Fleetwood Enterprises, Inc. *Annual Report*

1994

Fleetwood Enterprises, Inc.

Fleetwood Enterprises, Inc., a Fortune 500 company listed on the New York Stock Exchange, is America's largest homebuilder and the nation's top producer of recreational vehicles. Headquartered in Riverside, California, the Company employs over 16,000 people in manufacturing plants located in 18 states and in Canada and Germany.

The Company also provides financing on Fleetwood RV products to its dealers and retail customers through Fleetwood Credit Corp., its wholly owned finance subsidiary.

Quality recreational vehicles manufactured by Fleetwood include motor homes, travel trailers, folding trailers and slide-in truck campers—products designed to make vacation travel, outdoor recreation and other leisure activities more enjoyable.

Fleetwood's manufactured housing group has risen to the top of the homebuilding industry by providing quality factory-built homes at prices people can afford—making the dream of home ownership a reality for thousands of families.

Five-Year History of Operating Revenues and Units Shipped

Operating Revenues

Years ended April	1994	*1993*	*1992*	*1991*	*1990*
Dollars in thousands					
Recreational vehicles:					
North American sales—					
Motor homes	$ 706,105	*$ 625,145*	*$ 592,792*	*$ 502,401*	*$ 654,306*
Travel trailers*	433,441	*405,505*	*330,409*	*259,405*	*313,087*
Folding trailers	72,671	*64,454*	*48,852*	*34,887*	*10,846*
European sales	29,199	*18,923*	—	—	—
Total RV sales	1,241,416	*1,114,027*	*972,053*	*796,693*	*978,239*
Manufactured housing	1,054,267	*774,784*	*574,149*	*566,564*	*532,917*
Supply operations	36,501	*19,088*	*11,855*	*11,465*	*15,186*
Total manufacturing sales	2,332,184	*1,907,899*	*1,558,057*	*1,374,722*	*1,526,342*
Finance revenues	37,191	*34,022*	*31,291*	*26,172*	*23,082*
Total	$2,369,375	*$1,941,921*	*$1,589,348*	*$1,400,894*	*$1,549,424*

Units Shipped

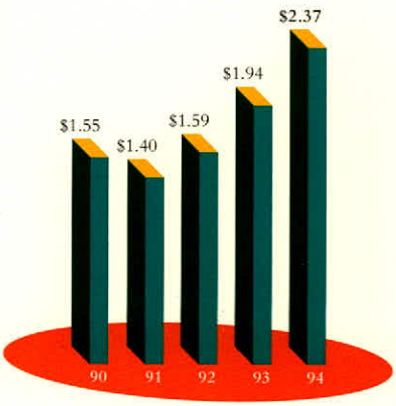
Years ended April	1994	*1993*	*1992*	*1991*	*1990*
Recreational vehicles:					
North American shipments—					
Motor homes	15,062	*13,941*	*13,739*	*12,247*	*16,459*
Travel trailers	33,218	*31,396*	*26,226*	*21,775*	*28,461*
Folding trailers	18,421	*16,393*	*13,012*	*9,576*	*2,975*
Slide-in truck campers	1,765	*1,515*	*1,444*	*815*	—
European shipments	301	*132*	—	—	—
Total	68,767	*63,377*	*54,421*	*44,413*	*47,895*
Manufactured housing:					
Single-section	32,483	*24,120*	*19,173*	*18,471*	*18,183*
Multi-section	24,270	*20,643*	*16,478*	*16,446*	*16,575*
Total	56,753	*44,763*	*35,651*	*34,917*	*34,758*

Quarterly Results: See Note 12 of the Notes to Consolidated Financial Statements for quarterly operating results for the last two years.

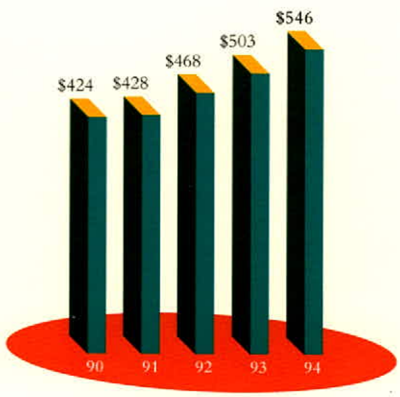
Includes sales of slide-in truck camper units.

Financial Highlights

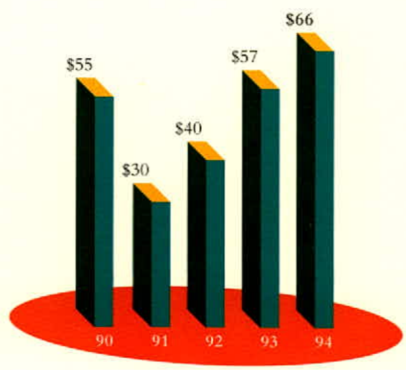
Years ended April	1994	*1993*	*1992*	*1991*	*1990*
Amounts in thousands except per share data					
Results for the Year					
Operating revenues	$2,369,375	*$1,941,921*	*$1,589,348*	*$1,400,894*	*$1,549,424*
Income before taxes	112,032	*91,277*	*64,118*	*46,593*	*86,655*
Net income	65,928	*56,570*	*40,224*	*30,440*	*55,039*
Net income per Common and equivalent share	$ 1.43	*$ 1.23*	*$ .88*	*$ .68*	*$ 1.21*
Common and equivalent shares outstanding	46,207	*45,961*	*45,648*	*44,584*	*45,510*
Year-End Position					
Total assets	$1,224,123	*$1,061,910*	*$ 915,024*	*$ 768,490*	*$ 817,480*
Shareholders' equity	546,466	*502,589*	*467,984*	*428,072*	*424,339*



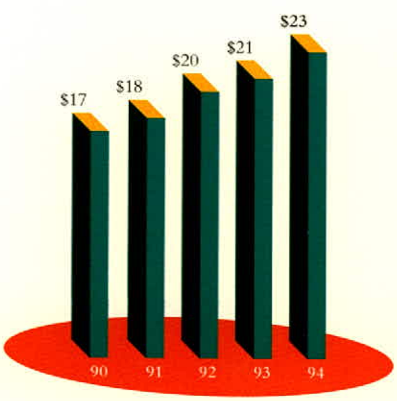
Operating Revenues
In billions of dollars



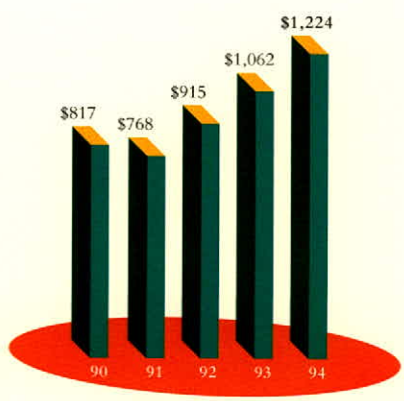
Shareholders' Equity
In millions of dollars



Net Income
In millions of dollars



Dividends Declared
In millions of dollars



Total Assets
In millions of dollars

To Our Shareholders

We are extremely proud of what Fleetwood people were able to achieve in fiscal 1994 despite a very challenging and competitive operating environment. A number of important milestones were reached this year including our surpassing the $2 billion revenue mark for the first time. All of our operating groups posted revenue gains in 1994 which led to the second best earnings year in the Company's history.

Higher Earnings on All-Time Record Revenues: With the backdrop of an improving economy and rising consumer confidence, we were able to achieve a 22 percent increase in total revenues to a record $2.37 billion, up from $1.94 billion in fiscal 1993. Healthy markets for manufactured housing and recreational vehicles allowed both of our core businesses to generate higher volumes which led to an overall 25 percent rise in operating income to $104.4 million. Due to a higher income tax rate and a one-time charge for a change in accounting for income taxes, the growth in net earnings was somewhat less, rising 17 percent to $65.9 million or $1.43 per share. This compares with $56.6 million and $1.23 per share in the prior year.

Housing Group Leads the Way: The overall improvement in Company sales and earnings was mainly driven by an outstanding housing group performance. Following a strong 35 percent sales increase in fiscal 1993, the housing group posted an even more impressive 36 percent sales gain in 1994, surpassing the $1 billion level for the first time. Record housing sales of $1.05 billion in fiscal 1994 were up from $774.8 million in the prior year. The sharp rise in Fleetwood's housing revenues reflects the continuing cyclical recovery of the manufactured housing industry which began in December 1991. Industry unit sales were up 21 percent in calendar 1993 while Fleetwood more than kept pace with a 23 percent gain. With substantial plant capacity added since last year, Fleetwood was able to achieve a 13th consecutive year of market share growth.

