to the entry of the Baby Boomer generation into the target market, the purchasers of these products have grown more sophisticated in their tastes. The Company believes that as a result, customers have demanded more value for their money, and brand recognition and loyalty have become increasingly important. These trends have favored companies that can deliver quality, value and reliability on a sustained basis.

Business Development and Strategy

The Company's business development and operating strategy is to deliver high quality, innovative products that offer superior value to enhance the Company's position as one of the nation's leading manufacturers of RVs. This strategy focuses on the following key elements: (i) building upon and exploiting recognition of the Company's brand names; (ii) offering the highest value products at multiple price points to appeal to first time and repeat buyers; (iii) expanding its manufacturing capacity and continuing to utilize vertically integrated manufacturing processes; and (iv) capitalizing on the Company's reputation to expand its presence in the Highline market.

Building upon and Exploiting Recognition of the Company's Brand Names. The Company believes that its brand names and reputation for manufacturing quality products with excellent value have fostered strong consumer awareness of the Company's products and have contributed to the growth of its net sales and market share. The Company intends to capitalize on its brand name recognition in order to increase its sales and market share, facilitate the introduction of new products and enhance its dealer network.

Offering the Highest Value Products at Multiple Price Points to Appeal to First Time and Repeat Buyers. The Company currently offers seventeen distinct lines of RVs, which are available in a variety of lengths, floorplans, color schemes and interior designs and range in suggested retail price from $10,000 to $1,200,000. Each model is intended to attract customers seeking an RV within their price range by offering value superior to competitive products from other manufacturers. RVIA data indicates that most motorhome purchasers have previously owned a recreational vehicle, and the Company's models are positioned to address the demands of these repeat customers as well as first time buyers.

Expanded Manufacturing Capacity and Vertically Integrated Manufacturing Processes. The Company has expanded its manufacturing facilities in order to increase its production flexibility and substantially increase overall production volume to meet demand and anticipated growth. The Company designs and manufactures a significant number of the components used in the assembly of its products, rather than purchasing them from third parties. The Company believes that its vertically integrated manufacturing processes allow it to achieve cost savings and better quality control. The Company's in-house research and development staff and on-site component manufacturing departments enable the Company to ensure a timely supply of necessary products and to respond rapidly to market changes.

Capitalizing on the Company's Reputation to Expand its Presence in the Highline Market. The Company's Country Coach product offerings focus exclusively on the Highline segment of the Class A motorhome market. The Company has a strong market share in the Highline segment. For the twelve months ended December 31, 2000, the Company was the third largest manufacturer of Highline motorhomes, with approximately 16.4% of this market, up from 15.6% in 1999. The Company is actively seeking to expand its share of this market by capitalizing on its established reputation, continuing to offer superior products and expanding its production capacity in order to target the market's growing population and satisfy the desire of many current RV owners to purchase more upscale vehicles.

Business

Products

The Company's product strategy is to offer the highest value RVs across a wide range of retail prices to appeal to a broad range of potential customers and to capture the business of brand-loyal repeat purchasers who tend to trade up with each new purchase. National RV currently manufactures Class A motorhomes under Islander, Tradewinds, Marlin, Caribbean, Tropi-Cal, Dolphin, Sea Breeze, Sea View and Surf Side brand names and travel trailers under the Sea Breeze, Palisades, Splash, and Rage'n brand names. Country Coach currently manufactures Highline motorhomes under the Affinity, Magna, Intrigue and Allure brand names and bus conversions under the Country Coach Prevost Conversion brand name.

The Company's products are offered with a wide range of accessories and options and manufactured with high-quality materials and components. Certain of the Company's Highline motorhomes can be customized to a particular purchaser's specifications. Each vehicle is equipped with a wide range of kitchen and bathroom appliances, audio and video electronics, communication devices, furniture, climate control systems and storage spaces.

Country Coach Prevost XLII Conversion. This completely customized bus, billed as the ultimate in mobile livability, is built on the 40' and 45' LeMirage XLII Prevost chassis. Fully custom interiors are equalled by multi-color custom exterior graphics with clear coat. The coach offers computerized touch pad switching, computerized air leveling, a voice synthesized monitoring system, a sophisticated Infotronics control system, and a 42" big screen that folds neatly away into the ceiling when not in use. Slide room floorplans expand the interior livability factor even more. Suggested retail prices for the XLII start at $715,000. The Country Coach Prevost Conversion was introduced in 1979.

Affinity. The 40' and 42' Affinity is powered by the Caterpillar 455 hp engine (or optional 505 hp) teamed with Allison's 4000MH transmission. This engine has a mighty 1550 lbs of torque ripping out of its cylinders. Built on the DynoMax chassis, the all fiberglass coach has a longer wheelbase (which equates to enhanced driveability), shorter front and rear overhang and a low center of gravity. Exterior color combinations (or select your own custom colors) and custom graphic packages ensure a one-of-a-kind type exterior. An interducted triple roof air system, a 12.5kw diesel generator on roll-out tray, voice synthesized monitoring system, and over-the-road air conditioning are among the many special features. Six color coordinated interior packages (or completely customize) and floor plan combinations which include single and dual slide out options offer carte blanche for personalization. Suggested retail prices for the Affinity start at $447,000. The Affinity was introduced in 1991.

Magna. Available in 36' and 40' lengths, this wide-body motorcoach is built on the DynoMax chassis and is powered by the Caterpillar C10 385HP diesel engine teamed with Allison's 3000MH transmission. Six designer coordinated interior packages (buyers may also modify a standard scheme or completely customize) complement the fiberglass exterior with custom graphics packages. Floor plan combinations include non-slide, single and double slide room offerings. A voice synthesized monitoring system, over-the-road air conditioning, an interducted roof air system, and a diesel generator on a convenient roll-out tray are among the special features. Suggested retail prices for the Magna start at $331,700.

Intrigue. Built on the DynoMax chassis, the Intrigue is available in 32', 36' and 40' lengths. The widebody diesel pusher is powered by the Cummins 330 or optional 350 or 370 horsepower engine teamed with Allison's 3000MH transmission. The fiberglass exterior with its one-piece fiberglass roof cap features painted exterior graphics with complete clear coat protection. Custom crafted cabinetry in a choice of natural hardwoods combine with three color coordinated interior packages. Non-slide, single and dual slide out editions afford maximized living space. Suggested retail prices for the Intrigue start at $218,100. The Intrigue was introduced in 1994.

Allure. Available in 32', 36' and 40' lengths, this widebody diesel pusher motorcoach is built on the DynoMax chassis. It is powered by the Cummins 330 horsepower engine teamed with Allison's 3000 MH transmission. The fiberglass exterior with a one-piece fiberglass roof cap, painted graphics with clear coat and bus-style aerodynamics is complemented by three designer coordinated interior packages and floor plan combinations which include non-slide, single slide and dual slide arrangements. Suggested retail prices for the Allure start at $194,700. The Allure was introduced in 1995.

Islander. The Islander is a luxury, bus-style diesel pusher built on a semi-monocoque chassis manufactured by CCI. Available in two 40' floorplans, the Islander features large double slide rooms that add approximately 45 square feet of additional living space. Suggested retail prices for the Islander start at $215,000. The Islander product debuted in 1999.

Tradewinds LTC. The Tradewinds LTC is available in three floorplans on a diesel-powered chassis. The Tradewinds LTC (Luxury Touring Class) features an extensively upgraded diesel chassis from its sister product, the Tradewinds. These upgrades include a more powerful engine, greater storage space and independent front suspension. Each model is a full-basement wide-body, bus-style motorhome. All models have automatic double slide-out features that expand the interior of the motorhome to add additional living space. Models are produced in 36-39 foot lengths and are available with a choice of oak, walnut or maple interiors. Suggested retail prices for the LTC start at $177,000. The Tradewinds LTC was introduced in 2000.

Tradewinds. The Tradewinds is available in five floorplans on a diesel-powered chassis. These models are full-basement wide-body, bus-style motorhomes. All models have automatic slide-out features that expand the interior of the motorhomes and add approximately 36 square feet of additional living space. Models are produced in 35-38 foot lengths and are available with a choice of oak or walnut interiors. Suggested retail prices for the Tradewinds start at $152,000. The Tradewinds was introduced in 1997.

Marlin. The Marlin is available in three floorplans on a diesel-powered chassis. The Marlin features an extensively upgraded diesel chassis when compared to other products in its price range. These upgrades include a raised rail chassis and independent front suspension. Each model is a full-basement wide-body, bus-style motorhome. All models have automatic slide-out features that expand the interior of the motorhomes to add additional living space. Models are produced in 35-39 foot lengths and are available with a choice of oak or maple interiors. Suggested retail prices for the Marlin start at $139,000. The Marlin was introduced in 2000.

