

2002



Annual Report



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Corporate Profile

Winnebago Industries, Inc., headquartered in Forest City, Iowa, is the leading United States (U.S.) manufacturer of motor homes, self-contained recreation vehicles used primarily in leisure travel and outdoor recreation activities. The Company builds quality motor homes with state-of-the-art computer-aided design and manufacturing systems on automotive-styled assembly lines. The Company's products are subjected to what the Company believes is the most rigorous testing in the RV industry. These vehicles are sold through dealers under the Winnebago®, Itasca®, Rialta® and Ultimate® brand names. The Company markets its recreation vehicles on a wholesale basis to a diversified dealer organization located throughout the U.S., and to a limited extent, in Canada. As of August 31, 2002, the motor home dealer organization in the U.S. and Canada included approximately 295 dealer locations. Motor home sales by Winnebago Industries represented at least 89 percent of its revenues in each of the past five fiscal years. In addition, the Company's subsidiary, Winnebago Acceptance Corporation, engages in floor plan financing for a limited number of the Company's dealers. Other products manufactured by the Company consist principally of a variety of component parts for other manufacturers.

Winnebago Industries was incorporated under the laws of the state of Iowa on February 12, 1958, and adopted its present name on February 28, 1961.

Recent Financial Performance

(In thousands, except per share data)

	Fiscal 2002 (53 Weeks)	Fiscal 2001 (52 Weeks)	2002 to 2001 % of Change
Net Revenues	\$ 828,403	\$ 675,927	22.6%
Gross Profit	\$ 119,538	\$ 87,366	36.8%
Operating Income	\$ 81,197	\$ 55,474	46.4%
Net Income	\$ 54,671	\$ 42,704	28.0%
Diluted Income Per Share	\$ 2.68	\$ 2.03	32.0%
Diluted Weighted Average Outstanding Shares	20,384	21,040	(3.1%)

Winnebago Industries, Inc.

Mission Statement

Winnebago Industries, Inc. is the leading United States manufacturer of motor homes and related products and services. Our mission is to continually improve our products and services to meet or exceed the expectations of our customers. We emphasize employee teamwork and involvement in identifying and implementing programs to save time and lower production costs while maintaining the highest quality of products. These strategies allow us to prosper as a business with a high degree of integrity and to provide a reasonable return for our shareholders, the ultimate owners of our business.

Values

How we accomplish our mission is as important as the mission itself. Fundamental to the success of the Company are these basic values we describe as the four Ps:

People -- Our employees are the source of our strength. They provide our corporate intelligence and determine our reputation and vitality. Involvement and teamwork are our core corporate values.

Products -- Our products are the end result of our teamwork's combined efforts, and they should be the best in meeting or exceeding our customers' expectations. As our products are viewed, so are we viewed.

Plant -- We believe our facilities to be the most technologically advanced in the RV industry. We continue to review facility improvements that will increase the utilization of our plant capacity and enable us to build the best quality product for the investment.

Profitability -- Profitability is the ultimate measure of how

efficiently we provide our customers with the best products for their needs. Profitability is required to survive and grow. As our respect and position within the marketplace grows, so will our profit.

Guiding Principles

Quality comes first -- To achieve customer satisfaction, the quality of our products and services must be our number one priority.