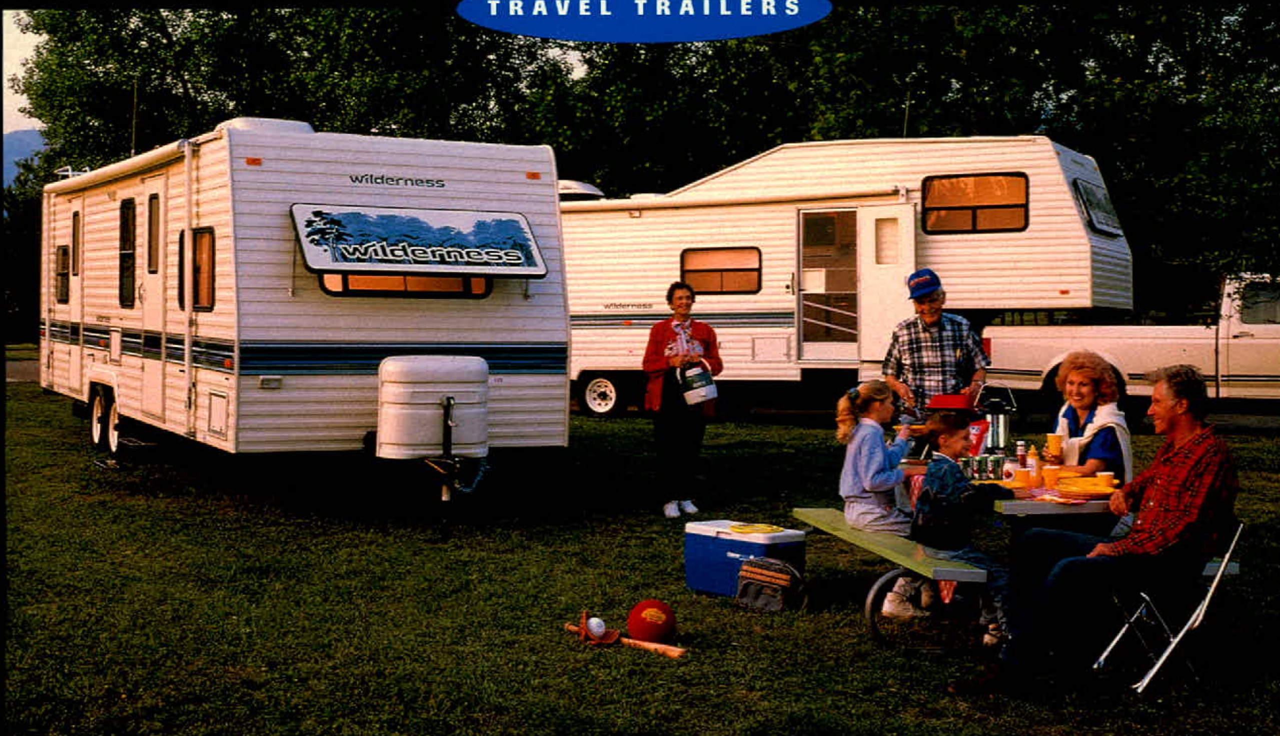
Recreational Vehicle Group Produces Record Sales: As a result of a healthier market for recreational vehicles, all three Fleetwood RV divisions operating in the U.S. and Canada posted sales gains in fiscal 1994. RV group revenues reached a historic high of $1.24 billion in 1994, 11 percent ahead of last year. Motor home volume was the strongest, rising 13 percent to $706.1 million. The travel trailer division made a major contribution to RV revenues, generating a 7 percent sales increase to $433.4 million. On the strength of excellent sales in the first half of the year, the folding trailer division recorded revenues of $72.7 million, 13 percent higher than prior year revenues. Despite a difficult economic environment, the Company's European RV division registered sales of $29.2 million.

Fleetwood Credit Maintains Growth Record: Fleetwood Credit Corp., the Company's RV finance subsidiary, just completed its eighth consecutive year of lending and earnings growth, and now ranks as the nation's second largest RV financing source. Net earnings rose 19 percent to $7.4 million in 1994, while loan volumes exceeded $1 billion for the first time in FCC's history. Fleetwood Credit's nine regional offices produced wholesale loan volume of over $800 million which represented more than 69 percent of Fleetwood's domestic factory sales. Retail volume for FCC exceeded $220 million, a 27 percent increase over the prior year.

Supply Operations Experience Significant Growth: The Company's supply subsidiaries, long involved in the supply of fiberglass components and lumber products to affiliated companies, have aggressively set their sights on growth through external sales. Recent results demonstrate that their strategies are indeed working as outside sales for the group reached $36.5 million in fiscal 1994, up 91 percent over last year. Our fiberglass operations have been particularly successful in establishing a fine reputation for producing high-quality products. This has allowed

Family outings are enhanced by the comforts and convenience provided in a Fleetwood travel trailer. The Wilderness product line is one of three Fleetwood brands ranked in the top four in U.S. sales.

TRAVEL TRAILERS



them to become an important supplier to major companies in the automotive, medical equipment and recreational products industries.

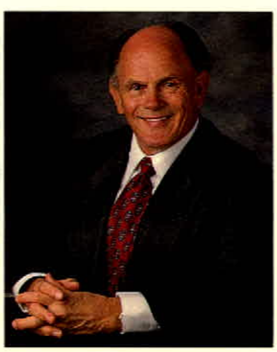
Dividend Increased for Twelfth Consecutive Year: Based on the Company's excellent financial condition and the prospect of continued earnings growth, the board of directors, at its June 1994 meeting, declared a 12 percent increase in the quarterly cash dividend.

We Extend Our Gratitude: Our successful results in 1994 reflect the collective efforts of all of our dedicated Fleetwood associates and the invaluable support of our retailers and suppliers. We sincerely appreciate the contributions made by everyone during this past year.

Respectfully,

John C. Crean

John C. Crean
Chairman of the Board and
Chief Executive Officer



Glenn F. Kummer

Glenn F. Kummer
President and
Chief Operating Officer

June 23, 1994

Recreational Vehicles

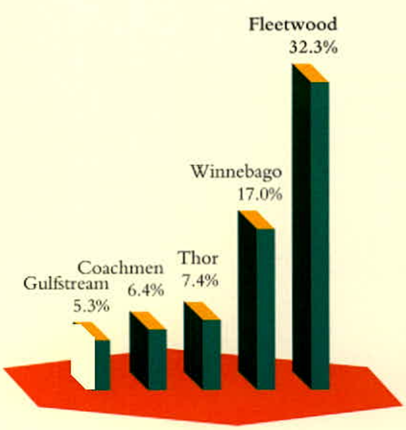
Another Record Year for RV Revenues: With the help of a recovering economy and improved consumer confidence, Fleetwood's recreational vehicle group posted record revenues of $1.24 billion in fiscal 1994. This constitutes an 11 percent increase over last year's $1.11 billion and the second consecutive year in which sales have reached a new high. All RV divisions shared in the revenue gains in 1994, but sales were particularly strong for the North American motor home and folding trailer operations.

Strong Year for Motor Home Sales: After lagging the recovery of other RV products, sales of Fleetwood motor homes gathered strength in fiscal 1994 and rose 13 percent over the prior year to $706.1 million. Total domestic unit volume rose 8 percent to 15,062, with Class A shipments increasing 9 percent to 10,452 units and Class C units up 6 percent to 4,610.

Fleetwood's motor home division once again led the industry in the production of motor homes. Class A products under the brand names American Eagle, Bounder, Coronado, Flair, Pace Arrow and Southwind, along with the Class C Tioga and Jamboree brands, collectively captured 32.3 percent of all U.S. retail registrations for calendar 1993. In spite of a decline from 34.0 percent in the prior year, Fleetwood's total retail market share still exceeded that of the next three competitors combined. Four out of the five top-selling Class A brands in 1993 were manufactured by Fleetwood, while Tioga and Jamboree continued to hold the number one and two spots in the Class C market.

Fleetwood's market leadership is the result of the Company's continued commitment to the development of new and innovative products. Rounding out an already distinguished Class C product line-up, the Company introduced popular wide-body units for the Tioga and Jamboree product lines. The addition of the wide-body American Dream to the Class A American Eagle line offers customers the most spacious luxury motor home in the Company's history, and sets a new standard for elegance. The power and durability of diesel performance was made available to a broader range of Fleetwood customers with this year's addition of rear-engine diesel models to the affordable Flair line. Topping off the product introductions this year, the Southwind Storm with a revolutionary chassis design arrived on dealers' lots in the spring of 1994. These new products, and more scheduled for arrival in the summer of 1994, continue Fleetwood's tradition of superior motor home design, and position the Company for strong market performance in the years ahead.

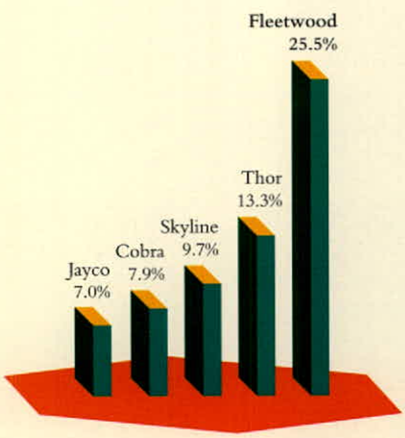
Travel Trailer Sales Top Previous High: Bettering the record sales performance of the previous year, the travel trailer division reached a new high of $433.4 million in fiscal 1994, 7 percent ahead of last year's revenues. Factory shipments advanced 6 percent to 34,983 units primarily due to substantial growth in sales of conventional units. Shipments of conventional products were up 21 percent to 23,060 while fifth-wheel trailers declined 18 percent to 10,158 units. Sales of slide-in truck campers improved 17 percent to 1,765 units.



Motor Home Market Share Leaders for Calendar 1993

Retail Registrations

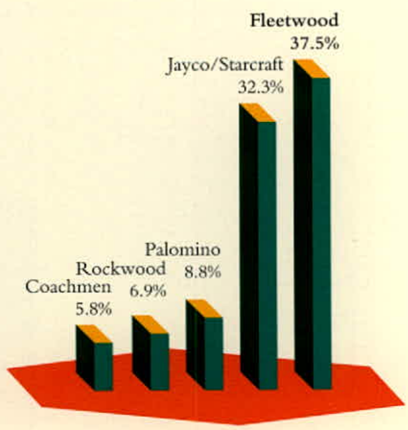
Source: Statistical Surveys, Inc. Year End 1993 Statistics



Travel Trailer Market Share Leaders for Calendar 1993

Retail Registrations

Source: Statistical Surveys, Inc. Year End 1993 Statistics



Folding Trailer Market Share Leaders for Calendar 1993

Retail Registrations

Source: Statistical Surveys, Inc. Year End 1993 Statistics

Catching the big one is fun for the whole family in a Fleetwood motor home. The Flair is one of four Fleetwood Class A products ranked in the top five in U.S. sales.

MOTOR HOMES

As America's leading producer of travel trailers, Fleetwood markets products under the Avion, Terry, Prowler, Wilderness, Savanna and Mallard brand names. With an overall retail market share for calendar year 1993 of 25.5 percent, Fleetwood's share was almost twice that of the nearest competitor. According to retail registration information for that same period, the long-established Prowler, Terry and Wilderness products represented three of the top four selling brands in the nation. In spite of Fleetwood's leading market position, market share erosion occurred in certain product niches during 1993, causing the Company's overall travel trailer market share to dip slightly from last year's 27.2 percent.