Caribbean. The Caribbean is a compact, luxury, bus-style, diesel pusher that represents a newer market segment that has emerged. Featuring one floorplan of 34 feet in length with a slide-out room, the Caribbean is designed to appeal to consumers looking for a luxury product that is easier to drive and handle than conventional luxury bus-style products. Suggested retail prices for the Caribbean start at $138,000. The Caribbean was introduced in 1999.

Tropi-Cal. The Tropi-Cal is a wide-body bus-style motorhome outfitted similar to the Dolphin with certain distinct features, exterior styling and floorplans. The Tropi-Cal is available in seven floorplans on a gas-powered chassis and produced in 33 to 37 foot lengths. All models have an automatic slide-out feature that expands the interior of the motorhome and adds approximately 36 square feet of additional living space. Suggested retail prices for the Tropi-Cal $101,000. The Tropi-Cal was introduced in 1993.

Dolphin. The Dolphin is available in eight floorplans on a gas-powered chassis. These models are full-basement wide-body, bus-style motorhomes. All models have automatic slide-out features that expand the interior of the motorhomes and add approximately 36 square feet of additional living space. The Dolphin models are produced in 33 to 37 foot lengths. Suggested retail prices start at $95,000. The Class A Dolphin motorhome was introduced in 1985.

Sea View. The Sea View is available in five floorplans on a gas-powered chassis. These models are full-basement wide-body, bus-style motorhomes. All models have automatic slide-out features that expand the interior of the motorhomes and add approximately 36 square feet of additional living space. The

Sea View models are produced in 31 to 34 foot lengths. Suggested retail prices start at $85,000. The Sea View was introduced in 1997.

Sea Breeze. The Sea Breeze is a moderately priced, bus-style motorhome, built on a gas-powered chassis. The Sea Breeze is a low profile motorhome, offering partial basement storage. The Sea Breeze features Corian(R) countertops, power heated side-view mirrors, deluxe trim and heated water and waste holding tanks. The Sea Breeze features four floorplans between 30 and 34 feet in length. Suggested retail prices start at $72,000. The Class A Sea Breeze product was introduced in 1992.

Surf Side. The Surf Side is available in three floorplans on a gas-powered chassis. This full-basement wide-body, bus-style motorhome is offered in 30 and 31 foot lengths. Suggested retail prices start at $68,000. The Surf Side was introduced in 1999.

Palisades Fifth-Wheel Travel Trailer. The Palisades fifth-wheel travel trailer comes in five, triple-slide floorplans ranging from 32 to 37 feet in length. All floorplans feature standard dark walnut interiors, and many other amenities. Suggested retail prices start at $58,000. The Palisades was introduced in 1999.

Sea Breeze Fifth-Wheel Travel Trailer. The Sea Breeze fifth-wheel travel trailer comes in five floorplans equipped similar to a Sea Breeze motorhome. All floorplans feature standard living room and bedroom slide-out sections and are produced in 30 to 37 foot lengths. Suggested retail prices start at $45,000. The Sea Breeze fifth-wheel trailer was introduced in 1995.

Rage'n Travel Trailer. The Rage'n is a ramp travel trailer with both conventional and fifth-wheel floorplans and contains cargo capacity for hauling ATVs or small watercraft. Suggested retail prices for the Rage'n start at $18,000. The product was introduced in 2000.

Splash Travel Trailer. The Splash is an entry-level travel trailer with both conventional and fifth-wheel floorplans. When complete, it will be available in approximately 20 floorplans. Suggested retail prices for the Splash start at $11,000. The product line debuted in October of 2000.

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Planned Product Introductions

During 2001, the Company plans to continue to introduce new floorplans in its existing products as well as additional new towable brands to round out its offering of towable products.

Distribution and Marketing

The Company markets NRV products through a network of 170 class A and approximately 55 towable dealer locations in 38 states and Canada. These dealers generally carry all or a portion of NRV's product lines along with competitors' products. The Company markets CCI products through 22 dealer locations. CCI utilizes a limited dealer network for its Highline motorhomes due to the selling expertise required and the tendency of Highline customers to make destination-type purchases. The Company believes that each of the CCI dealers has significant experience with top-of-the-line products and has demonstrated high standards for service.

The Company generally promotes its products through visits to dealers, attendance at industry shows, direct mail promotions, corporate newsletters, press releases, trade and consumer magazine advertising and RV owner rallies.

From time to time, the Company also offers dealer or consumer incentives. In addition, to help promote customer satisfaction and brand loyalty, the Company sponsors Dolphin and Country Coach International clubs for owners of the Company's products. The clubs publish newsletters and magazines on a monthly or quarterly basis and organize RV rallies and other activities. The Company continually seeks consumer preference input from several sources, including dealers, RV owners and the Company's sales representatives and, in response, the Company implements changes in the design, decor and features of its products.

Substantially all of the Company's motorhome sales are made on terms requiring payment within 15 days or less of the dealer's receipt of the unit. Most dealers finance all, or substantially all, of the purchase price of their inventory under "floor plan" arrangements with banks or finance companies under which the lender pays the Company directly. Dealers typically are not required to commence loan repayments to such lenders for a period of at least six months. The loan is collateralized by a lien on the vehicle. Consistent with industry practice, the Company has entered into repurchase agreements with these lenders. In general, the repurchase agreements provide that the Company is required to repurchase a unit after the unit is financed and if the "floor plan" lender has repossessed the unit. Certain of these agreements limit the Company's liability to 12 to 18 months after the date of invoice of the unit. At December 31, 2000, the Company's contingent liability under these agreements was approximately $99.3 million. The risk of loss under such agreements is spread over numerous dealers and lenders and is further reduced by the resale value of the motorhomes the Company would be required to repurchase. The Company's losses under these agreements have not been material in the past.

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Many finance companies and banks provide retail financing to purchasers of RVs. Certain provisions of the U.S. tax laws applicable to second residences, including the deductibility of mortgage interest and the deferral of gain on a qualifying sale, currently apply to motorhomes and travel trailers used as qualifying residences.

Manufacturing Facilities and Production

The Company owns and operates manufacturing facilities in Perris, California, and Junction City, Oregon. In January 2001, NRV completed the acquisition of a 15-bay service and parts distribution center in Lakeland, Florida. NRV products are designed and manufactured in facilities encompassing 610,000 square feet located on approximately 49 acres in Perris. CCI products are designed and manufactured in facilities encompassing 386,000 square feet located on approximately 56 acres in Junction City. The Company also owns 12 acres of undeveloped land in Florida, which is currently being marketed for sale.

The Company's vehicles are built by integrating manufacturing and assembly line processes. The Company has designed and built its own fabricating and assembly equipment and molds for a substantial portion of its manufacturing processes. The Company believes that its vertically integrated manufacturing systems and processes, which it has developed, enable it to efficiently produce high-quality products.

Among other items, the Company fabricates, molds and finishes fiberglass to produce its front and rear-end components, manufactures its own walls and roofs, assembles sub-floors and molds plastic components. In addition to assembling its vehicles and installing various options and accessories, the Company manufactures the majority of the installed amenities such as cabinetry, draperies, showers and bathtubs. After purchasing the basic chair and sofa frames, the Company also manufactures most of the furniture used in its motorhomes. The Company believes that by manufacturing these components on site, rather than purchasing them from third parties, the Company achieves cost savings, better quality control and timely supply of necessary components. Chassis, plumbing fixtures, floor coverings, hardware and appliances are purchased in finished form from various suppliers. Due to California environmental emission restrictions on the amount of fiberglass that the Company can fabricate, third parties manufacture certain fiberglass parts using the Company's molds.

The Company currently operates one production shift.

The Company purchases the principal raw materials and certain other components used in the production of its RVs from third parties. Other than the chassis, these components and raw materials typically have short delivery lead times. With the exception of the chassis, these materials, including plywood, lumber and plastic, are generally available from numerous sources, and the Company has not experienced any significant shortages of raw materials or components.

Product Development

The Company utilizes research and development staff who concentrate on product development and enhancements. New ideas are presented to the staff from management and are derived from a variety of sources, including sales representatives, dealers and consumers. The staff utilizes computer-aided design equipment and techniques to assist in the development of new products and floor plans and to analyze suggested modifications of existing products and features. After the initial step of development, prototype models for new products are constructed and refined. In the case of modifications to certain features, new molds for various parts, such as front-end caps and storage doors, are produced and tested. Upon completion and acceptance of the prototypes, the new products or components are integrated into the production process. The Company believes that the maintenance of an in-house research and development staff enables the Company to respond rapidly to ongoing shifts in consumer tastes and demands. Research and development expenses were $5,973,000 $4,087,000, and $3,050,000 for the years ended December 31, 2000, 1999 and 1998, respectively.