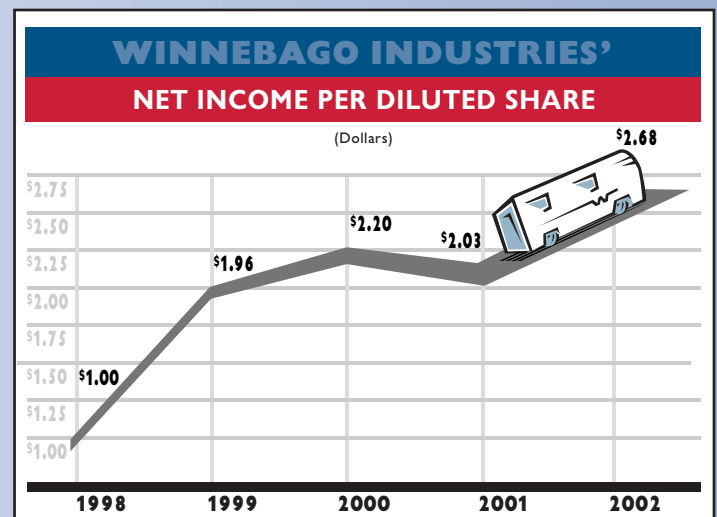
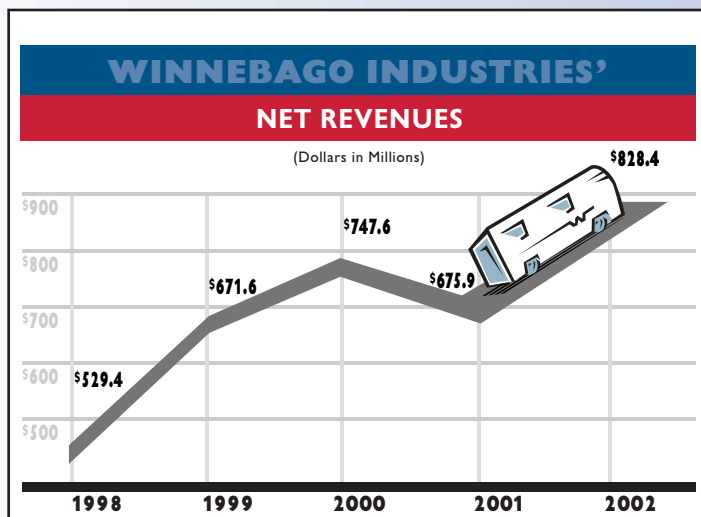
Customers are central to our existence -- Our work must be done with our customers in mind, providing products and services that meet or exceed the expectations of our customers. We must not only satisfy our customers, we must also surprise and delight them.

Continuous improvement is essential to our success -- We must strive for excellence in everything we do: in our products, in their safety and value, as well as in our services, our human relations, our competitiveness and our profitability.

Employee involvement is our way of life -- We are a team. We must treat each other with trust and respect.

Dealers and suppliers are our partners -- The Company must maintain mutually beneficial relationships with dealers, suppliers and our other business associates.

Integrity is never compromised -- The Company must pursue conduct in a manner that is socially responsible and that commands respect for its integrity and for its positive contributions to society.



To My Fellow Shareholders:

Leadership is the focus of our 2002 Annual Report. Of course, leadership comes in many forms and we will detail Winnebago Industries' many leadership qualities and their benefit to our shareholders throughout this report.

We were extremely pleased with the record revenues and earnings posted for Winnebago Industries during fiscal 2002.

The Company's revenues for fiscal 2002 (53 weeks) were a record \$828.4 million, a 22.6 percent increase compared to revenues of \$675.9 million for the previous fiscal year (52 weeks).

Net income and diluted income per share for fiscal 2002 were a record \$54.7 million, or \$2.68 per share, increases of