In an effort to address market share erosion and meet the increasingly diverse demand for towable RV's, the Company introduced several new products this year. The new Mallard product line brings affordable function and convenience to the very popular and competitive lower-priced market. The Savanna, positioned in the medium price range, provides a uniquely designed exterior of mesa fiberglass and a luxury interior for a distinctively upscale effect. Finally, the Westport, an addition to the Avion product line, features a standard living room slide-out with a finely appointed interior for the more discriminating customer. The addition of these products to Fleetwood's already impressive travel trailer line-up has been warmly received and postures the Company for strong market penetration in the coming year.

Record Setting Performance by Folding Trailer Division: Strong sales in the first half of fiscal 1994 gave the folding trailer division a record year in terms of revenues and unit volume. Despite a softening in demand in the second half of the year, revenues reached a new high of $72.7 million, 13 percent ahead of the prior year. Unit volume advanced 12 percent to 18,421, surpassing the previous high set last year. In calendar 1993, the division again led the industry in terms of retail market share with a figure of 37.5 percent, up from 35.2 percent in the previous year.

Affordability is key for young families planning a vacation, and Coleman folding trailers built by Fleetwood are easy on the budget. Impressively, Fleetwood captured 37.5 percent of the U.S. folding trailer market in calendar 1993.

FOLDING TRAILERS

With the introduction of the 1994 models in August 1993, the folding trailer division adopted more aggressive pricing and marketing strategies to counter competitive challenges. These actions proved to be successful in maintaining strong dealer representation of the Company's products, and ultimately should result in a higher retail market share. With its outstanding products and value-based pricing strategy, the division should continue to prosper in this dynamic segment of the RV industry.

A Year of Progress for European Operation: Significant operating losses were symptomatic of the many challenges faced by our German operation in fiscal 1994. A dismal economy, the start-up of a new factory and the development of a new product line were but a few of the hurdles to overcome. But, as often happens, with adversity comes great progress. The move to the new factory is complete and production efficiencies are greatly improved. Costs have been reduced and the benefits of higher volume are beginning to show. The division has been successful in broadening its product offering with the introduction of a new Class C motor home. In the final quarter of the year, the operation reached the breakeven point and substantially reduced its operating loss relative to what had been incurred in the previous two quarters. What remains to be seen is the turnaround in the European economy. When that occurs, this operation should be well positioned to take advantage of a growing RV market.

Outlook for RV Business is Positive: The long-term outlook for the RV industry remains favorable because of the lasting appeal of our products for active consumers who enjoy outdoor recreational activities. We don't foresee this changing any time soon — if ever. In the short-run, there will be cyclical ups and downs stimulated by changing economic conditions and temporary changes in consumer psychology. We at Fleetwood are investing in the future — in people, in new products, and in improved facilities — because we expect to be the leader in this business for a long time to come.

Fleetwood Credit Corp.

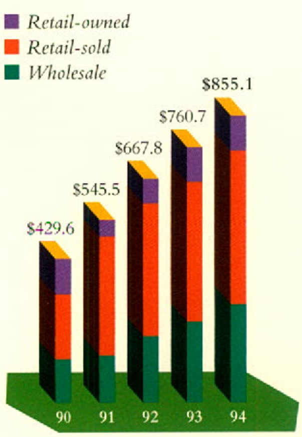
Fleetwood Credit reached an important milestone in 1994 by providing over $1 billion in financing for Fleetwood's RV dealers and retail customers. In less than ten years, FCC has grown from a start-up operation into the nation's second largest source of financing for motor homes and travel trailers. Through its nine regional offices, Fleetwood Credit provides inventory and customer financing programs to 750 Fleetwood RV dealers.

Financial Performance: Fleetwood Credit marked its eighth consecutive year of earnings growth in 1994 with net income rising 19 percent above the prior year to $7.4 million. The increase reflects a rise in wholesale receivables outstanding as well as improved servicing margins on an expanded portfolio of serviced retail loans. Servicing income of $9.5 million was up 28 percent over fiscal 1993. This was partially offset by the effect of lower lending rates to retail borrowers.

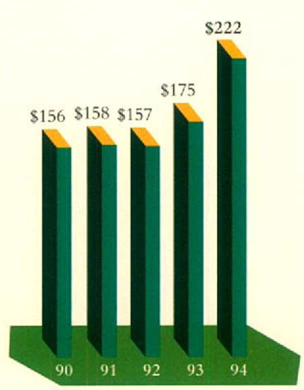
Financing Activity: During fiscal 1994, Fleetwood Credit provided over $220 million of financing for retail purchasers of Fleetwood RV products, a 27 percent increase over 1993. Over 24,000 retail customers were being serviced at April 30, 1994. Retail receivables serviced by FCC (including receivables sold to investors) exceeded $560 million compared to $519 million in April 1993. Financing of dealer inventories also increased in fiscal 1994 as a result of Fleetwood's RV sales growth and FCC's expanded market share. FCC provided financing for more than 69 percent of Fleetwood's U.S. factory sales in fiscal 1994, and wholesale receivables outstanding reached a record $293 million.

Portfolio Quality: FCC's loan loss performance continues to reflect the high credit quality of the RV buyer and the company's well established underwriting standards. Credit losses on retail receivables in fiscal 1994 (including receivables sold to investors) were 0.32 percent of average receivables outstanding compared to 0.31 percent in fiscal 1993. Retail accounts over 30 days delinquent at April 30, 1994 were 0.30 percent of outstanding receivables, unchanged from a year ago. Retail customer demographic information indicates that FCC's customers have higher than average incomes and well established employment and credit histories.

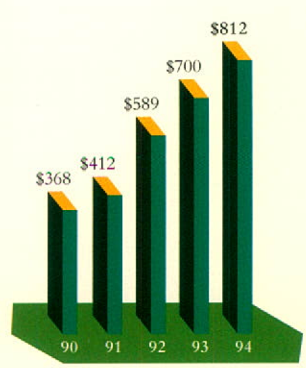
Funding Activity: During fiscal 1994, Fleetwood Credit utilized the private commercial paper and medium-term debt markets, as well as the public asset-backed securities market, to satisfy its ongoing capital requirements. Commercial paper placements in 1994 were nearly $1.7 billion with $181 million outstanding at year end. Medium-term note placements of $60 million in three and five year floating rate notes were used to fund debt maturities and increased capital requirements. Medium-term debt at April 30, 1994 increased to $180 million compared to $150 million one year earlier. In the asset-backed securities market, FCC completed its eighth sale of retail receivables to investors bringing its total sales in this market since inception to over $850 million.



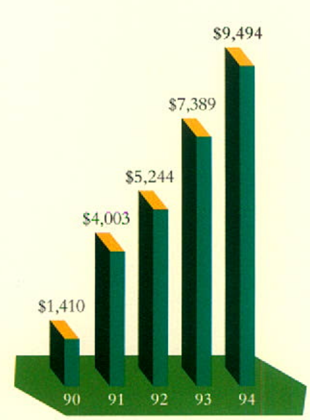
Fleetwood Credit Corp.
Receivables Serviced
In millions of dollars



Fleetwood Credit Corp.
Retail Purchase Volume
In millions of dollars



Fleetwood Credit Corp.
Wholesale Purchase Volume
In millions of dollars



Fleetwood Credit Corp.
Servicing Income
In thousands of dollars

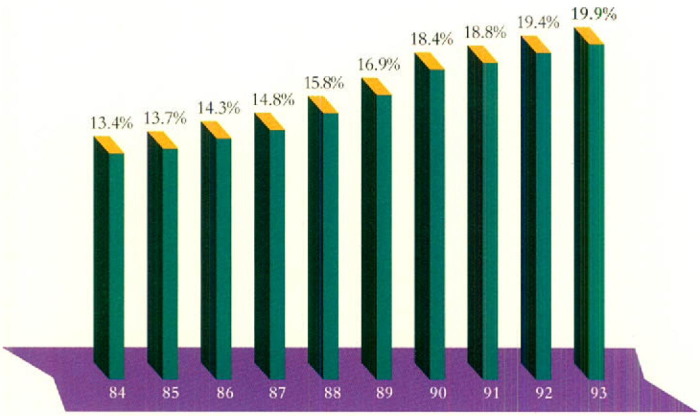
Manufactured Housing

Housing Revenues Soar to Over $1 Billion: Aided by a robust housing market, Fleetwood's housing group completed another year of outstanding growth and reached the $1 billion mark for the first time. Revenues in fiscal 1994 jumped 36 percent to $1.05 billion, up from $774.8 million last year. Fleetwood's manufacturing centers produced over 56,000 homes in 1994, strengthening the Company's position as the nation's largest homebuilder.

Industry Recovery Continued in Fiscal 1994: The manufactured housing industry continued to thrive this past year, benefiting from an improving economy, moderate interest rates and increased availability of consumer financing. These positive factors, along with growing public acceptance of factory-built homes, led the industry to its best year since 1985. In calendar 1993, the industry produced more than 254,000 homes, an increase of 21 percent over the prior year. During this same period, one out of every four new single-family homes sold in the U.S. was a manufactured home.

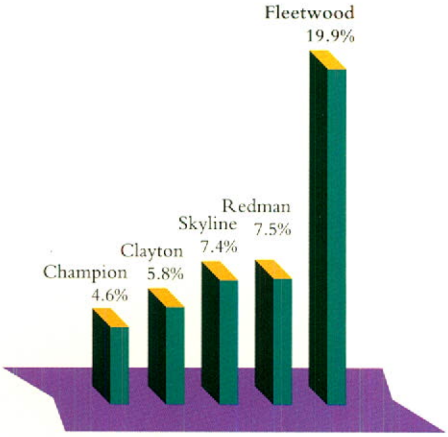
Added Capacity Allows Fleetwood to Continue Market Share Growth: Late last year, the housing group embarked on an ambitious plant expansion program in order to meet the rising demand for manufactured homes. Since the fourth quarter of fiscal 1993, manufacturing capacity has been increased about 30 percent at a cost of about $35 million. This expansion allowed Fleetwood to outpace the industry and record a 13th consecutive year of market share growth. Fleetwood finished calendar 1993 with 19.9 percent of the U.S. manufactured housing market, up from 19.4 percent in 1992. Further evidence of the Company's strong market position is the fact that Fleetwood's market share exceeds that of the next two competitors combined.