Arrangements with Chassis Suppliers

The Company's NRV subsidiary purchases gasoline-powered chassis' that are manufactured by Ford Motor Company and Workhorse Custom Chassis, and rear engine diesel-powered chassis' from Freightliner Custom Chassis Corporation, Spartan Motor Corporation, and from CCI. The Company's CCI subsidiary manufactures its own chassis, the DynoMax, which is used as the base upon which all CCI motorhomes are built, except for the Prevost Conversions, which utilize a Prevost bus shell. The Company takes advantage of cash discounts, for payment upon delivery, which are generally provided for in the purchase agreements with these manufacturers. Such agreements generally provide that the Company must pay for a chassis in full prior to making any alterations or additions to the chassis. The agreements further provide that either party may terminate the agreement at any time. In the event of such termination, the Company may incur certain financing and other costs in order to maintain an adequate supply of chassis. The Company generally maintains a one to two month production supply of a chassis in inventory. If any of the Company's present chassis manufacturers were to cease manufacturing or otherwise reduce the availability of their chassis, the business of the Company could be adversely affected. The industry, as a whole, from time to time experiences short-term shortages of chassis.

Backlog

The Company's backlog of orders was $62.3 million as of February 28, 2001 and $64.0 million as of February 29, 2000. All backlog orders are subject to cancellation or postponement. To the extent not canceled or postponed, the Company expects that its backlog as of February 28, 2001 will be filled within 60-90 days.

Competition

The motorhome market is intensely competitive, with a number of other manufacturers selling products that compete with those of the Company. According to Statistical Surveys, Inc., the three leading manufacturers accounted for approximately 52.7% and 51.8% of total retail units sold in the Class A motorhome market during 2000 and 1999, respectively. These companies and certain other competitors have substantially greater financial and other resources than the Company. Sales of used motorhomes also compete with the Company's products. The Company competes on the basis of value, quality, price and design. According to Statistical Surveys, Inc., the Company's Class A retail market share of new product sales increased from 1.9% in 1992 to 3.4% in 1993, 4.0% in 1994, 4.2% in 1995, 6.1% in 1996, 7.8% in 1997, 8.2% in 1998, 8.2% in 1999, and decreased to 7.4% in 2000.

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Regulation

The Company is subject to federal, state and local regulations governing the manufacture and sale of their products, including the provisions of the National Traffic and Motor Vehicle Safety Act (the "Motor Vehicle Act") and the safety standards for RVs and components which have been promulgated thereunder by the Department of Transportation. The Motor Vehicle Act authorizes the National Highway Traffic Safety Administration ("NHTSA") to require a manufacturer to recall and repair vehicles which contain certain hazards or defects. The Company has from time to time instituted voluntary recalls of certain motorhome units, none of which has had a material adverse effect on the Company. Future recalls of the Company's vehicles, voluntary or involuntary, however, could have a material adverse effect on the Company. The Company is also subject to federal and numerous state consumer protection and unfair trade practice laws and regulations relating to the sale, transportation and marketing of motor vehicles, including so-called "Lemon Laws." Federal and state laws and regulations also impose upon vehicle operators various restrictions on the weight, length and width of motor vehicles, including trucks and motorhomes, that may be operated in certain jurisdictions or on certain roadways. Certain jurisdictions also prohibit the sale of vehicles exceeding length restrictions. Amendments and changes in enforcement with respect to these laws and regulations and the implementation of new laws and regulations could significantly increase the costs of manufacturing, purchasing, operating or selling the Company's products and could have a material adverse effect on the Company's business, results of operations and financial condition.

The Company relies upon certifications from chassis manufacturers with respect to compliance of the Company's vehicles with all applicable emission control standards. The RVIA, of which the Company is a member, has promulgated stringent standards for quality and safety. Each of the units manufactured by the Company has a RVIA seal placed upon it to certify that such standards have been met.

Federal and state authorities have various environmental control standards relating to air, water, noise pollution and hazardous waste generation and disposal which affect the business and operations of the Company. California environmental emission regulations limit the amount of fiberglass production that the Company may fabricate. The Company believes that its facilities and products comply in all material respects with applicable environmental regulations and standards. The Company is also subject to the regulations promulgated by the Occupational Safety and Health Administration ("OSHA"), which regulates workplace health and safety. Representatives of OSHA and the RVIA periodically inspect the Company's plant.

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Product Warranty

The Company provides retail purchasers of its motorhomes with a limited warranty against defects in materials and workmanship. Excluded from the Company's warranties are chassis manufactured by third parties and certain other specified components that are warranted by the Company's suppliers of these items. Service covered by warranty must be performed at either the Company's in-house service facility or any of its dealers or other authorized service centers. The warranty period covers the lesser of one year or 18,000 miles. The Company's warranty reserve was $9.9 million at December 31, 2000, which the Company believes is sufficient to cover warranty claims.

Trademarks

NRV's Dolphin, Tropi-Cal, Sea Breeze, Tradewinds, Sea View and DuraFrame trademarks, and CCI's Affinity, Magna, Intrigue, Allure, and Great Room trademarks are registered with the United States Patent and Trademark Office and are material to the Company's business. The Company does not rely upon any material patents or licenses in the conduct of its business.

Legal Proceedings and Insurance

From time to time, the Company is involved in certain litigation arising out of its operations in the normal course of business. Accidents involving personal injuries and property damage occur from time to time in the use of RVs. The Company maintains product liability insurance in amounts deemed adequate by management. To date, aggregate costs to the Company for product liability actions have not been material. The Company believes that there are no claims or litigation pending, the outcome of which could have a material adverse effect on the financial position of the Company.

Employees

As of February 28, 2001, the Company employed a total of 1,969 people, of which 1,777 were involved in manufacturing, 42 in administration, 79 in research and development and 71 in sales and marketing. None of the Company's personnel are represented by labor unions. The Company considers its relations with its personnel to be good.

Item 2. Properties

The Company owns and operates manufacturing facilities in Perris, California, and Junction City, Oregon. In January 2001, NRV completed the acquisition of a 15-bay service and parts distribution center in Lakeland, Florida. NRV products are designed and manufactured in facilities encompassing 610,000 square feet located on approximately 49 acres in Perris. CCI products are designed and manufactured in facilities encompassing 386,000 square feet located on approximately 56 acres in Junction City. A portion of CCI's facilities representing 276,000 square feet is being leased under an agreement expiring in October 2005 (renewable in two separate five-year increments at fair market values). Construction plans on an additional 150,000 square foot manufacturing building at the Junction City facility are being developed, but no actual date is currently set for construction to begin. The Company also owns 12 acres of undeveloped land in Florida, which is currently being marketed for sale.

The Company believes that present facilities are well maintained and in good condition. The plants are currently operating at approximately 60% capacity.

Item 3. Legal Proceedings

The Company is invloved in litigation and claims arising in the ordinary course of business. The Company believes that these matters will not have a material adverse effect on the Company's financial position or results of operations.

Item 4. Submission of Matters to a Vote of Security Holders

None.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

The Company's Common Stock, par value $.01 per share (the "Common

Stock"), has been trading on the New York Stock Exchange under the symbol NVH since December 14, 1998. From September 30, 1993 to December 13, 1998, the stock traded on the Nasdaq National Market under the symbol NRVH. Prior to that time, there was no public market for the Common Stock.

2000	High	Low
First Quarter	$ 19.63	$ 12.63
Second Quarter	16.31	8.13
Third Quarter	10.75	8.00
Fourth Quarter	11.69	7.75

1999	High	Low
First Quarter	$ 26.88	$ 20.56
Second Quarter	29.50	21.88
Third Quarter	27.31	19.13
Fourth Quarter	21.25	16.25

On March 27, 2001, the last reported sales price for the Common Stock quoted on the New York Stock Exchange was $8.50 per share. As of March 27, 2001, there were approximately 81 record holders of Common Stock. Such number does not include persons whose shares are held of record by a bank, brokerage house or clearing agency, but does include such banks, brokerage houses and clearing agencies.

Dividends

The Company has not paid any cash dividends or distributions on its Common Stock and has no intention to do so in the foreseeable future. The Company presently intends to retain earnings for general corporate purposes, including business expansion, capital expenditures and possible acquisitions. The declaration and payment of future dividends will be at the sole discretion of the Board of Directors and will depend on the Company's profitability, financial condition, capital needs, future prospects and other factors deemed relevant by the Board of Directors. The ability of the Company to declare and pay dividends is restricted by the Revolving Credit Agreement, dated as of March 11, 1999, between the Company and Bank of America NT&SA, which prohibits the payment of dividends in cash or property unless the Company satisfies certain financial tests set forth therein. See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources."