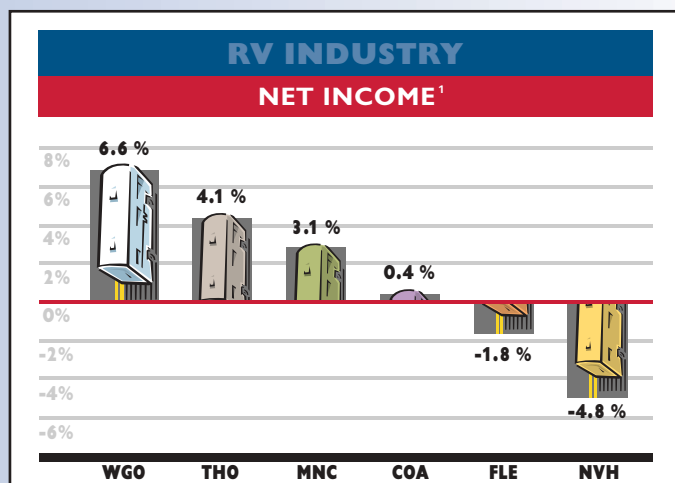
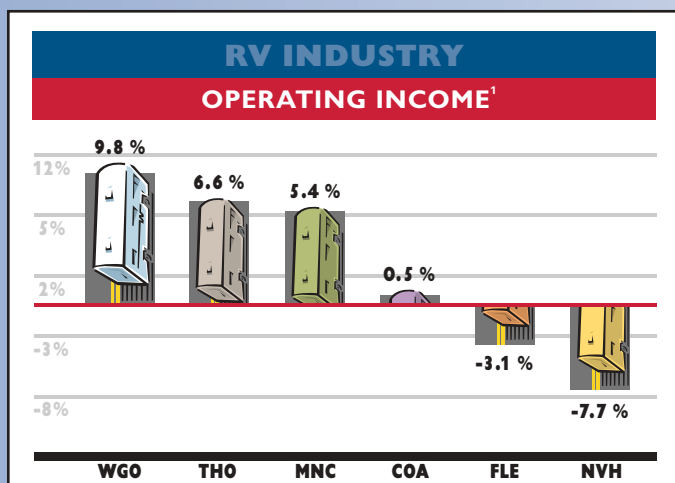
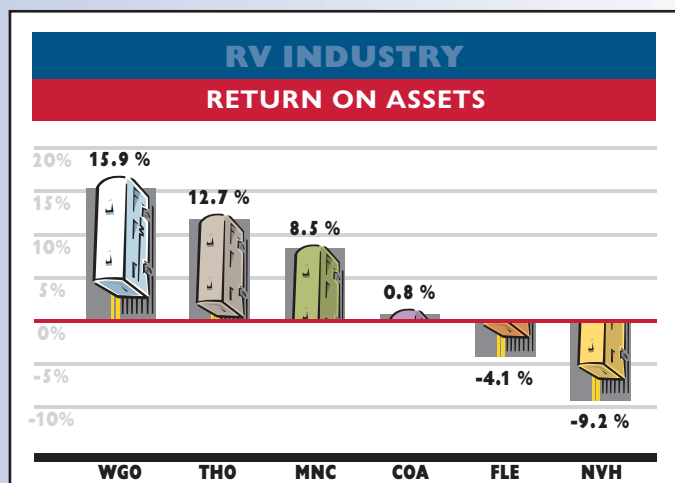
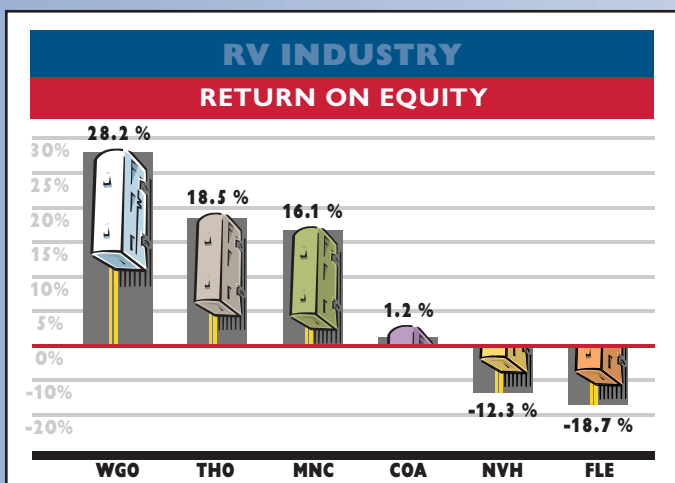
28 percent and 32 percent, respectively, compared to net income of \$42.7 million and diluted income per share of \$2.03 for the previous fiscal year, which includes a \$4.5 million one time tax benefit (or 21 cents per diluted share).

Definitely, a lot of hard work by our employees and our dealers proved successful in a less than ideal economic environment.