We Learn by Listening to Our Customers: Most of our success in the housing business comes from listening carefully to our two distinct customers: our independent retailer and the ultimate homebuyer. This process is facilitated by the use of independent consumer surveys and focus groups for both types of customers. Six months after the retail purchase of all Fleetwood homes, an independent consumer research firm contacts homeowners to determine how satisfied they are with the quality of the Fleetwood home and the level of service provided by the retailer. This information is continually fed back to our manufacturing management teams and retailers to reinforce quality performance and eliminate customer problems. Each year, specific customer satisfaction goals are established and retailers who meet these performance standards are recognized with our prestigious Circle of Excellence award. Fleetwood manufacturing centers that are successful in reaching outstanding levels of customer satisfaction are similarly honored.



Fleetwood Manufactured Housing Market Share Calendar Years 1984 Through 1993

Source: Company Information



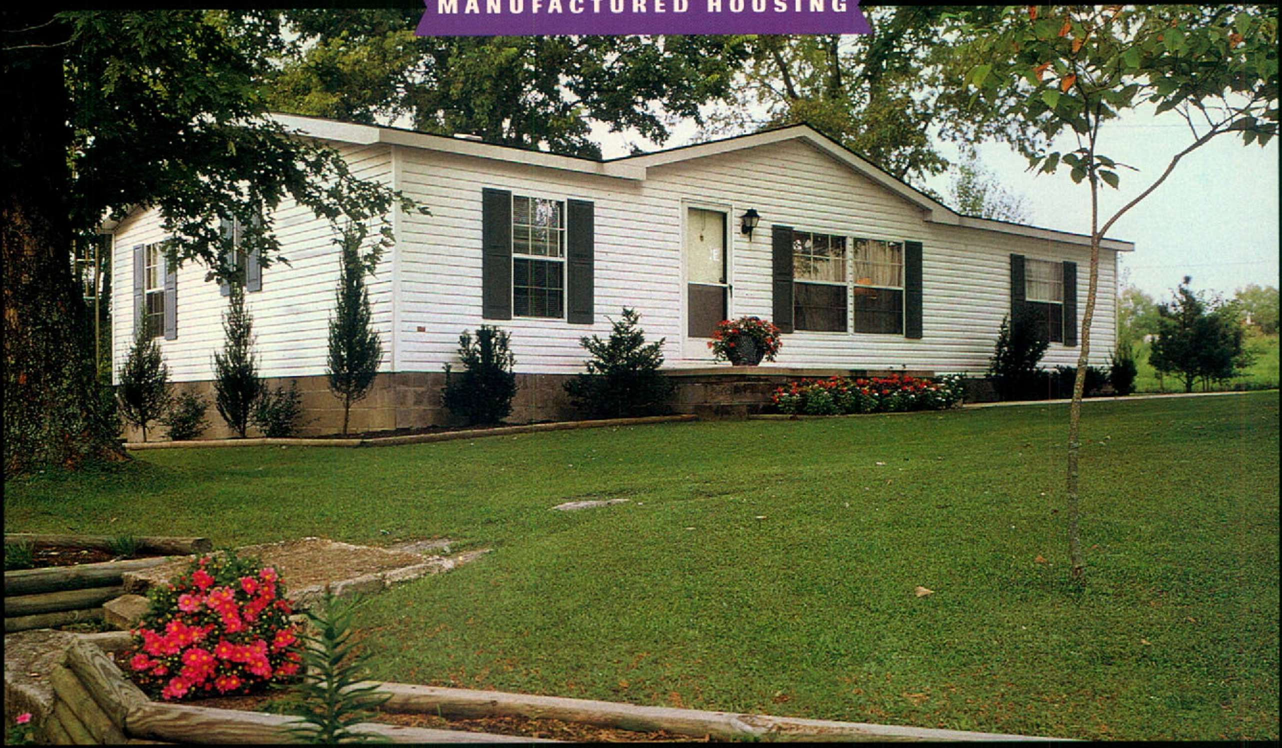
Manufactured Housing Market Share Leaders for Calendar 1993

Shipments to Retailers

Source: Manufactured Home Merchandiser June 1994

Buyers of homes built by Fleetwood are discovering that attractiveness and affordability can go hand in hand. Fleetwood has become America's largest homebuilder by efficiently producing quality homes such as this one.

MANUFACTURED HOUSING



Fleetwood Noted for Product Design Leadership: More than a decade ago, Fleetwood's housing group recognized that the so-called "national" housing market is really a composite of several regional markets with very distinct differences. Appropriately, the Company's housing management group is organized along regional lines with separate product design teams for each region. To a large degree, Fleetwood's success can be attributed to its regional focus which facilitates the development of innovative floor plans and attractive decors that appeal to a broad segment of each distinct market. Design groups stay close to the market by interacting with plant management teams, Fleetwood retailers and focus groups comprised of retail customers. This ongoing process gives designers the opportunity to develop and refine design concepts and monitor industry trends and consumer preferences as they affect specific Fleetwood product lines. The result of this product design leadership is evident in Fleetwood's consistent market share growth.

Partnering Efforts with Suppliers and Lenders Enhance Fleetwood's Potential: One of the critical factors that determines the level of Fleetwood's success in the manufactured housing business is the support we receive from our suppliers and lenders. Key suppliers work closely with us to develop component materials which have more customer appeal and increased durability. For example, "Customer Satisfaction Carpet" was the result of a joint effort with our major carpet supplier to cost effectively provide a more durable carpet for Fleetwood homebuyers.

We have also been fortunate to establish strong relationships with important lenders to the industry who provide inventory financing to retailers and retail financing to homebuyers. A case in point is our relationship with Associates Corporation of North America, a division of Ford Motor Consumer Credit. Through this alliance, Fleetwood Finance by The Associates was created in fiscal 1992 as a full-service financing source exclusively for Fleetwood retailers. Under this program, more favorable financing terms are available to Fleetwood customers because of a joint plan to mitigate the financial impact of loan losses, *This spacious interior is typical of the well-designed floorplans found in Fleetwood homes. Value-priced homes such as this one have become the affordable choice for thousands of young families.*

MANUFACTURED HOUSING

should they occur. In consideration of the important contributions made by our supplier and lender partners, we have established special Circle of Excellence awards to annually recognize their outstanding achievements.

We See Favorable Outlook for Housing: We believe the prospects for continued growth in the manufactured housing business are excellent, both in the near future and over the long term. The favorable industry factors mentioned previously point to a prosperous year for Fleetwood in fiscal 1995. Industry shipments in the first four months of calendar 1994 were stronger than expected, rising 20 percent over the similar period last year. Longer term, the continuing need for affordable shelter, along with favorable demographic factors, should push the industry to higher volume levels in the years ahead. A factor that most certainly will improve industry dynamics is the continuing process of product evolution. In recent years, the industry has benefited tremendously from product improvements that have given factory-built houses an appearance which more closely resembles site-built homes. We look forward to continued Company growth based upon our internal strategies to remain the industry's low cost producer, while at the same time improving the quality of our products and the customer service provided by our retailers. As we improve, we expect to gain an increasing share of the overall market. Our immediate objective is to reach a 21 percent market share in calendar 1994 and realize a 14th consecutive year of market share growth. This would be one more step toward our ultimate goal of securing 35 percent of the U.S. manufactured housing market.

Five-Year Summary of Operations

Dollars (except per share amounts) and shares outstanding are in thousands Years ended April	1994	1993	1992	1991	1990
Results for the Year					
Operating revenues	$2,369,375	$1,941,921	$1,589,348	$1,400,894	$1,549,424
Costs and expenses	2,265,010	1,858,446	1,534,636	1,366,605	1,473,460
Operating income	104,365	83,475	54,712	34,289	75,964
Other income	7,667	7,802	9,406	12,304	10,691
Income before provision for income taxes	112,032	91,277	64,118	46,593	86,655
Provision for income taxes	45,858	34,772	23,894	16,153	31,616
Net income	65,928*	56,570	40,224	30,440	55,039
Net income per Common and equivalent share	1.43	1.23	.88	.68	1.21
Depreciation	18,598	15,628	15,068	15,084	13,925
Capital expenditures	72,816	42,062	25,597	18,921	26,827
Dividends declared	22,878	21,455	19,958	18,491	17,127
Dividends declared per Common share	.50	.47	.44	.42	.38
Common and equivalent shares outstanding	46,207	45,961	45,648	44,584	45,510
Year-end Position					
Total assets	$1,224,123	$1,061,910	$ 915,024	$ 768,490	$ 817,480
Property, plant and equipment, net	220,788	172,395	150,392	143,623	143,355
Shareholders' equity	546,466	502,589	467,984	428,072	424,339
Book value per share	11.88	11.01	10.26	9.78	9.51
Number of shareholders of record	2,000	2,000	1,900	2,100	2,300

**After deduction of $1.5 million for change in accounting for income taxes.*

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

1994 Compared to 1993:

Earnings for fiscal year 1994 increased to $65,928,000 or $1.43 per share, 17 percent ahead of last year's $56,570,000 and $1.23 per share. Net income in 1994 was reduced by $1,500,000 or 3 cents per share due to a change in accounting for income taxes under Statement of Financial Accounting Standards No. 109. Earnings growth in fiscal 1994 was mainly driven by strong demand for the Company's manufactured housing products. As a result of sales gains from all operating groups, consolidated revenues reached a new high in 1994, rising 22 percent to $2.37 billion. This surpasses the previous high of $1.94 billion recorded in fiscal 1993.

Housing group revenues in fiscal 1994 were the highest on record, rising 36 percent to $1.05 billion. This follows a 35 percent revenue increase in the prior year when sales reached $775 million. In terms of unit volume, the Company solidified its position as America's largest homebuilder by shipping 56,753 homes, up 27 percent over fiscal 1993. The sharp rise in housing volume reflects the continuing recovery of the manufactured housing market, as well as an expanded market share for the Company. Housing group sales represented 45 percent of total Company revenues compared to 40 percent last year.