Item 6. Selected Financial Data

The following selected consolidated financial data are qualified by reference to, and should be read in conjunction with, the Company's Consolidated Financial Statements and the notes thereto, and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained elsewhere herein. The selected income statement data for the years ended December 31, 1998, 1999 and 2000 and the selected balance sheet data as of December 31, 1999 and 2000 are derived from the Company's audited consolidated financial statements that are included elsewhere herein. The selected income statement data for the year ended December 31, 1996 and 1997 along with the balance sheet data as of December 31, 1996, 1997 and 1998 are derived from the audited consolidated financial statements of the Company which are not included herein.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

(In thousands, except per share and unit amounts)

	December 31, 2000	1999	1998	1997	1996 (1)
Operations Data:					
Net sales	$ 348,846	$ 419,421	$ 360,326	$ 285,951	$ 137,101
Cost of sales	308,216	348,592	302,098	245,763	118,643
Gross profit	40,630	70,829	58,228	40,188	18,458
Selling expenses	14,111	11,437	11,154	9,518	4,209
General and administrative expenses	9,138	7,214	6,586	5,649	2,899
Amortization of intangibles	413	413	413	413	80
Operating income	16,968	51,765	40,075	24,608	11,270
Interest (income) expense, net	(1,200)	(1,379)	(280)	222	111
Other financing related costs	--	--	213	113	149
Loss (gain) on disposal of land and equipment	135	(432)	--	--	--
Income before income taxes and cumulative effect of change in accounting method	18,033	53,576	40,142	24,273	11,010
Provision for income taxes	6,864	20,625	16,033	9,767	4,405
Net income before cumulative effect of change in accounting method	11,169	32,951	24,109	14,506	6,605
Cumulative effect of change in accounting method	(1,213)	--	--	--	--
Net income	$ 9,956	$ 32,951	$ 24,109	$ 14,506	$ 6,605
Basic earnings per common share:					
Income before extraordinary items	$ 1.14	$ 3.16	$ 2.35	$ 1.55	$ 0.92
Cumulative effect of change in accounting method	(0.12)	--	--	--	--
Net income	$ 1.02	$ 3.16	$ 2.35	$ 1.55	$ 0.92
Diluted earnings per common share:					
Income before extraordinary items	$ 1.11	$ 2.95	$ 2.11	$ 1.40	$ 0.84
Cumulative effect of change in accounting method	(0.12)	--	--	--	--
Net income	$ 0.99	$ 2.95	$ 2.11	$ 1.40	$ 0.84
Weighted average number of common shares outstanding:					
Basic	9,743	10,430	10,263	9,365	7,190
Diluted	10,086	11,178	11,423	10,390	7,887

Other Data:					
Class A units sold	2,852	3,951	3,652	3,039	2,042
Travel Trailers sold ..	553	431	410	258	210
Balance Sheet Data:					
Total assets	$ 155,674	$ 159,214	$ 117,739	$ 87,204	$ 68,050
Working capital	76,063	91,916	63,480	39,271	29,553
Long-term debt	64	84	1,700	6,703	7,272
Stockholders' equity ..	125,293	130,566	94,489	60,958	45,532
Pro forma amounts assuming new revenue recognition principle is applied retroactively:					
Net income	$ 11,169	$ 32,492	$ 23,810	$ 14,368	$ 6,646
Basic earnings per common share	$ 1.14	$ 3.12	$ 2.32	$ 1.53	$ 0.92
Diluted earnings per common share ...	$ 1.11	$ 2.91	$ 2.08	$ 1.38	$ 0.84

(1) Reflects the acquisition of Country Coach in November of 1996

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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This analysis of the Company's financial condition and operating results should be read in conjunction with the accompanying consolidated financial statements including the notes thereto.

Results of Operations

The following table sets forth for the periods indicated the percentage of net sales represented by certain items reflected in the Company's Consolidated Statement of Income:

	Percentage of Net Sales Years Ended December 31,		
	2000	1999	1998
Net sales	100.0%	100.0%	100.0%
Cost of sales	88.4	83.1	83.8
Gross profit	11.6	16.9	16.2
Selling	4.0	2.8	3.1
General and administrative	2.6	1.7	1.9
Amortization of intangibles	0.1	0.1	0.1
Operating income	4.9	12.3	11.1
Interest (income) expense, net	(0.3)	(0.3)	(0.1)
Other	0.0	(0.2)	0.1
Income before income taxes and cumulative effect of change in accounting method	5.2	12.8	11.1
Provision for income taxes	2.0	4.9	4.4
Income before cumulative effect of change in accounting method	3.2	7.9	6.7
Cumulative effect of change in accounting			

method	(0.3)	--	--
Net income	2.9	7.9	6.7

Year Ended December 31, 2000 Compared to Year Ended December 31, 1999

Net sales in 2000 decreased by $70.6 million to $348.8 million, or 16.8%, from $419.4 million in 1999. The decline in sales reflects an industry-wide slowdown in consumer demand for recreational vehicles. NRV's sales of Class A motorhomes decreased 1,054 units, or 32%, in 2000 to 2,281 units compared to 3,333 units in 1999, and the average sales price increased 7% reflecting a shift in demand to higher-priced motorhomes with slide-out rooms and more diesel-pusher motorhome sales. CCI's unit sales decreased 47 units, or 8%, in 2000 to 571 units compared to 618 units in 1999, while the average price of these units increased just 1%. Sales of travel trailers increased 123 units, or 29%, in 2000 to 553 units compared to 431 units in 1999, while the average sales price of these travel trailers decreased 20%. The increase in unit sales and decrease in average price reflects NRV's entry into the entry-level towable market in 2000.

Cost of goods sold in 2000 decreased by $40.4 million to $308.2 million, or 11.6%, from $348.6 million in 1999 resulting primarily from decreased net sales. Gross profit margin was 11.6% in 2000 compared to 16.9% in 1999. The decrease was primarily due to a high discounts and rebates as manufacturers and dealers endeavored to adjust inventory levels to lower levels of sales, and to manufacturing inefficiencies attributable to operating at reduced production levels.

Selling expenses in 2000 increased by $2.7 million to $14.1 million, or 23%, from $11.4 million in 1999 primarily due to the increased promotional costs. As a percentage of net sales, selling expenses increased to 4.0% in 2000 from 2.8% in 1999.

General and administrative expenses in 2000 increased by $1.9 million to $9.1 million, or 27%, from $7.2 million in 1999. The increase was primarily due to an increase in administrative and technology costs. As a percentage of net sales, general and administrative expenses increased to 2.6% in 2000 from 1.7% in 1999.

Amortization of intangibles was $0.4 million in 2000 and 1999.

As a result of the foregoing, operating income in 2000 decreased by $34.8 million, or 67.2%, to $17.0 million from $51.8 million in 1999. As a percentage of net sales, operating income decreased to 4.9% in 2000 from 12.3% in 1999.

Other income, which includes net interest income and other financing related costs, decreased by $0.7 million to $1.1 million in 2000 from $1.8 million in 1999.

Provision for income taxes in 2000 and 1999 was $6.9 million and $20.6 million, respectively, representing a $13.7 million decrease. The effective tax rate in 2000 was 38.1% compared to 38.5% in 1999.

The Company recorded a one-time adjustment for the cumulative effect of change in accounting method on prior years' earnings related to the timing of revenue recognition. The impact of this adjustment on 2000 earnings was $1.2 million.

Based on the above, net income decreased $23.0 million, or 69.8%, to $9.7 million from $33.0 million in 1999. As a percentage of net sales, net income decreased to 2.9% from 7.9% in 1999.

Year Ended December 31, 1999 Compared to Year Ended December 31, 1998

Net sales in 1999 increased by $59.1 million to $419.4 million, or 16.4%, from $360.3 million in 1998. NRV's sales of Class A motorhomes increased 236 units, or 7.6%, in 1999 to 3,333 units compared to 3,097 units in 1998, and the average sales price increased 5.5% reflecting strong demand for higher-priced motorhomes with slide-out rooms and more diesel-pusher motorhome sales. CCI's unit sales increased 63 units, or 11.4%, in 1999 to 618 units compared to 555 units in 1998. Sales of fifth-wheel travel trailers increased 21 units, or 5.1%, in 1999 to 431 units compared to 410 units in 1998.