Starting in 1997, we challenged ourselves to be the most profitable U.S. public company in the recreation vehicle (RV) industry. We measure profitability by using four guidelines: Return on Assets (ROA), Return on Equity (ROE), Operating Income as a percent of revenues and Net Income as a percent of revenues. We have highlighted these statistics in our last two Annual Reports because of their importance as a means to measure ourselves against our competitors. Winnebago Industries and the other public motor home manufacturers used in this analysis account for approximately 75 percent of all U.S. Class A and C motor home sales. The graphs shown demonstrate that we not

Competitive Comparison

(Information obtained from last 12 months public filings)



(1) Expressed as a percent of Net Revenues

Winnebago Industries, Inc.

Thor Industries, Inc.

Monaco Coach Corporation

Coachmen Industries, Inc.

Fleetwood Enterprises, Inc.

National RV Holdings, Inc.

only met our goal of being the most profitable public RV company, but that we are leading the RV industry in profitability by substantial margins.

Furthermore, Winnebago Industries has a strong balance sheet, no long-term debt and all recent expansions have been paid for with available cash.

But this financial success was only a portion of Winnebago Industries' achievements during fiscal 2002. We are also the sales leader in the motor home market. According to Statistical Surveys, Inc., an independent retail reporting service, Winnebago Industries' retail market share of the total U.S. Class A and C motor home market leads the industry at 21.0 percent for the calendar year to date through August, compared to 18.8 percent for the same period in calendar 2001. This upward trend began in calendar year 1997 when Winnebago Industries' share of the Class A and C retail market was 15.8 percent as of the end of the year.

Winnebago Industries believes that it also leads the industry in RV manufacturing technology. By utilizing the latest technology for the production of our motor homes we are able to increase quality, while maximizing the productivity of our workforce and facilities.

An annual dealer satisfaction index (DSI) survey by the Recreation Vehicle Dealers Association also shows that

Winnebago Industries is viewed by its dealers as the leader in the RV industry. This DSI survey rates manufacturers based on the quality of their sales, product, management and service/warranty/support. Winnebago Industries was the only public RV company to receive the award this year, and has earned this recognition every year since the award's inception in 1996.

The RV market and Winnebago Industries' long-term future look bright. Demographics are in our favor as our target market of consumers age 50 and older is expected to increase for the next 30 years. In addition to growth due to the aging of the baby boom generation, a study conducted by the University of Michigan for the RV industry shows that the age of people interested in purchasing RVs is also expanding to include younger buyers under 35 years of age as well as older buyers over age 75 who are staying healthy and active much later in life. This study also shows an increased interest in owning RVs by a larger percentage of all U.S. households.

In the near term, the current low interest rates are very favorable for continued growth of the RV market. Approximately two-thirds of our customers finance their motor home purchase, due to the tax incentive that allows the deduction of interest on a mortgage loan as many motor



Winnebago Industries' corporate headquarters in Forest City, Iowa.

homes qualify as a second home.

Depressed consumer confidence levels and a weak economy continue to be challenges to the RV industry. In spite of these issues, our market share gains and an overall increase in interest in our motor homes required us to run our factory on overtime from January through September of 2002 to meet demand for the Company's motor homes. In order to continue to grow with the market, we are currently building a state-of-the-art manufacturing facility in Charles City, Iowa, to build Class C motor homes. This will thereby enable us to increase our Class A motor home production in Forest City. Motor home production in the new facility is anticipated to begin by early 2003 with a ramp-up of production throughout the remainder of fiscal 2003. This is the largest expansion to date for Winnebago Industries and will increase our capacity by approximately 30 percent. The additional capacity will help us meet the expected increased demand for our motor homes.