Fleetwood's recreational vehicle group posted record revenues of $1.24 billion in fiscal 1994, 11 percent ahead of last year's $1.11 billion. Sales gains were posted by all North American RV divisions mainly due to improving economic conditions and a healthy RV market. The RV group was led by the motor home division which registered sales of $706 million, 13 percent above the prior year. Motor home shipments increased 8 percent to 15,062 units. Travel trailer sales increased 7 percent in 1994 to a new high of $433 million. With a boost from successful new products introduced in fiscal 1994, travel trailer shipments rose 6 percent to 34,983 units. On the strength of a strong first half performance, the folding trailer division also established record sales in 1994. Despite softening demand in the second half of the year, folding trailer revenues increased 13 percent to $73 million on a 12 percent gain in unit volume to 18,421. Fleetwood's European RV operation contributed 1994 revenues of $29 million, up from $19 million in 1993. Last year's sales covered a seven-month period from the date of acquisition. Recreational vehicle sales accounted for 52 percent of total Company revenues, down from 57 percent last year.

Manufacturing gross profit declined to 18.3 percent of sales from 19.2 percent last year, primarily because of tighter profit margins for recreational vehicles. Gross margin was also slightly lower for the housing group as a result of rising lumber costs. See Note 15 of the Notes to Consolidated Financial Statements for further information on operating profit by industry segment.

Operating expenses rose 14 percent to $343.7 million, but declined as a percentage of sales from 15.6 percent to 14.5 percent as a result of increased sales. Selling expenses, most of which are volume-related, were up 24 percent to $133.7 million. Higher costs were incurred for product warranties, product financing, advertising and sales incentives. General and administrative expenses increased 8 percent to $210.0 million primarily reflecting higher employee compensation and benefits. Staffing additions related to new plant openings, increased incentive compensation on improved profits and higher retirement plan costs all contributed to the increase.

Non-operating income in fiscal 1994 included net interest income of $7.3 million which was 12 percent below the $8.4 million posted last year. Lower rates of return and reduced balances of invested funds led to the decline.

Fleetwood Credit Corp., the Company's wholly owned finance subsidiary, provided financing for more than 69 percent of Fleetwood's RV factory sales compared to 63 percent last year. Operating income for FCC was up 21 percent in 1994 to $12.5 million primarily due to higher loan servicing income. Receivables being serviced grew 12 percent to over $855 million. Owned finance receivables at year end were $399 million, up from $346 million a year ago.

The combined Federal and state income tax rate, excluding the $1.5 million adjustment to record the cumulative effect of the change in accounting for income taxes, was 40.9 percent compared to last year's 38.1 percent. This increase reflects the recently enacted Federal corporate tax increase and the effect of losses from European operations which carry no tax benefit. The effective tax rate for 1994 was above the U.S. Federal tax rate of 35 percent largely because of the inclusion of state income taxes. See Note 8 of the Notes to Consolidated Financial Statements for a reconciliation of the provision for income taxes to the Federal statutory rate.

1993 Compared to 1992:

Net income jumped 41 percent in fiscal year 1993 to $56,570,000 or $1.23 per share compared to $40,224,000 or 88 cents per share in the prior year. The vastly improved results were largely driven by a substantial rise in manufactured housing sales. Results were also favorably influenced by higher recreational vehicle sales and a significant turnaround in the profitability of supply operations.

Housing revenues increased 35 percent in 1993 to an all-time record $775 million, up from $574 million in the previous year. This strong performance reflects a vigorous recovery in the manufactured housing market as well as market share growth for the Company. Fleetwood shipments in fiscal 1993 were up 26 percent to 44,763 homes. Housing group sales in 1993 represented 40 percent of total Company revenues compared to 36 percent last year.

Recreational vehicle sales also improved in 1993, rising 15 percent to $1.11 billion compared to $972 million a year ago. Included in RV sales for fiscal 1993 were $19 million for the recently acquired European RV operation. Domestic motor home sales were up 5 percent to $625 million on a 1 percent rise in shipments to 13,941 units. Travel trailer revenues of nearly $406 million were up 23 percent as unit volume improved 19 percent to 32,911. Sales for the folding trailer division increased sharply in 1993, rising to over $64 million as shipments surged 26 percent to 16,393 units. Recreational vehicle sales in total accounted for 57 percent of total Company revenues in 1993, down from 61 percent in the prior year.

Manufacturing gross profit increased to 19.2 percent of sales from 18.7 percent last year reflecting higher gross margins for both the recreational vehicle and manufactured housing groups. Slightly lower RV margins were experienced in the fourth quarter of fiscal 1993 because of competitive pressures. Management expects this margin pressure to continue for the foreseeable future due to the very competitive RV market. See Note 15 of the Notes to Consolidated Financial Statements for further information on operating profit by industry segment.

Operating expenses rose 19 percent to $302.2 million, but declined as a percentage of sales from 16.0 percent to 15.6 percent. Most of the cost increases were related to higher volume. Selling costs and general and administrative expenses both increased 19 percent to $107.8 million and $194.4 million, respectively. The higher selling expenses primarily reflect increases in product warranty costs and sales promotion efforts. The greater general and administrative expenses were largely due to higher employee compensation and benefits, principally resulting from increased management compensation based on improved profitability.

Non-operating income declined 17 percent to $7.8 million primarily as a result of lower investment income. Investment income was affected by lower rates of return as well as reduced balances of invested funds.

Fleetwood Credit Corp., the Company's wholly owned RV finance subsidiary, provided financing for more than 63 percent of Fleetwood's RV factory sales in fiscal year 1993, up from about 60 percent in the prior year. Operating income rose 28 percent to $10.4 million, up from $8.1 million in fiscal 1992, largely as a result of higher loan servicing income. In addition to more attractive loan servicing fees in fiscal 1993, the level of receivables being serviced by FCC increased 14 percent to more than $760 million. Owned finance receivables at year end were $346 million compared to $275 million a year ago.

The combined Federal and state income tax rate was 38.1 percent in fiscal year 1993 compared to last year's 37.3 percent, reflecting higher taxable operating income and less impact from tax-exempt investment income. The effective tax rate for both years was above the U.S. Federal tax rate of 34 percent principally because of the inclusion of state income taxes. See Note 8 of the Notes to Consolidated Financial Statements for a reconciliation of the provision for income taxes to the Federal statutory rate.

Liquidity and Capital Resources 1994 and 1993: The Company continued to maintain a strong financial position throughout 1994 and 1993. Positive cash flows were generated from internal sources to support higher manufacturing operating rates and to fund capital expenditures and shareholder dividends. As a result of profitable operations and tight controls over working capital, cash flow from operations increased to $79.3 million in 1994, up from $27.2 million in the prior year. Despite healthy capital expenditures in 1994 and 1993, the Company was able to maintain a strong cash position in both years. Cash and investments totaled $158.5 million at the end of 1994, virtually unchanged from the prior year.

During 1994 and 1993, the Company's finance subsidiary secured cash to support lending operations primarily through the issuance of commercial paper and term debt, as well as the sale to investors of securities backed by retail sales contracts.

Cash outflows in 1994 included capital expenditures of $72.8 million and dividends to shareholders of $22.9 million. In the prior year, major cash outlays included $42.1 million in capital expenditures and $21.5 million in shareholder dividends.

Capital expenditures in 1994 and 1993 included the addition of new manufactured housing plants and the normal replacement of machinery and equipment. In 1994, the housing group added 8 plant facilities, one of which was obtained through the acquisition of a business in Alabama. Four of the 8 facilities added in 1994 represented satellite operations located near existing Fleetwood operations. During 1993, two new facilities were added, both of which were stand-alone housing operations.

Capital expenditures in fiscal 1995 are currently estimated to be in the range of \$50 to \$60 million. It is anticipated that 4 manufactured housing production facilities and a motor home service facility will be added. In addition, plant modifications are expected at several existing locations, along with the normal replacement of machinery and equipment. It is anticipated that existing financial resources and cash generated from operations will be adequate to fund these expenditures.

During the seasonally slow winter months (typically November through February), the Company has historically built inventories of recreational vehicles in order to meet the peak demand for these products in the spring. In recent years, this has been accomplished without the use of debt financing. In the past, however, there have been occasions when the Company has required the use of bank credit lines. Apart from separate credit facilities established for the finance operations, the Company currently has credit lines with its principal bank and another bank which are being used only to support letters of credit. For fiscal year 1995 and beyond, it is anticipated that adequate working capital to finance the Company's manufacturing operations will be provided from internally generated funds.

The Company's finance subsidiary maintains a committed revolving credit facility with a number of major banks for \$250 million which is used to support the issuance of commercial paper. For the most part, the finance subsidiary expects to finance its future operations primarily through a combination of commercial paper, sales of retail receivables to investors and term debt.

During the past three years, inflation has not had a significant impact on the Company's operations. With the exception of lumber, prices paid for raw materials and other manufacturing inputs have remained fairly stable throughout this period. On a longer-term basis, the Company has demonstrated an ability to adjust the selling prices of its products in reaction to changing costs.

Auditors' Report

To the Board of Directors and Shareholders of
Fleetwood Enterprises, Inc.

We have audited the accompanying consolidated balance sheets of FLEETWOOD ENTERPRISES, INC., (a Delaware Corporation) and subsidiaries as of April 24, 1994 and April 25, 1993, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for each of the three years in the period ended April 24, 1994. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Fleetwood Enterprises, Inc. and subsidiaries as of April 24, 1994 and April 25, 1993, and the results of their operations and their cash flows for each of the three years in the period ended April 24, 1994 in conformity with generally accepted accounting principles.

As explained in Notes 1 and 8 to the financial statements, effective April 26, 1993, the Company adopted the Statement of Financial Accounting Standards No. 109.

Arthur Andersen & Co.