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Cost of goods sold in 1999 increased by $46.5 million to $348.6 million, or 15.4%, from $302.1 million in 1998 resulting primarily from increased net sales. Gross profit margin was 16.9% in 1999 compared to 16.2% in 1998.

Selling expenses in 1999 increased by $0.3 million to $11.4 million, or 2.5%, from $11.1 million in 1998 primarily due to the increase in net sales. As a percentage of net sales, selling expenses decreased to 2.8% in 1999 from 3.1% in 1998.

General and administrative expenses in 1999 increased by $0.6 million to $7.2 million, or 9.5%, from $6.6 million in 1998. As a percentage of net sales, general and administrative expenses decreased to 1.7% in 1999 from 1.9% in 1998.

Amortization of intangibles was $0.4 million in 1999 and 1998.

As a result of the foregoing, operating income in 1999 increased by $11.7 million, or 29.2%, to $51.8 million from $40.1 million in 1998. As a percentage of net sales, operating income increased to 12.3% in 1999 from 11.1% in 1998.

Other income, which includes net interest income and other financing related costs, increased by $1.7 million to $1.8 million in 1999 from $0.1 million in 1998. The change was primarily due to a $1.0 million increase in interest income resulting from increased cash balances.

Provision for income taxes in 1999 and 1998 was $20.6 million and $16.0 million, respectively, representing a $4.6 million increase. The effective tax rate in 1999 was 38.5% compared to 39.9% in 1998. The decrease was due to a reduction in state income taxes resulting from state tax planning.

Net income increased $8.8 million, or 36.7%, to $33.0 million from $24.1 million in 1998. As a percentage of net sales, net income increased to 7.9% from 6.7% in 1998.

Liquidity and Capital Resources

During 2000, the Company financed its operations primarily through its existing cash and income from operations. At December 31, 2000, the Company had working capital of $76.1 million compared to $91.9 million at December 31, 1999. This decrease of $15.8 million was primarily due to a $3.6 million decrease in cash, $7.4 million decrease in accounts receivable, and a $4.5 million increase in inventory, partially offset by a $1.4 million increase in accounts payable. Net cash provided by operating activities was $26.3 million for the year ended December 31, 2000.

During the year ended December 31, 2000, net cash used in investing activities was $14.7 million related almost entirely to capital expenditures, with approximately $10 million of the total relating to the new travel trailer manufacturing plant and the new parts and service center in Perris, California.

During the twelve months ended December 31, 2000, net cash used in financing activities was $15.2 million due to the $15.3 million purchase of treasury stock.

As of December 31, 2000, the Company had short-term debt of $20,000 and long-term debt of $64,000.

The Company has a revolving credit facility of $40 million with Bank of America National Trust and Savings Association expiring May 31, 2001. The revolving credit facility is available for general corporate and working capital needs and capital expenditures. A separate term facility of $20 million exists for acquisitions. Amounts borrowed under the term facility reduce the amount available under the revolving credit facility. Amounts borrowed under the credit facilities bear interest at the bank's reference rate or at a LIBOR-based rate plus an applicable amount. The facilities contain, among other provisions, certain financial covenants, including net worth and debt ratios. At December 31, 2000, no amounts were outstanding under these revolving credit facilities. The above credit facilities with Bank of America expire on April 1, 2000; however, the Company has entered into an agreement to extend the revolving credit facility of $20 million through June 1, 2001.

The Company believes that the combination of internally generated funds, existing capital and funds available from its existing credit facilities, will be sufficient to meet the Company's planned capital and operational requirements for at least the next 24 months.

Effects of Inflation

Management does not believe that inflation has had a significant impact on the Company's results of operations for the periods presented.

Recent Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board issued SFAS 133, "Accounting for Derivative Instruments and Hedging Activities." This statement requires that all derivative instruments be recorded on the balance sheet at their fair value. Changes in the fair value of derivatives will be recorded each period in current earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, the type of hedge transaction. The new rules will be effective the first quarter of 2001. The Company does not believe that the new standard will have any impact on the Company's consolidated financial statements, as the Company holds no derivatives.

Forward Looking Statements

Statements contained in this Form 10-K that are not historical facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that forward-looking statements are inherently uncertain. Actual performance and results may differ materially from that projected or suggested herein due to certain risks and uncertainties including, without limitation, the cyclical nature of the recreational vehicle industry; seasonality and potential fluctuations in the Company's operating results; the Company's dependence on chassis suppliers; potential liabilities under repurchase agreements; competition; government regulation; warranty claims; product liability; dependence on certain dealers and concentration of dealers in certain regions; and the California energy crisis. Certain risks and uncertainties that could cause actual results to differ materially from that projected or suggested are set forth in Exhibit 99.1 hereto. Additional information concerning risks and uncertainties may be identified from time to time in the Company's filings with the Securities and Exchange Commission (SEC) and the Company's public announcements, copies of which are available from the SEC or from the Company upon request.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The Company has no significant financial instruments. The Company has not entered into any derivative financial instruments. The Company does not have any significant foreign currency exposure because it does not transact business in foreign currencies.

Item 8. Financial Statements and Supplementary Data

The information required by this item is contained in the financial statements listed in Item 14(a) under the caption "Consolidated Financial Statements" and commencing on page F-1 of this Report.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

Not applicable

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PART III

Item 10. Directors and Officers of the Registrant.

The information required for this Item will be set forth in the Company's definitive Proxy Statement for its 2001 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission not later than 120 days after December 31, 2000, which information is incorporated herein by reference.

Item 11. Executive Compensation

The information required for this Item will be set forth in the Company's definitive Proxy Statement for its 2001 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission not later than 120 days after December 31, 2000, which information is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The information required for this Item will be set forth in the Company's definitive Proxy Statement for its 2001 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission not later than 120 days after December 31, 2000, which information is incorporated herein by reference.

Item 13. Certain Relationships and Related Party Transactions.

The information required for this Item will be set forth in the Company's definitive Proxy Statement for its 2001 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission not later than 120 days after December 31, 2000, which information is incorporated herein by reference.

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PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K.

(a) List of Documents filed as part of this Report

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NATIONAL R.V. HOLDINGS, INC.

Dated: March 27, 2001

By /s/ Wayne M. Mertes

Wayne M. Mertes,
President and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Capacity in Which Signed	Date
/s/ Gary N. Siegler -------------------------- Gary N. Siegler	Chairman of the Board and Co-Chief Executive Officer	March 27, 2001
/s/ Wayne M. Mertes -------------------------- Wayne M. Mertes	Co-Chief Executive Officer, President and Director (Principal Executive Officer)	March 27, 2001
/s/ Robert B. Lee -------------------------- Robert B. Lee	Director and Co-Chief Executive Officer	March 27, 2001

/s/ Bradley C. Albrechtsen Bradley C. Albrechtsen	Chief Financial Officer (Principal Accounting and Financial Officer)	March 27, 2001
/s/ Stephen M. Davis Stephen M. Davis	Director and Secretary	March 27, 2001
/s/ Neil H. Koffler Neil H. Koffler	Director	March 27, 2001
/s/ Doy B. Henley Doy B. Henley	Director	March 27, 2001
/s/ Greg McCaffery Greg McCaffery	Director	March 27, 2001

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors
and Shareholders of
National R.V. Holdings, Inc.

In our opinion, the consolidated financial statements and financial statement schedule listed in the index appearing under Item 14(a)(1) on page 25 present fairly, in all material respects, the financial position of National R.V. Holdings, Inc. and its subsidiaries at December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 14(a)(2) on page 25 presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Company changed its method of recording sales revenue for the year 2000.