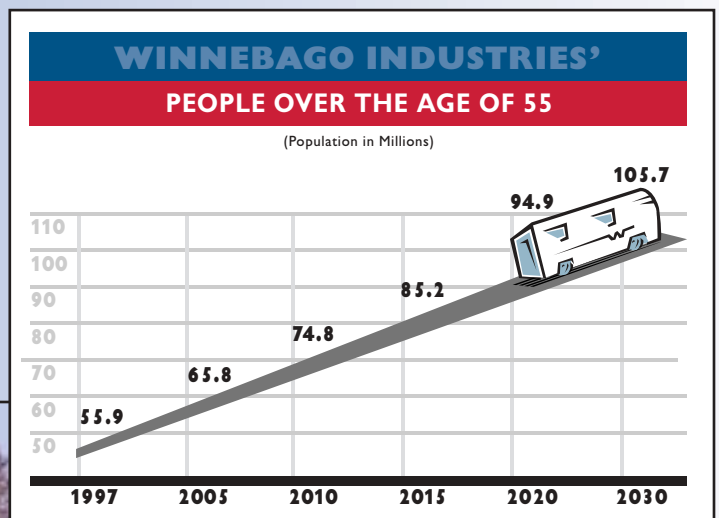
While the RV industry continues to be a very competitive market, Winnebago Industries believes that it has the leadership qualities necessary to continue to grow and enhance our shareholder value well into the future.



Bruce D. Hertzke

Bruce Hertzke

Bruce D. Hertzke
Chairman of the Board,
Chief Executive Officer and President
November 25, 2002



2003 Winnebago Adventurer

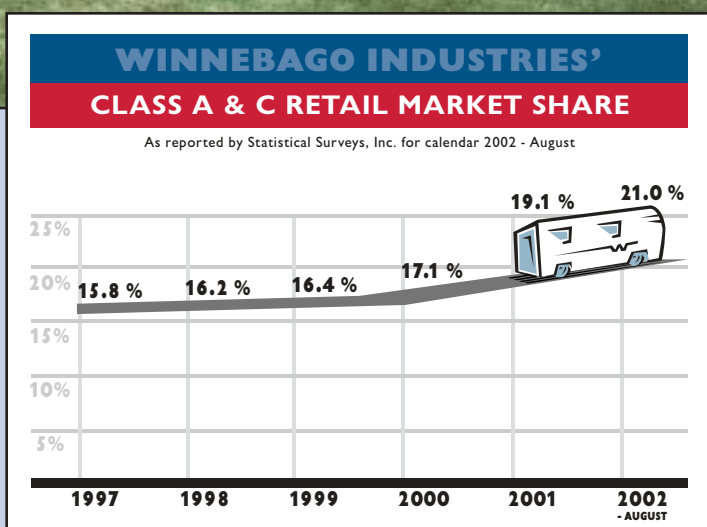


Winnebago Industries' 2003 motor home family includes: (left to right) Rialta, Winnebago Minnie, Itasca Suncruiser, and the top of the line Ultimate Freedom.

Operations Review

Market Leadership

Winnebago Industries strengthened its market leadership role in fiscal 2002. The Company has a proud history of manufacturing RVs for 44 years. Winnebago Industries now chooses to focus on the motorized portion of the RV market because we believe it to be the most profitable seg-



ment of the RV industry.

The Company has grown its retail market share of Class A and C motor homes from 15.8 percent for the 1997 calendar year to 21.0 percent year to date through August 2002. Also, Winnebago Industries grew its market share by 11.4 percent when compared to the same period last year.

This growth in market share has come in large part from the introduction of innovative new products. Winnebago Industries currently manufactures four brands of motor homes: Winnebago, Itasca, Rialta and Ultimate. In total, 65 percent of Winnebago Industries' model lineup was new for 2002, including four brand new product lines: the affordable Class A Winnebago Sightseer™ and Itasca Sunova™ and the fuel-efficient Class C Winnebago Vista® and Itasca Sunstar®. In addition to the four models mentioned above, the 2002 model lineup also included the redesigned Winnebago Chieftain® and Itasca Sunflyer®. These high-line gas motor homes feature luxurious offerings in each of their four floorplans and spaciousness with a dual slideout design.