Orange County, California
June 23, 1994

Consolidated Statements of Income

Amounts in thousands except per share data *Years ended April*	1994	*1993*	*1992*
Operating Revenues:			
Manufacturing sales	$2,332,184	*$1,907,899*	*$1,558,057*
Finance revenues	37,191	*34,022*	*31,291*
	2,369,375	*1,941,921*	*1,589,348*
Costs and Expenses:			
Cost of products sold	1,905,659	*1,541,277*	*1,266,051*
Operating expenses	343,729	*302,190*	*253,758*
Finance interest expense	15,622	*14,979*	*14,827*
	2,265,010	*1,858,446*	*1,534,636*
Operating income	104,365	*83,475*	*54,712*
Other Income (Expense):			
Investment income	9,890	*10,420*	*11,816*
Interest expense	(2,549)	*(2,043)*	*(1,964)*
Other	326	*(575)*	*(446)*
	7,667	*7,802*	*9,406*
Income before provision for income taxes and cumulative effect of accounting change	112,032	*91,277*	*64,118*
Provision for income taxes	(45,858)	*(34,772)*	*(23,894)*
Minority interest in net loss of subsidiary	1,254	*65*	—
Income before cumulative effect of accounting change	67,428	*56,570*	*40,224*
Cumulative effect of change in accounting for income taxes	(1,500)	—	—
Net income	$ 65,928	*$ 56,570*	*$ 40,224*
Net income per Common and equivalent share	$ 1.43	*$ 1.23*	*$ .88*
Common and equivalent shares outstanding	46,207	*45,961*	*45,648*

The accompanying notes are an integral part of these statements.

Consolidated Balance Sheets

Amounts in thousands *Years ended April*	1994	*1993*
Assets		
Cash	$ 37,267	*$ 34,834*
Investments	121,212	*123,641*
Receivables:		
Manufacturing	158,054	*136,125*
Finance company	386,207	*336,776*
Inventories:		
Raw materials	117,778	*91,147*
Work in process and finished products	65,876	*63,593*
Land held for future development	6,800	*6,734*
Property, plant and equipment	220,788	*172,395*
Deferred tax benefits	59,084	*52,764*
Other assets	51,057	*43,901*
	$1,224,123	*$1,061,910*
Liabilities and Shareholders' Equity		
Accounts payable	$ 80,568	*$ 54,492*
Commercial paper borrowings and long-term debt	360,601	*299,549*
Employee compensation and benefits	98,004	*84,277*
Federal and state taxes on income	(4,323)	*374*
Insurance reserves	45,343	*40,226*
Other liabilities	97,715	*79,612*
	677,908	*558,530*
Contingent liabilities		
Minority interests	(251)	*791*
Shareholders' equity:		
Preferred stock, $1 par value, authorized 10,000,000 shares, none outstanding	—	—
Common stock, $1 par value, authorized 75,000,000 shares, outstanding 45,996,000 at April 24, 1994 and 45,667,000 at April 25, 1993	45,996	*45,667*
Capital surplus	40,949	*40,983*
Retained earnings	461,086	*416,031*
Foreign currency translation adjustment	(1,565)	*(92)*
	546,466	*502,589*
	$1,224,123	*$1,061,910*

The accompanying notes are an integral part of these balance sheets.

Consolidated Statements of Cash Flows

Amounts in thousands *Years ended April*	1994	*1993*	*1992*
Cash Flows from Operating Activities:			
Net income	$ 65,928	*$ 56,570*	*$ 40,224*
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation expense	18,598	*15,628*	*15,068*
Amortization of intangibles and goodwill	1,817	*1,711*	*2,058*
Provision for credit losses	3,644	*3,791*	*1,583*
Losses (gains) on sales of property, plant and equipment	(326)	*575*	*446*
Changes in assets and liabilities—			
Increase in manufacturing receivables	(21,929)	*(30,065)*	*(14,420)*
Increase in inventories	(28,914)	*(42,443)*	*(18,151)*
Increase in deferred tax benefits	(6,320)	*(9,327)*	*(6,169)*
(Increase) decrease in other assets	(8,973)	*(15,374)*	*245*
Increase (decrease) in accounts payable	26,076	*13,018*	*(6,357)*
Increase in other liabilities	31,208	*34,511*	*36,004*
Foreign currency translation adjustment	(1,473)	*(1,411)*	*(390)*
Net cash provided by operating activities	79,336	*27,184*	*50,141*
Cash Flows from Investing Activities:			
Acquisition of finance receivables	(1,028,016)	*(876,944)*	*(742,468)*
Principal collected on finance receivables	781,921	*685,222*	*548,661*
Proceeds from sales of retail sales contracts, net	193,020	*120,059*	*111,888*
(Additions to) decreases in investments	2,429	*45,740*	*(10,548)*
Purchases of property, plant and equipment	(72,816)	*(42,062)*	*(25,597)*
Proceeds from sales of property, plant and equipment	6,151	*3,856*	*3,314*
Investment in land held for future development	(66)	*(100)*	*(117)*
Pooling of interest	2,006	—	—
Net cash used in investing activities	(115,371)	*(64,229)*	*(114,867)*
Cash Flows from Financing Activities:			
Proceeds from issuance of commercial paper and long-term debt	1,752,054	*1,879,349*	*1,636,056*
Principal payments on commercial paper and long-term debt	(1,691,002)	*(1,813,753)*	*(1,553,706)*
Dividends to shareholders	(22,878)	*(21,455)*	*(19,958)*
Proceeds from exercise of stock options	294	*57*	*14,661*
Net cash provided by financing activities	38,468	*44,198*	*77,053*
Increase in cash	2,433	*7,153*	*12,327*
Cash at beginning of year	34,834	*27,681*	*15,354*
Cash at end of year	$ 37,267	*$ 34,834*	*$ 27,681*
Supplementary disclosures:			
Income taxes paid	$ 58,409	*$ 42,755*	*$ 28,173*
Interest paid	17,140	*16,014*	*13,234*

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Shareholders' Equity

Amounts in thousands	*Common Stock* *Number of Shares*	*Common Stock* *Amount*	*Capital Surplus*	*Retained Earnings*	*Foreign Currency Translation Adjustment*	*Total Shareholders' Equity*
Balance April 28, 1991	43,786	$43,786	$21,927	$360,650	$ 1,709	$428,072
Add (Deduct) —						
Net income	—	—	—	40,224	—	40,224
Cash dividends declared on Common stock	—	—	—	(19,958)	—	(19,958)
Stock options exercised (including related tax benefits)	1,820	1,820	18,216	—	—	20,036
Net adjustment from foreign currency translation	—	—	—	—	(390)	(390)
Balance April 26, 1992	45,606	45,606	40,143	380,916	1,319	467,984
Add (Deduct) —						
Net income	—	—	—	56,570	—	56,570
Cash dividends declared on Common stock	—	—	—	(21,455)	—	(21,455)
Stock options exercised (including related tax benefits)	7	7	50	—	—	57
Stock issued for acquisition of subsidiary	54	54	790	—	—	844
Net adjustment from foreign currency translation	—	—	—	—	(1,411)	(1,411)
Balance April 25, 1993	45,667	45,667	40,983	416,031	(92)	502,589
Add (Deduct) —						
Pooling of interest	312	312	(311)	2,005	—	2,006
Net income	—	—	—	65,928	—	65,928
Cash dividends declared on Common stock	—	—	—	(22,878)	—	(22,878)
Stock options exercised (including related tax benefits)	17	17	277	—	—	294
Net adjustment from foreign currency translation	—	—	—	—	(1,473)	(1,473)
Balance April 24, 1994	45,996	$45,996	$40,949	$461,086	$(1,565)	$546,466

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

(a) Principles of consolidation: The consolidated financial statements include the accounts of Fleetwood Enterprises, Inc. and its majority owned subsidiaries. The term "Company" used herein means Fleetwood Enterprises, Inc. and its subsidiaries, unless otherwise indicated by the context. All material intercompany accounts and transactions have been eliminated.

On March 10, 1994, North River Homes (North River) was merged with and into the Company and 312,000 shares of the Company's Common stock were issued in exchange for all of the outstanding stock of North River. The merger was accounted for as an immaterial pooling of interest.

(b) Foreign currency translation: Exchange adjustments resulting from foreign currency transactions are recognized currently in income, whereas adjustments resulting from the translation of financial statements are reflected as a separate component of shareholders' equity. The assets and liabilities of the Canadian and German operations (which are not material) are translated to U.S. dollars at current exchange rates. Revenues and expenses are translated at the average exchange rates for the year. Gains or losses on foreign currency transactions in fiscal years 1994, 1993 and 1992 were not material.

(c) Finance receivables: Retail sales contracts have a maximum term of 180 months while wholesale loans are due on demand. It has been the finance company's experience that a portion of the retail sales contracts generally is repaid before the scheduled maturity dates.

Income on retail sales contracts is earned on a simple interest method at fixed rates of interest. Interest on wholesale loans is earned on a simple interest method using a variable rate of interest that is based on the prime rate. The average yield on finance receivables, excluding intercompany subvention income and dealer participation, was 7.50 percent in 1994, 7.92 percent in 1993 and 9.04 percent in 1992.

(d) Inventory valuation: Inventories are valued at the lower of cost (first-in, first-out) or market. Cost includes materials, labor and manufacturing overhead.

(e) Depreciation: Depreciation is provided using straight-line or accelerated methods based on the following estimated useful lives:

- Buildings and improvements—10-40 years
- Machinery and equipment—3-15 years

(f) Warranty costs: Estimated costs related to product warranties are accrued at the time products are sold.

(g) Net income per Common and equivalent share: Net income per Common and equivalent share amounts are based on the weighted average number of shares outstanding during the years, including Common stock equivalents resulting from dilutive stock options (see Note 13). Net income per Common and equivalent share is the same as fully diluted earnings per share for all periods presented.

(h) Accounting period: The Company's fiscal year ends on the last Sunday in April. The year ending dates for the past three fiscal years were April 24, 1994, April 25, 1993 and April 26, 1992, respectively. The fiscal year for Fleetwood Credit Corp., the Company's wholly owned finance subsidiary, ends on April 30. The fiscal year for the German subsidiary ends on August 31.

(i) Cash flow statements: For purposes of these statements, cash includes cash on hand and cash in banks in demand deposit accounts.

(j) Provision and reserve for finance credit losses: Fleetwood Credit Corp. provides for potential credit losses based on net receivable additions, considering historical and industry experience. Actual losses, net of recoveries, are charged against the reserve.