/s/ PricewaterhouseCoopers

Los Angeles, CA
February 2, 2001

NATIONAL R.V. HOLDINGS, INC.
CONSOLIDATED BALANCE SHEET
(in thousands)

	December 31, 2000	December 31, 1999
ASSETS		
Current assets:		
Cash and cash equivalents	$ 16,696	$ 20,301
Receivables, less allowance for doubtful accounts ($321 and $199, respectively)	15,109	22,473
Inventories	63,639	68,187
Deferred income taxes	6,035	5,610
Prepaid expenses	2,100	1,439
Total current assets	103,579	118,010
Goodwill, net	6,539	6,952
Property, plant and equipment, net	44,460	33,167
Other	1,096	1,085
	$ 155,674	$ 159,214
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 20	$ 20
Accounts payable	12,550	11,166
Accrued expenses	14,946	14,908
Total current liabilities	27,516	26,094
Deferred income taxes	2,801	2,470
Long-term debt	64	84
Commitments and contingencies		
Stockholders' equity:		
Preferred Stock, $.01 par value, 5 shares authorized, 4 issued and outstanding	--	--
Common Stock, $.01 par value, 25,000 shares authorized, 10,596 and 10,589 issued and outstanding, respectively	106	106
Additional paid-in capital	47,800	47,768
Retained earnings	92,648	82,692
Less cost of treasury stock - 933 shares	(15,261)	--
Total stockholders' equity	125,293	130,566
	$ 155,674	$ 159,214

See Notes to Consolidated Financial Statements

NATIONAL R.V. HOLDINGS, INC.
CONSOLIDATED STATEMENT OF INCOME
(in thousands, except per share amounts)

	Year Ended December 31,		
	2000	1999	1998
Net sales	$ 348,846	$ 419,421	$ 360,326
Cost of goods sold	308,216	348,592	302,098
Gross profit	40,630	70,829	58,228
Selling expenses	14,111	11,437	11,154
General and administrative expenses	9,138	7,214	6,586
Amortization of intangibles	413	413	413
Total operating expenses	23,662	19,064	18,153
Operating income	16,968	51,765	40,075
Other expenses (income):			
Interest income	(1,206)	(1,408)	(434)
Interest expense	6	29	154
Other	135	(432)	213
Total other expenses (income)	(1,065)	(1,811)	(67)
Income before income taxes and cumulative effect of change in accounting principle	18,033	53,576	40,142
Provision for income taxes	6,864	20,625	16,033
Income before cumulative effect of accounting change	11,169	32,951	24,109
Cumulative effect on prior years of change in accounting principle, net of tax	(1,213)	--	--
Net income	$ 9,956	$ 32,951	$ 24,109
Earnings per common share:			
Basic:			
Income before cumulative effect of accounting change	$ 1.14	$ 3.16	$ 2.35
Cumulative effect of accounting change	(0.12)	--	--
Net income	$ 1.02	$ 3.16	$ 2.35
Weighted average number of shares	9,743	10,430	10,263
Diluted:			

Income before cumulative effect of accounting change	$ 1.11	$ 2.95	$ 2.11
Cumulative effect of accounting change	(0.12)	--	--
Net income	$ 0.99	$ 2.95	$ 2.11
Weighted average number of shares	10,086	11,178	11,423

See Notes to Consolidated Financial Statements

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NATIONAL R.V. HOLDINGS, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands)

	Year Ended December 31,		
	2000	1999	1998
Cash flows from operating activities:			
Net income	$ 9,956	$ 32,951	$ 24,109
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	3,247	2,463	1,880
Amortization of intangibles	413	413	413
Loss (gain) on asset disposal	136	(463)	--
Tax benefit related to exercise of stock options	--	1,263	6,021
Changes in assets and liabilities:			
Decrease (increase) in trade receivables	7,364	(1,754)	(9,331)
Decrease (increase) in inventories	4,548	(21,355)	(9,289)
(Increase) decrease in prepaid expenses	(661)	(630)	566
Increase (decrease) in accounts payable	1,383	2,395	(235)
Increase in accrued expenses	38	4,636	2,514
Increase in net deferred income taxes	(94)	(1,598)	(1,026)
Net cash provided by operating activities	26,330	18,321	15,622
Cash flows from investing activities:			
Increase in other assets	(11)	(292)	(324)
Capital expenditures	(14,675)	(11,260)	(6,404)
Return of investment in Dune Jet Services, LLP	--	2,985	--
Net cash used in investing activities	(14,686)	(8,567)	(6,728)
Cash flows from financing activities:			
Principal payments on long-term debt	(20)	(1,762)	(5,391)
Proceeds from issuance of common stock	32	1,863	3,401
Purchase of treasury stock	(15,261)	--	--
Net cash (used in) provided by financing activities	(15,249)	101	(1,990)

Net (decrease) increase in cash	(3,605)	9,855	6,904
Cash, beginning of year	20,301	10,446	3,542
Cash, end of year	$ 16,696	$ 20,301	$ 10,446

See Notes to Consolidated Financial Statements

NATIONAL R.V. HOLDINGS, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(in thousands)

	Preferred Stock	Common Stock Shares	Common Stock Amount	Paid-In Capital	Retained Earnings	Treasury Sto[ck] Shares	Am[ount]
Balance, Dec. 31, 1997	$ --	9,467	$ 63	$ 35,263	$ 25,632	--	$
Stock split - 3-for-2			31	(31)			
Common stock issued under option plan .		798	8	3,158			
Common stock issued upon exercise of warrants		58	1	234			
Tax benefit related to exercise of stock options				6,021			
Net income					24,109		
Balance, Dec. 31, 1998	--	10,323	103	44,645	49,741	--	
Common stock issued under option plan ..		266	3	1,857			
Common stock issued upon exercise of warrants		--	--	3			
Tax benefit related to exercise of stock options				1,263			
Net income					32,951		
Balance, Dec. 31, 1999	--	10,589	106	47,768	82,692	--	
Common stock issued under option plan ..		7	--	32			
Purchase of treasury stock				--		(933)	(
Net income					9,956		
Balance, Dec. 31, 2000	$ --	10,596	$ 106	$ 47,800	$ 92,648	(933)	$(

See Notes to Consolidated Financial Statements

NATIONAL R.V. HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies National R.V. Holdings, Inc. (the Company) manufactures recreational vehicles ("RVs") through its wholly-owned subsidiaries, National R.V., Inc. (NRV) and Country Coach, Inc. (CCI). The RVs are marketed primarily in the United States by NRV under the Dolphin, Islander, Palisades, Sea Breeze, Sea View, Surf Side, Tradewinds, Marlin, Caribbean, Splash, Rage'n and Tropi-Cal brand names and by CCI under brand names including Affinity, Allure, Intrigue, Magna and Prevost by Country Coach.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. Management believes that the estimates included in the financial statements are reasonable based on the facts and circumstances known to them at the time of preparation.

CONSOLIDATION
The consolidated financial statements of the Company include the accounts of National R.V Holdings, Inc., NRV, and CCI. All significant intercompany transactions have been eliminated in consolidation.

CASH AND CASH EQUIVALENTS
Cash and cash equivalents include deposits in banks and short-term investments with original maturities of three months or less.

INVENTORIES
Inventories are stated at the lower of cost or market, with cost generally determined by the first-in, first-out (FIFO) method.

PROPERTY, PLANT AND EQUIPMENT
Property, plant and equipment are stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 31 to 39 years for buildings and 5 to 7 years for machinery and equipment.

REVENUE RECOGNITION
During 2000, sales were recorded by the Company when accepted by the customer rather than at the time of shipment as in prior years. This change in accounting principle was made to fully implement recent guidance issued by the Securities & Exchange Commission. Had the new method been used in prior years, net income would have been reduced to $32,492,000 and $23,810,000 in 1999 and 1998, representing diluted per share amounts of $2.91 and $2.08, respectively.

AMORTIZATION OF INTANGIBLE ASSETS
Goodwill related to the acquisition of CCI during 1996 is being amortized on the straight-line basis over a twenty-year period.

RESEARCH AND DEVELOPMENT EXPENSES
Research and development expenses are charged to operations as incurred and are included in cost of goods sold. Research and development expenses were $5,973,000, $4,087,000 and $3,050,000 for the years ended December 31, 2000, 1999 and 1998, respectively.

1. Summary of Significant Accounting Policies (continued)

INCOME TAXES
The Company provides for income taxes using an asset and liability approach. Under this method deferred tax assets and liabilities are computed using statutory rates for the expected future tax consequences of events that have been recognized in the Company's financial statements or tax returns.

SEGMENTS
The Company operates in one reportable segment: the manufacturing, wholesale distribution, and service of recreational vehicles. The Company does not have operations outside the United States.

RECENT ACCOUNTING PRONOUNCEMENTS
In June 1998, the Financial Accounting Standards Board issued SFAS 133, "Accounting for Derivative Instruments and Hedging Activities." This statement requires that all derivative instruments be recorded on the balance sheet at their fair value. Changes in the fair value of derivatives will be recorded each period in current earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, the type of hedge transaction. The new rules will be effective the first quarter of 2001. The Company does not believe that the new standard will have any impact on the Company's consolidated financial statements, as the Company holds no derivatives.

INCOME PER SHARE
Basic earnings per share is based upon the weighted average number of common shares outstanding during a period. Diluted earnings per share is based upon the weighted average number of common shares plus the incremental dilutive effect of the securities convertible to Common Stock.