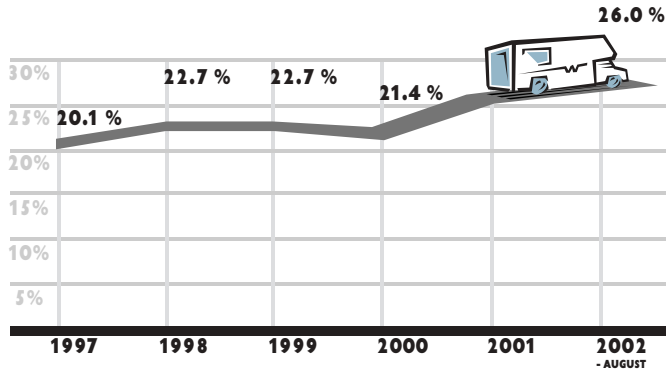
The Company's expanded product offerings created broader exposure for its products at dealerships and the



2003 Winnebago Sightseer

WINNEBAGO INDUSTRIES' CLASS C RETAIL MARKET SHARE

As reported by Statistical Surveys, Inc. for calendar 2002 - August



2003 Itasca Spirit

Company believes this allowed it to reach more customers. These new product lines also created additional opportunities for current owners of Winnebago Industries' products or other brands in the RV industry to trade up or down. Consumers often want the latest and greatest offerings available in the marketplace and we intend to continue to develop new motor home models that will provide them with that opportunity.

The Company introduced its new 2003 motor home lineup to dealers during its annual Dealer Days event in Las Vegas in July. Judging from the order input during and following this event, Winnebago Industries' new motor home lineup was accepted extremely well. Winnebago Industries' motor home sales order backlog at the end of the fourth quarter on August 31, 2002 was 3,248 units, a 103.3 percent increase, compared to 1,598 units on order at the end of the fourth quarter last year.

Winnebago Industries' new lineup includes 76 innovative models for 2003.

Class C Leadership

Winnebago Industries has been the top selling Class C motor home manufacturer since 1998 and continues to expand on its Class C market share lead.

The comprehensive Class C lineup from Winnebago Industries includes the unique, fuel-efficient, Rialta, Vista and Sunstar that are all built on the front-wheel drive Volkswagen® chassis. Winnebago Industries has an exclusive contract with Volkswagen of America to utilize its chassis for the U.S. motor home market.

More traditional-styled Class C products include the Winnebago Minnie® and Minnie Winnie®, as well as the

Itasca Spirit® and Sundancer®, which are built on Ford® and/or Chevrolet® chassis.

The Minnie, Minnie Winnie, Spirit and Sundancer models all feature a new advanced radius-style roof design for 2003, which maximizes headroom and provides improved insulation and water runoff.

Class A

Winnebago Industries has experienced solid growth in both the Class A gas and diesel motor home markets, gaining 36.7 percent and 153.7 percent, respectively, since 1997.

Class A gas models include the Winnebago Sightseer, Brave®, Adventurer® and Chieftain, as well as the Itasca Sunova, Sunrise®, Suncruiser® and Sunflyer models, which are built on Ford® and/or Workhorse™ chassis.

New to the market last year, the entry-level Winnebago Sightseer and Itasca Sunova were extremely well received. Winnebago Industries expanded the Sightseer and Sunova lineup with the introduction of a new 33-foot model in each line for 2003.

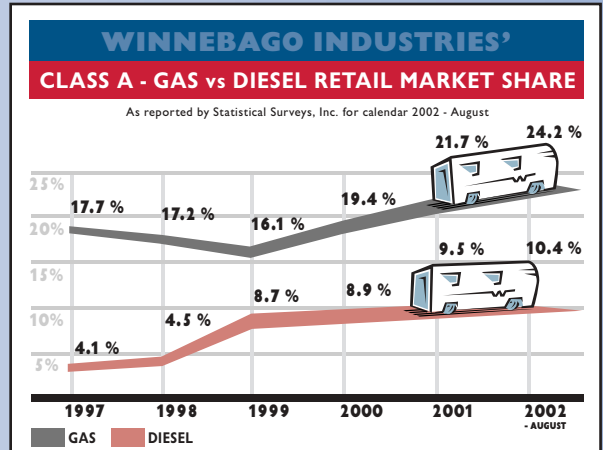
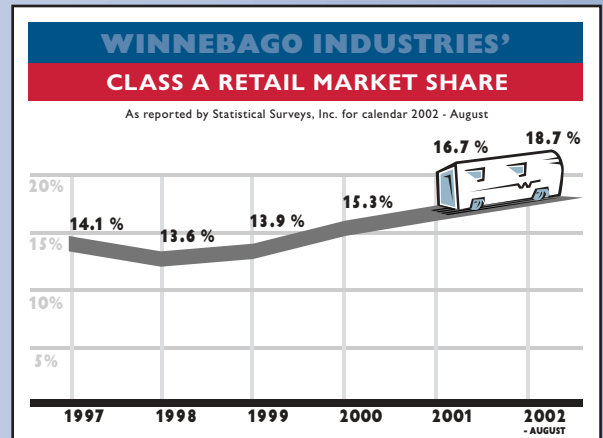
The best selling Class A motor home line in the industry, the Winnebago Adventurer and Itasca Suncruiser, have new 37-foot models as well as two redesigned models, the most popular floorplan, 35U, and the 38G, for 2003.