(k) Interest rate management: The finance company periodically enters into agreements to reduce its exposure to interest rate fluctuations which may affect the sale of its retail receivables. Changes in the value of these hedging agreements are deferred and recognized as part of the sale of the related retail receivables. When participating in these agreements, the finance company may be exposed to credit loss in the event of non-performance by counterparties to the agreements. The finance company minimizes this risk through various credit procedures, and has never experienced non-performance by a counterparty. No such agreements were outstanding as of April 30, 1994. Subsequent to year end, the finance company entered into two interest rate swap agreements related to the next sale of retail receivables. The combined notional amount of these two agreements of $130,000,000 will be closed out when the receivables are sold, which is expected to occur in June 1994.

(l) Income taxes: During the year, the Company adopted the provisions of Statement of Financial Accounting Standards No. 109 on Accounting for Income Taxes (see Note 8).

2. Supplementary Information on Finance, Insurance and Real Estate Subsidiaries

The finance subsidiary provides wholesale and retail financing for the Company's recreational vehicle products. The insurance subsidiary was formed primarily for the purpose of insuring products liability risks of the parent company and its subsidiaries. The real estate subsidiaries were formed for the purposes of participating in site-built housing construction or in the development of planned communities using manufactured housing. As of April 24, 1994, the investment in real estate consisted of raw land, and there were no real estate development activities in process. Condensed financial information for these subsidiaries, excluding intercompany eliminations, is as follows:

Amounts in thousands	1994	*1993*	*1992*
Finance subsidiary:			
Finance receivables (net)	$384,057	*$335,147*	*$272,579*
Cash and temporary investments	60,386	*43,587*	*29,847*
Other assets	11,777	*7,780*	*6,507*
Commercial paper borrowings and long-term debt	360,601	*299,549*	*233,953*
Other liabilities	17,145	*15,866*	*15,078*
Revenues	44,244	*40,329*	*36,595*
Interest expense	15,593	*14,979*	*14,827*
Operating costs	16,135	*14,993*	*13,717*
Net income	7,375	*6,197*	*4,815*
Insurance subsidiary:			
Investments	$ 54,803	*$ 68,517*	*$ 61,702*
Other assets	9,586	*6,300*	*5,311*
Reserves for losses	45,343	*40,226*	*37,612*
Other liabilities	9,772	*7,730*	*7,058*
Net premiums	12,320	*11,454*	*9,133*
Underwriting income	5,185	*2,620*	*1,264*
Investment income	6,818	*4,658*	*3,716*
Net income	7,414	*4,518*	*3,059*
Real estate subsidiaries:			
Land held for future development	$ 6,800	*$ 6,734*	*$ 6,634*
Other assets	1,282	*1,348*	*1,447*
Notes payable-parent company	795	*795*	*795*
Net loss	—	—	*(103)*

3. Investments

The Company has a cash management program which provides for the investment of excess cash balances primarily in short-term money market instruments and intermediate-term debt instruments. Investments consist of time deposits, U.S. Treasury obligations, tax-exempt instruments and other non-equity type investments stated at cost, which approximates market.

4. Sale of Retail Sales Contracts, Servicing Income and Finance Receivables

Periodically, Fleetwood Credit Corp. sells retail contracts it has purchased from dealers of Fleetwood products. The finance company continues to service sold retail receivables for the benefit of purchasers, for which it receives a servicing fee. During fiscal years 1994, 1993 and 1992, the finance subsidiary sold net retail contracts of $193,020,000, $120,059,000 and $111,888,000, respectively. There was no gain or loss recognized on these transactions in any of the years. At April 30, 1994 and 1993, respectively, the outstanding balance of the sold receivables was $456,546,000 and $414,751,000.

In each of the past three years, the finance company sold retail contracts through a special purpose subsidiary which retained a portion of the pools of receivables as an investment and sold the remainder. The retained portion of the receivables originally sold totaled 5 percent of the pools in 1994, 8 percent in 1993 and 9 percent in 1992. During the year, the subsidiary sold the majority of the retained portion of the receivable pools. The retained portion, which is included in finance receivables for financial statement purposes, was $265,000 and $22,419,000 as of April 30, 1994 and 1993, respectively.

The subsidiary will absorb any losses related to these pools to the extent of its cash held in trust and future excess servicing income. The past loss experience on retail receivables has been significantly less than the amount of any recourse provisions.

5. Property, Plant and Equipment

Property, plant and equipment is stated at cost and consists of the following:

Amounts in thousands	1994	*1993*
Land	$ 13,749	*$ 10,765*
Buildings and improvements	225,339	*177,341*
Machinery and equipment	99,689	*85,740*
Idle facilities, net of accumulated depreciation	6,937	*9,082*
	345,714	*282,928*
Less accumulated depreciation	(124,926)	*(110,533)*
	$ 220,788	*$ 172,395*

Idle facilities include closed plants and certain other properties which are not in current use by the Company. The Company began depreciating these facilities in fiscal year 1992. There were five idle plant facilities at the end of 1994 and nine in 1993.

The carrying value of idle facilities was $6,937,000 at April 24, 1994 and $9,082,000 at April 25, 1993, net of accumulated depreciation of $3,484,000 and $5,423,000, respectively. In the opinion of management, the carrying values of idle facilities are not in excess of net realizable value.

6. Lines of Credit, Commercial Paper and Long-Term Debt

As of April 30, 1994, Fleetwood Credit Corp. had $180,895,000 of commercial paper outstanding, net of unamortized discount of $294,000, bearing interest at rates of 3.71 percent to 4.05 percent and maturing at various dates through May 1994. The discount is amortized as interest expense over the term of the related notes.

During fiscal 1994, the Company placed privately with institutional investors $60,000,000 of medium-term notes maturing in three to five years. As of April 30, 1994, a total of $180,000,000 of medium-term notes was outstanding. Interest rates are variable on $90,000,000 of the notes while the remaining $90,000,000 is at fixed rates of interest.

Fleetwood Credit Corp. maintains revolving credit facilities, which mature on October 15, 1996, to support 100 percent of commercial paper outstanding. At April 30, 1994, the finance company's contractually committed credit facilities provided $250,000,000 of available credit, none of which was being used.

7. Retirement Plans

The Company has defined contribution retirement plans covering substantially all employees. There are no prior service costs associated with these plans. The Company follows the policy of funding retirement plan contributions as accrued. Contributions to these plans are summarized as follows:

Amounts in thousands	
1994	*$19,422*
1993	*17,119*
1992	*15,460*

8. Income Taxes

The provision for income taxes for each of the three years in the period ended April 24, 1994 is summarized below:

Amounts in thousands	1994	*1993*	*1992*
Current:			
U.S. Federal	$46,915	*$35,574*	*$21,918*
Foreign	76	*(176)*	*1,052*
State	7,690	*7,330*	*4,933*
	54,681	*42,728*	*27,903*
Deferred, principally Federal:			
Insurance reserves	(4,444)	*(1,199)*	*(1,076)*
Other	(4,379)	*(6,757)*	*(2,933)*
	(8,823)	*(7,956)*	*(4,009)*
	$45,858	*$34,772*	*$23,894*

The provision for income taxes computed by applying the Federal statutory rate to income before taxes is reconciled to the actual provisions for fiscal years 1994, 1993 and 1992 as follows:

Amounts in thousands	1994 Amount	1994 %	*1993 Amount*	*1993 %*	*1992 Amount*	*1992 %*
Income before provision for income taxes:						
U.S. Federal	$118,923	106.2%	*$91,802*	*100.6%*	*$61,765*	*96.3%*
Foreign	(6,891)	(6.2)	*(525)*	*(.6)*	*2,353*	*3.7*
	$112,032	100.0%	*$91,277*	*100.0%*	*$64,118*	*100.0%*
Computed statutory tax	$ 39,211	35.0%	*$31,034*	*34.0%*	*$21,800*	*34.0%*
State income taxes, net	4,663	4.2	*4,548*	*5.0*	*3,066*	*4.8*
Tax-exempt income	(256)	(.2)	*(817)*	*(.9)*	*(1,231)*	*(1.9)*
Other items, net	2,240	2.0	*7*	*—*	*259*	*.4*
	$ 45,858	40.9%	*$34,772*	*38.1%*	*$23,894*	*37.3%*

In fiscal 1994, the Company adopted Statement of Financial Accounting Standards No. 109 on Accounting for Income Taxes. The new standard requires a recalculation of deferred tax amounts to reflect current income tax rates in effect when the taxes are payable. The effect of this change was a one-time cumulative charge of $1.5 million which was applied to current year earnings.

The components of the Company's deferred income tax benefit (liability) as of April 24, 1994 are as follows:

Amounts in thousands	
Insurance reserves	*$24,714*
Deferred compensation	*12,497*
Warranty reserves	*12,405*
Dealer volume rebates	*2,475*
Depreciaton	*(4,110)*
Other financial accruals	*11,103*
	$59,084

9. Other Liabilities

Other liabilities consist of the following:

Amounts in thousands	1994	*1993*
Dividends payable to shareholders	$ 5,749	*$ 5,708*
Dealer volume rebates	17,355	*12,267*
Product warranty reserves	31,361	*26,696*
Other	43,250	*34,941*
	$97,715	*$79,612*

10. Fair Value of Financial Instruments

The Company has estimated the fair value of its financial instruments in compliance with Financial Accounting Standard No. 107, "Disclosure About Fair Value of Financial Instruments." The estimates were made as of April 24, 1994 (April 30, 1994 for instruments held by Fleetwood Credit Corp.) based on relevant market information. Financial instruments include cash, investments, finance receivables and debt. The estimated fair value of financial instruments and the valuation techniques used to estimate the fair value were as follows:

Amounts in thousands	*April 24, 1994 Book Value*	*Estimated Fair Value*
Financial Assets:		
Cash	*$ 37,267*	*$ 37,267*
Investments	*121,212*	*122,513*
Finance receivables	*386,207*	*386,608*
Financial Liabilities:		
Commercial paper borrowings	*180,601*	*180,601*
Term debt	*180,000*	*182,929*

Cash: The fair value approximates book value.

Investments: The fair value is based on quoted market prices.

Finance Receivables: The fair value of retail receivables (fixed rate) was estimated by discounting future expected cash flows at average interest rates offered by the Company at April 30, 1994.

The fair value of wholesale loans and interest receivable were determined to approximate existing carrying values because interest rates on wholesale loans adjust with changes in market interest rates and interest receivable has a short-term maturity.