The difference in the shares used to determine basic and diluted EPS is as follows:

	December 31, (in thousands)		
	2000	1999	1998
Shares used for basic .	9,743	10,430	10,263
Dilutive effect of:			
Stock options	342	743	1,152
Warrants	1	5	8
Shares used for diluted	10,086	11,178	11,423

2. Inventories
Inventories consist of the following:

	December 31, (in thousands)	
	2000	1999
Finished goods	$ 15,989	$ 12,315
Work-in-process	19,233	18,274
Raw materials	12,927	14,027
Chassis	15,490	23,571
	$ 63,639	$ 68,187

3. Property, Plant and Equipment

Major classes of property, plant and equipment consist of the following:

	December 31, (in thousands) 2000	1999
Land	$ 6,885	$ 6,360
Buildings	26,593	17,441
Machinery and equipment	15,529	13,558
Office equipment	7,144	4,889
	56,151	42,248
Less accumulated depreciation	(11,691)	(9,081)
Property, plant and equipment, net	$ 44,460	$ 33,167

4. Accrued Expenses

Accrued expenses consist of the following:

	December 31, (in thousands) 2000	1999
Workers' compensation self-insurance reserve	$ 3,128	$ 2,428
Motorhome warranty reserve	9,861	7,754
Payroll and other accrued expense	3,921	3,980
Income taxes	(1,964)	746
	$ 14,946	$ 14,908

5. Debt and Credit Agreements

Debt consists of the following:

	December 31, (in thousands) 2000	1999
Note payable - City of Junction City, Oregon, 3% paid monthly through October 2004	$ 84	104
	84	104
Less payments due within one year	20	20
	$ 64	$ 84

The Company has a revolving credit facility of $40 million with Bank of America National Trust and Savings Association. The revolving credit facility is available for general corporate and working capital needs and capital expenditures. A separate term facility of $20 million exists for acquisitions. Amounts borrowed under the term facility reduce the amount available under the revolving credit facility. Amounts borrowed under the revolving credit facility and the term facility bear interest, at the Company's election, at the bank's reference rate or at a LIBOR-based rate plus an applicable amount. The credit facilities contain, among other provisions, certain financial covenants, including net worth and debt ratios. At December 31, 2000, no amounts were outstanding under these facilities. Unless otherwise extended, the Company's credit facilities with Bank of America expire on April 1, 2001.

Debt maturities over the next five years are $21,000 in 2001, $22,000 in 2002, $22,000 in 2003 and $19,000 in 2004.

6. Income Taxes

The components of the provision for income taxes were as follows:

	December 31, (in thousands)		
	2000	1999	1998
Currently Payable:			
Federal	$ 5,155	$ 18,942	$ 13,837
State	1,803	3,281	3,173
	6,958	22,223	17,010
Deferred:	--	--	
Federal	(216)	(1,456)	(750)
State	122	(142)	(227)
	(94)	(1,598)	(977)
Total provision for income taxes	$ 6,864	$ 20,625	$ 16,033

Deferred income taxes are recorded based upon differences between the financial statement and tax basis of assets and liabilities. Temporary differences that give rise to deferred income tax assets and liabilities at December 31, 2000 and 1999 were as follows:

	December 31, (in thousands)	
	2000	1999
Accrued expenses	$ 5,583	$ 4,390
State income taxes	452	1,220
Deferred income tax assets	$ 6,035	$ 5,610
Fixed assets	$ 2,272	$ 1,922
Other	529	548
Deferred income tax liabilities	$ 2,801	$ 2,470

A reconciliation of the statutory U.S. federal income tax rate to the Company's effective income tax rate is as follows:

	December 31, 2000	1999	1998
Statutory rate	35.0%	35.0%	35.0%
State taxes, net of federal benefit	2.3	3.8	4.7
Amortization of intangibles not deductible for income tax purposes	2.3	0.7	1.0
Other	(1.5)	(1.0)	(0.8)
	38.1%	38.5%	39.9%

Cash paid for income taxes was $8.9 million, $20.1 million and $16.1 million for the years ended December 31, 2000, 1999 and 1998, respectively.

7. Recourse on Dealer Financing

As is customary in the industry, the Company generally agrees with its dealers' lenders to repurchase any unsold RVs if the dealers become insolvent within one year of the purchase of such RVs. Although the total contingent liability under these agreements approximates $99.3 million at December 31, 2000, as with accounts receivable, the risk of loss is spread over numerous dealers and lenders and is further reduced by the resale value of the RVs which the Company would be required to repurchase. Losses under these agreements have been negligible in the past and management believes that any future losses under such agreements will not have a significant effect on the consolidated financial position or results of operations of the Company.

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8. Commitments and Contingencies

The Company is involved in litigation and claims arising in the ordinary course of business. In the opinion of management, based in part on the advice of outside counsel, these matters will not have a material adverse effect on the Company's financial position or results of operations.

The Company has commitments under certain non-cancelable operating leases as follows (in thousands):

2001	$ 1,368
2002	1,387
2003	1,386
2004	1,399
2005 and thereafter....	1,195
	$ 6,735

9. Stock Options and Warrants

The Company has six fixed option plans that reserve shares of common stock for issuance to executives, key employees and directors. The Company has also issued fixed options outside of such plans pursuant to individual stock option agreements. Options granted to non-employee and employee directors generally vest immediately upon grant and expire five to ten years from the date of grant. Options granted to employees vest in three equal annual installments and expire five years from the date of grant. The price of the options granted pursuant to these plans will not be less than 100 percent of the market value of the shares on the date of grant. The exercise of certain of these stock options represents a tax benefit for the Company which has been reflected as a reduction of income taxes payable and an increase to additional paid-in-capital amounting to $1.3 million in 1999 and $6.0 million in 1998.

No compensation cost has been recognized for these fixed options in the financial statements. Had compensation cost for the Company's stock option plans and individual option agreements been determined based on the fair value rather than market value at the grant date for awards under those plans and agreements, the Company's net income and earnings per share would have been reduced to the pro forma amounts indicated below:

	Year Ended December 31, (in thousands, except per share)		
	2000	1999	1998
Net income			
As reported	$ 9,956	$ 32,951	$ 24,109
Pro forma	8,597	32,309	23,439
Basic earnings per share			
As reported	1.02	3.16	2.35
Pro forma	0.88	3.10	2.28
Diluted earnings per share			
As reported	0.99	2.95	2.11
Pro forma	0.85	2.89	2.04

9. Stock Options and Warrants (continued)

The fair value of options granted during 1999 and 2000 were estimated on the date of grant using Black-Scholes option-pricing model with the following weighted-average assumptions used for grants:

	Year Ended December 31,	
	2000	1999
Dividend yield	0%	0%
Expected volatility	44.3%	44.3%
Risk-free interest rate	6.1%	5.6%
Expected lives	4 years	5 years

Information regarding these option plans and option agreements for 2000, 1999 and 1998 is as follows:

	Options Outstanding (in thousands)	Weighted Average Exercise Price
Outstanding at December 31, 1997	2,693	7.31
Granted	--	--
Expired or canceled	--	--
Exercised	(856)	5.55

Outstanding at December 31, 1998	1,837	8.16
Granted	442	24.94
Expired or canceled	(26)	9.33
Exercised	(266)	8.61
Outstanding at December 31, 1999	1,987	11.85
Granted	403	8.50
Expired or canceled	(26)	21.11
Exercised	(7)	4.67
Outstanding at December 31, 2000	2,357	$ 11.17

The following table summarizes information concerning currently outstanding and exercisable stock options as of December 31, 2000:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding (in thousands)	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable (in thousands)	Weighted Average Exercise Price
$ 2.67 - $ 4.61	446	3.47	$ 3.48	446	$ 3.47
$ 8.50 - $ 9.33	688	4.90	8.85	295	9.31
$10.08 - $10.73	801	4.60	10.16	801	10.16
$24.94 - $26.81	422	3.55	24.99	148	25.09
	2,357	4.29	$ 11.17	1,690	$ 9.56

9. Stock Options and Warrants (continued)

The weighted average fair value of options granted during 2000 and 1999 was $3.57 and $10.04, respectively.

At December 31, 2000, there were 15,344 warrants outstanding to a financial advisor at a price of $10.73. The warrants are due to expire on December 2, 2001.

10. Related Party Transactions
Mr. Robert B. Lee, a director of the Company is a partner in a joint venture that is a party to a lease agreement with the Company. Pursuant to the agreement, The Company leases from the joint venture a parcel of property constituting a majority of CCI's manufacturing facilities. During the years ended December 31, 2000, 1999, and 1998, the Company paid $1.20 million, $1.16 million, and $1.14 million, respectively, under the lease agreement. The lease agreement calls for future payments totaling $6.5 million through October 31, 2005. In addition, Mr. Lee is a partner in another joint venture, which in 1998 leased to CCI a separate parcel containing manufacturing facilities used by CCI (the "Acquired Property"). On October 8, 1998, the Company purchased the Acquired Property from Mr. Lee's joint venture for $2,100,000 pursuant to the exercise of a purchase option contained in the lease agreement for such property.