Diesel Class A models include the Winnebago Journey® and Journey DL and Itasca Horizon® motor homes that are built on Freightliner® chassis, while the Ultimate Advantage® and Ultimate Freedom® motor homes are built on Spartan® chassis.

The Company introduced new 39-foot models for 2003 in the Winnebago Journey DL and Itasca Horizon line featuring a 330 hp Caterpillar® diesel engine on a 27,910-lb.



2003 Itasca Horizon



Freightliner chassis with a front galley/sofa slideout and a rear bed slideout. The bedroom also features a convenient second lavatory with dresser.

The Company also introduced its first motor homes with triple slideouts in the Ultimate Advantage and Ultimate Freedom lines for 2003. The Ultimate Advantage 40K and the Ultimate Freedom KD both feature two slideouts in the front portion of the motor home and one in the bedroom, while the Ultimate Freedom ED model features a galley/sofa slideout in the front and two slideouts in the rear bedroom. The bedroom features a bed slideout on the passenger side, as well as a unique lavatory/dresser slideout on the driver's side of the motor home.

Leadership in Feature Innovation

Once again, Winnebago Industries shows its innovation with new motor home features in 2003.

The full comfort BenchMark™ dinette provides abundant storage and easily converts into a comfortable bed. With its sprung seat cushions for added comfort,

BenchMark also features attractive fabrics and spacious storage. The seat cushions open fully to reveal maximum access to storage space - perfect for blankets, pillows, games and anything you need to



BenchMark full comfort dinette.

access quickly and easily.

Exclusive to Winnebago Industries, the new Sleep Number Bed® by Select Comfort™ is featured on select 2003 motor homes. This queen-size bed features dual hand held remotes so you can quickly and independently adjust the mattress firmness level to your ideal level of comfort and support. The Sleep Number Bed is the "Key to a Perfect



BenchMark
FULL COMFORT DINETTE



The Sleep Number Bed is exclusive to Winnebago Industries for select motor homes in 2003

Night's Sleep™."

Helping make communication easy, select Winnebago Industries' motor homes feature two-way radios with a docking/charging station.

Unique to the industry, the diesel-powered motor homes from Winnebago Industries feature an improved chassis manifold air supply with a detachable 50-foot hose that provides a ready source of compressed air for pumping up anything from beach toys to tires.

The innovative TripTek™ system, which monitors the engine and provides a predeparture checklist that appears on the rearview monitor system, is also available on select

Winnebago Industries' diesel-powered motor homes.

Sturdy powered sunvisors are also featured in 2003. The driver is able to control both front visors, with the passenger also able to control the visor on his or her side. The sunvisors are featured on the Company's higher-line products, such as the Winnebago Chieftain, Itasca Sunflyer and its diesel powered motor homes.

Select Winnebago Industries' motor homes also feature an attractive, new base coat/clear coat full-body paint, providing a low maintenance, high-gloss automotive finish with maximum durability and the highest chip resistance available.

Other unique features to Winnebago Industries' motor homes include the RV Radio™, TrueAir™ Residential Air Conditioning System, StoreMore® Slideout System and the OnePlace™ Systems Center.