Commercial Paper: The fair value of commercial paper approximates carrying value because interest rates on these instruments adjust with changes in market interest rates due to their short-term maturity.

Term Debt: The fair value of term debt was estimated based on a present value discounted cash flow analysis using rates the Company would have to pay currently to acquire similar debt for similar remaining terms.

11. Contingent Liabilities

As is customary in the manufactured housing and recreational vehicle industries, the Company is contingently liable at April 24, 1994, under the terms of repurchase agreements with many financial institutions providing inventory financing for dealers of the Company's products. The contingent liability under these agreements approximates the amount financed, reduced by the resale value of any products which may be repurchased, and the risk of loss is spread over numerous dealers and financial institutions. Losses under these agreements have not been significant in the past.

Fleetwood Credit Corp. has commitments to extend credit to wholesale dealers totaling approximately $421,000,000, of which $314,051,000 was outstanding as of April 30, 1994. Such commitments are reviewed periodically throughout the year on a case-by-case basis, and generally continue as long as there are no violations under the terms of the agreements. Loans against these commitments are secured by the dealers' inventories. Management does not anticipate any material losses as a result of these commitments.

12. Results by Quarter (Unaudited)

The unaudited results by quarter for fiscal years 1994 and 1993 are shown below:

Amounts in thousands except per share data *Fiscal Year Ended April 1994:*	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	$537,427	$567,445	$548,623	$715,880
Operating income	22,302	25,828	19,601	36,634
Income before taxes	24,314	28,695	20,722	38,301
Net income	13,626*	17,075	12,112	23,115
Net income per Common and equivalent share	$ .30*	$ .37	$ .26	$ .50
Common and equivalent shares outstanding	46,002	46,208	46,245	46,375

Fiscal Year Ended April 1993:	*First Quarter*	*Second Quarter*	*Third Quarter*	*Fourth Quarter*
Revenues	*$470,539*	*$473,283*	*$444,952*	*$553,147*
Operating income	*21,368*	*22,875*	*15,426*	*23,806*
Income before taxes	*23,311*	*25,319*	*17,200*	*25,447*
Net income	*14,473*	*15,595*	*10,811*	*15,691*
Net income per Common and equivalent share	*$ .32*	*$ .34*	*$ .23*	*$ .34*
Common and equivalent shares outstanding	*45,806*	*45,836*	*46,100*	*46,101*

**After deduction of $1.5 million or 3 cents per share for change in accounting for income taxes.*

13. Stock-Based Incentive Compensation Plans

Under the Company's 1992 Stock-Based Incentive Compensation Plan adopted during fiscal 1993, incentive stock options or non-qualified options (among other forms of incentive compensation devices) may be granted to officers and other key employees of the Company for the purchase of up to 2,900,000 shares of the Company's Common stock. Expiration dates for the options may not exceed ten years from the date of grant. The options are exercisable at prices which equal or exceed the fair market value of the Company's Common stock valued at the date of grant. At April 24, 1994, there were 20 employees who held options under the plan. A similar plan adopted in 1982 expired in June 1992; however, exercisable options representing 452,600 shares still remain outstanding at April 24, 1994. Under a separate plan for non-employee directors adopted during fiscal 1993, up to 100,000 shares have been authorized for distribution of options. Automatic grants are made annually under this plan. The following is a summary of stock option activity (including those from the expired plan) for employees and non-employee directors for the year ended April 24, 1994:

	Shares	*Option Price*
Options outstanding at beginning of year	*1,141,600*	—
Options granted	*452,766*	*$17.88-$25.69*
Exercised	*(17,000)*	*$16.81-$17.88*
Outstanding at end of year	*1,577,366*	*$ 8.06-$25.69*
Exercisable at end of year	*1,125,228*	*$ 8.06-$13.19*
Available for grant	*1,858,234*	

14. Stockholder Rights Plan

On November 10, 1988, the Company's Board of Directors adopted a stockholder rights agreement, granting certain new rights to holders of the Company's Common stock. Under the agreement, one right was granted for each share of Common stock held as of November 23, 1988, and one right will be granted for each share subsequently issued. Each right entitles the holder, in an unfriendly takeover situation, and after paying the exercise price (currently $75), to purchase Fleetwood Common stock having a market value equal to two times the exercise price. Also, if the Company is merged into another corporation, or if 50 percent or more of the Company's assets are sold, then rightholders are entitled, upon payment of the exercise price, to buy common shares of the acquiring corporation at a 50 percent discount from their then-current market value. In either situation, these rights are not available to the acquiring party. However, these exercise features will not be activated if the acquiring party makes an offer to acquire all of the Company's outstanding shares at a price which is judged by the Board of Directors to be fair to all Fleetwood stockholders. The rights may be redeemed by the Company under certain circumstances at the rate of $.02 per right. The rights will expire on November 9, 1998.

15. Industry Segment Information

The Company conducts manufacturing operations principally in two industries—recreational vehicles and manufactured housing. On a smaller scale, the Company operates supply companies which provide fiberglass parts, lumber and other wood components to its primary businesses, while also generating outside sales. Manufacturing operations are conducted in the United States and to a much lesser extent in Canada and Europe. In addition, the Company's wholly owned finance subsidiary provides wholesale and retail financing to buyers of Fleetwood recreational vehicles. The operations of the Company's wholly owned insurance and real estate subsidiaries have been included in the "Corporate and Other" category because the impact on consolidated operating income is not material. Operating profit is total revenue less cost of sales, operating expenses and finance interest expense. None of the following items have been included in the computation of operating profit for the individual operating segments: corporate expenses, non-operating income and expenses and income taxes. Identifiable assets are those assets used in the operation of each industry segment. Corporate assets primarily consist of cash, investments, deferred tax benefits, other assets and idle facilities. Information with respect to industry segments as of April 24, 1994, April 25, 1993 and April 26, 1992, and for each of the years then ended is set forth below:

Amounts in thousands	*Recreational Vehicles*	*Manufactured Housing*	*Supply Operations*	*Finance Operations*	*Corporate and Other*	*Adjustments and Eliminations*	*Total*
1994							
Operating revenues	$1,241,416	$1,054,267	$36,501	$ 44,244	$ 12,320	$ (19,373)	$2,369,375
Operating profit (loss)	43,883	56,860	4,969	12,516	(13,863)	—	104,365
Identifiable assets	332,311	188,493	40,331	477,486	205,600	(20,098)	1,224,123
Depreciation	7,922	6,881	1,221	332	2,242	—	18,598
Capital expenditures	21,321	45,235	2,308	273	3,679	—	72,816
1993							
Operating revenues	*$1,114,027*	*$ 774,784*	*$19,088*	*$ 40,329*	*$ 11,454*	*$ (17,761)*	*$1,941,921*
Operating profit (loss)	*47,095*	*39,735*	*2,298*	*10,357*	*(16,010)*	—	*83,475*
Identifiable assets	*303,929*	*123,518*	*32,373*	*406,039*	*213,948*	*(17,897)*	*1,061,910*
Depreciation	*6,513*	*5,234*	*1,026*	*474*	*2,381*	—	*15,628*
Capital expenditures	*14,703*	*22,708*	*1,490*	*97*	*3,064*	—	*42,062*
1992							
Operating revenues	*$ 972,053*	*$ 574,149*	*$11,855*	*$ 36,595*	*$ 9,133*	*$ (14,437)*	*$1,589,348*
Operating profit (loss)	*40,424*	*20,284*	*(2,748)*	*8,050*	*(11,298)*	—	*54,712*
Identifiable assets	*235,089*	*96,607*	*24,741*	*326,044*	*247,080*	*(14,537)*	*915,024*
Depreciation	*6,370*	*4,590*	*1,063*	*327*	*2,718*	—	*15,068*
Capital expenditures	*6,325*	*13,712*	*2,120*	*710*	*2,730*	—	*25,597*

Directors and Officers

Directors

John C. Crean, *Chairman*
William W. Weide, *Vice Chairman*
Glenn F. Kummer, *President*
Dale T. Skinner,* *Formerly Vice Chairman*
Dr. Douglas M. Lawson,** *President of International Fund-Raising Consulting Firm*
Thomas A. Fuentes,** *Senior Executive of Professional Engineering Firm*
Walter F. Beran,** *Retired Vice Chairman and Regional Managing Partner of International Accounting Firm*
Andrew Crean, *Private Investor*

**Member of the audit committee*
***Member of the audit and compensation committees*

Officers

John C. Crean, *Chairman of the Board and Chief Executive Officer*
Glenn F. Kummer, *President and Chief Operating Officer*
Jon A. Nord, *Senior Vice President-Housing Group*
Elden L. Smith, *Senior Vice President-Recreational Vehicle Group*
Lawrence F. Pittroff, *Senior Vice President and President of Fleetwood Credit Corp.*
Paul M. Bingham, *Financial Vice President*
William H. Lear, *Vice President-General Counsel and Secretary*
Edward R. Skillin, *Vice President-Motor Homes*
Larry J. Hughes, *Vice President-Travel Trailers*
Mallory S. Smith, *Vice President-Housing Group Operations*
Larry L. Mace, *Vice President-Supply Subsidiaries*
Robert W. Graham, *Vice President-Administration and Human Resources*
Jerry L. Hewitt, *Vice President-Quality*
Nelson W. Potter, *Vice President-Planning and Corporate Development*
Lyle N. Larkin, *Treasurer*

Shareholder Information

Price Range of Common Stock* and Dividends Paid

Dividends Paid

$.11	$.115	$.115	$.115	$.125	$.125	$.125	$.125

*Common stock is listed on the New York Stock Exchange and the Pacific Stock Exchange and traded on various regional exchanges (Ticker symbol: FLE). Call options are traded on the American Stock Exchange.

Transfer Agent and Registrar

The First National Bank of Boston
Boston, Massachusetts

Corporate Address

3125 Myers Street, P.O. Box 7638
Riverside, California 92513-7638
Telephone (909) 351-3500

Fleetwood Enterprises, Inc. is an equal opportunity employer

FLEETWOOD

Fleetwood Enterprises, Inc.
3125 Myers Street, P.O. Box 7638
Riverside, California 92513-7638