In September 1998, the Company acquired, for $2.75 million, a limited partnership interest in Dune Jet Services, L.P. (the "Partnership"), a Delaware limited partnership formed for the purposes of acquiring and operating an airplane for the partners' business uses and for third-party charter flights (the "Aircraft"). The general partner of the Partnership was Dune Jet Services, Inc. ("DJ Services"), a Delaware corporation, the sole stockholder of which is the Company's Chairman, Mr. Siegler. DJ Services contributed $1.55 million for its general partnership interest and an additional $3.25 million for a separate limited partnership interest. During 1999 the Aircraft was sold and the Partnership was liquidated. The Company received $2,985,000 in the aggregate from the Partnership representing a return of its capital plus its share of the gain on the sale of the Aircraft, after expenses of the Partnership were allocated.

Through December 31, 1998, the Company was a party to a financial advisory agreement dated January 23, 1998 (the "Advisory Agreement") with 712 Advisory Services, Inc., an affiliate (the "Affiliate") of the Chairman of the Company, Mr. Gary N. Siegler. Mr. Neil H. Koffler, a director of the Company, was also an employee of the Affiliate. The Advisory Agreement terminated effective December 31, 1998. Pursuant to the Advisory Agreement, the Affiliate agreed to provide advice and consultation concerning financial and related matters, including, among other things, with respect to private financings, public offerings, acquisitions, commercial banking relations and other business ventures. Fees incurred under the Advisory Agreement in 1998 between the Company and the Affiliate totaled $231,000.

Heller Ehrman White & McAuliffe, a law firm in which Mr. Stephen M. Davis, the Secretary and a director of the Company, is a partner, performed legal services for the Company. Fees paid the law firm were $112,000, $127,000, and $124,000 during the years ended December 31, 2000, 1999, and 1998, respectively.

11. Repurchases of Common Stock

In January 2000, the Company's board of directors approved and implemented a plan to repurchase up to one million shares of the Company's common stock. The Company repurchased 932,900 shares at an average price of $16.36 per share.

12. Quarterly Consolidated Financial

Data As discussed in Note 1, during the fourth quarter of 2000, the Company implemented Staff Accounting Bulletin (SAB) 101, "Revenue Recognition in Financial Statements." Effective January 1, 2000, the Company recorded the cumulative effect of the accounting change and, accordingly, the quarterly information for the first three quarters of 2000, which had been previously reported, has been restated.

	Quarter ended (in thousands except share data)					
	March 31		June 30		September 30	
	As previously Reported	As Restated	As previously Reported	As Restated	As previously Reported	As Restat
Net sales.............	$ 105,255	$ 106,840	$ 74,524	$ 77,726	$ 86,652	$ 83,9
Gross profit...........	16,077	16,267	7,453	8,236	10,192	9,7
Income before cumulative effect of accounting change	6,496	6,682	1,193	1,663	2,733	2,4
Cumulative effect of accounting change...	--	(1,213)	--	--	--	

Net income............	$ 6,496	$ 5,469	$ 1,193	$ 1,663	$ 2,733	$ 2,4
Earnings per common share:						
Basic:						
Income before cumulative effect of accounting change	$ 0.79	$ 0.67	$ 0.12	$ 0.17	$ 0.29	$ 0.
Cumulative effect of accounting change...	--	(0.12)	--	--	--	
Net income............	$ 0.79	$ 0.55	$ 0.12	$ 0.17	$ 0.29	$ 0.
Diluted:						
Income before cumulative effect of accounting change	$ 0.75	$ 0.63	$ 0.12	$ 0.17	$ 0.28	$ 0.
Cumulative effect of accounting change...	--	(0.11)	--	--	--	
Net income............	$ 0.75	$ 0.52	$ 0.12	$ 0.17	$ 0.28	$ 0.
Weighted average number of shares:						
Basic................	10,034	10,034	9,657	9,657	9,585	9,5
Diluted.............	10,544	10,544	10,044	10,044	9,847	9,8

	1999 Quarter ended (in thousands except share data)			
	March 31	June 30	Sept. 30	Dec. 31
Net sales	$ 102,982	$ 105,338	$ 108,947	$ 102,154
Gross profit	16,754	17,379	19,614	17,082
Net income	7,321	8,261	9,020	8,349
Earnings per common share-basic	$ 0.71	$ 0.80	$ 0.86	$ 0.80
Earnings per common share-Diluted	$ 0.64	$ 0.74	$ 0.82	$ 0.75
Weighted average number of shares:				
Basic	10,347	10,378	10,448	10,448
Diluted	11,522	11,189	11,054	11,149

Had the new method of revenue recognition under SAB 101 been used in prior years, net sales and net income for the fourth quarter of 1999 would have been $96,357,000 and $7,640,000, respectively, and basic and diluted EPS would have been $0.72 and $0.69, respectively.

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SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

For the years ended December 31, 2000, 1999 and 1998

	Balance at beginning of period	Additions charged to costs and expenses	Deductions	Balance at end of Period

Twelve months ended December 31, 2000				
Allowance for doubtful accounts	$ 199,000	$ 265,000	$ 143,000	$ 321,000
Workers' compensation self-insurance reserve..	2,428,000	3,259,000	2,559,000	3,128,000
Motorhome warranty reserve.................	7,754,000	17,521,000	15,414,000	9,861,000
	$10,381,000	$21,045,000	$18,116,000	$13,310,000
Twelve months ended December 31, 1999				
Allowance for doubtful accounts.......	$ 188,000	$ 24,689	$ 13,689	$ 199,000
Workers' compensation self-insurance reserve..	1,494,000	3,394,969	2,460,969	2,428,000
Motorhome warranty reserve.................	5,824,000	13,325,525	11,395,525	7,754,000
	$ 7,506,000	$16,745,183	$13,870,183	$10,381,000
Twelve months ended December 31, 1998				
Allowance for doubtful accounts.......	$ 180,000	$ 19,664	$ 11,664	$ 188,000
Workers' compensation self-insurance reserve..	402,000	3,608,907	2,516,907	1,494,000
Motorhome warranty reserve.................	4,036,000	10,018,529	8,230,529	5,824,000
	$ 4,618,000	$13,647,100	$10,759,100	$ 7,506,000

INDEX OF EXHIBITS

Designation of Exhibit	Description of Exhibit
3.1	The Company's Restated Certificate of Incorporation. (2)
3.2	The Company's By-laws. (2)
4.1	Specimen-Certificate of Common Stock. (1)
10.1	National R.V. Holdings, Inc. 1993 Stock Option Plan. (1)
10.2	National R.V. Holdings, Inc. 1993 Option Plan. (2)
10.3	1995 Stock Option Plan. (3)
10.4	Rights Plan Agreement with Continental Stock Transfer & Trust Company. (4)
10.5	1996 Stock Option Plan. (5)
10.6	1997 Stock Option Plan. (6)
10.7	1999 Stock Option Plan, as amended.
10.8	Amendment to Employment Agreement dated March 16, 2001 between the Company and Wayne Mertes.
10.9	Employment Agreement dated August 6, 1999 between the Company and Brad Albrechtsen. (7)
10.10	Employment Agreement dated January 31, 2000 between the Company and Wayne Mertes. (7)
10.11	Employment Agreement dated January 31, 2000 between the Company and Bob Lee. (7)

21.1 List of Subsidiaries. (6)
23.1 Consent of PricewaterhouseCoopers LLP
99.1 Risk Factors

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(1) Previously filed as an exhibit to the Company's Registration Statement on Form S-1 filed on August 16, 1993 (File No. 33-67414) as amended by Amendment No. 1 thereto filed on September 22, 1993 and Amendment No. 2 thereto filed on September 29, 1993.
(2) Previously filed as an exhibit to the Company's Registration Statement on Form S-1 filed on December 15, 1993 (File No. 33-72954).
(3) Previously filed as an exhibit to the Company's Form 10-K for the seven months ended December 31, 1995 filed on March 27, 1996.
(4) Incorporated by reference from Form 8-A declared effective on August 26, 1996.
(5) Incorporated by reference from the Company's Form 10-K for the year ended December 31, 1996.
(6) Incorporated by reference from the Company's Form 10-K for the year ended December 31, 1997.
(7) Incorporated by reference from the Company's Form 10-K for the year ended December 31, 1999.