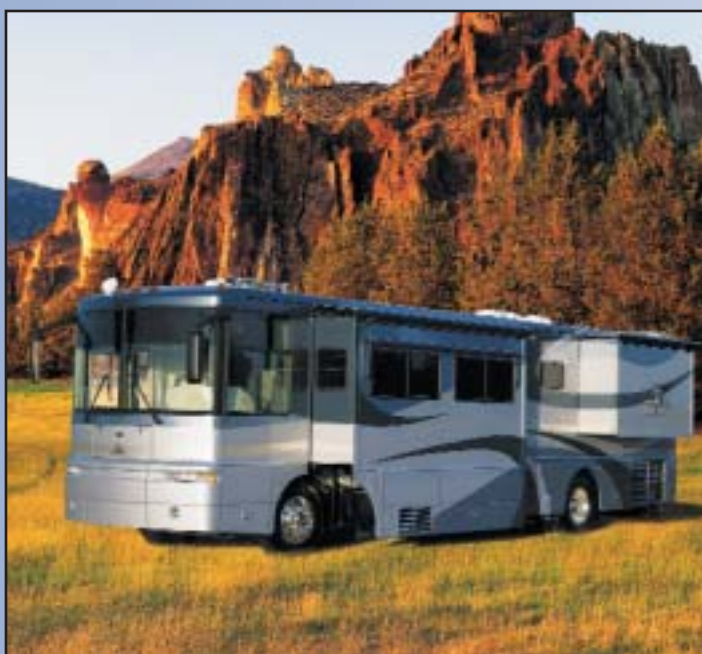
The Company is committed to aggressive new product development and has made significant capital expenditures to reach that goal. As an example, by replacing 60 Cad PCs with high-end workstations, adding a laser scanner to the design studio and adding gigabyte Ethernet to the local area network infrastructure within this last fiscal year, the Company increased efficiency in the design process.

Commercial and Specialty Vehicles

Winnebago Industries believes that it leads the RV industry in the construction of commercial and specialty vehicles, manufacturing a broad range of products.

The Commercial Vehicle Division offers several models that can be custom designed for a wide variety of applications including medical, dental, law enforcement and computer training.

The Specialty Vehicle Department is responsible for the



2003 Ultimate Freedom



2003 Rialta

sale of Ability Equipped™ motor homes that are custom-built for individuals with special mobility needs. Ability Equipped motor homes can be outfitted with wider entrance doors, wheelchair lifts, roll-in showers, hand driving controls and other equipment needed to make them wheelchair accessible.

OEM

Winnebago Industries manufactures the majority of the parts used in its motor homes (with the exception of the chassis, engines, auxiliary power units and appliances), allowing the Company to maintain strict quality standards,



Aluminum extrusion parts

design parts to unique motor home needs and easily facilitate parts replacement for future needs. Winnebago Industries is able to maximize its production capacity through the sale of original equipment manufacturing (OEM) components, while providing the added benefit of low-cost component parts, contributing to the Company's leadership position in the industry with the highest ROE, ROA, Net Income as a percent of revenues and Operating Income as a percent of revenues in the industry. Winnebago Industries generated revenues of \$25 million from the sale of OEM components in fiscal 2002.

The largest portion of OEM revenues were generated by Winnebago Industries' Creative Aluminum Products Company (CAPCO), which produces aluminum extrusion products, primarily for the RV and home building industries.

Marketing Opportunities

Winnebago Industries is able to leverage its strong brand name with excellent marketing opportunities. These opportunities continue to maximize our brand strength while further positioning us as the industry leader.

The Winnebago Adventurer is featured in the upcoming Jack Nicholson film, *About Schmidt*, due to be released nationwide on January 3, 2003. The New Line Cinema film chronicles the life of Warren Schmidt, played by Nicholson, as he attempts to find meaning in his life after his retirement as an insurance actuary and the death of his wife. Warren sets out on a series of exploits in his Adventurer with the ultimate destination to attend the wedding of his daughter,



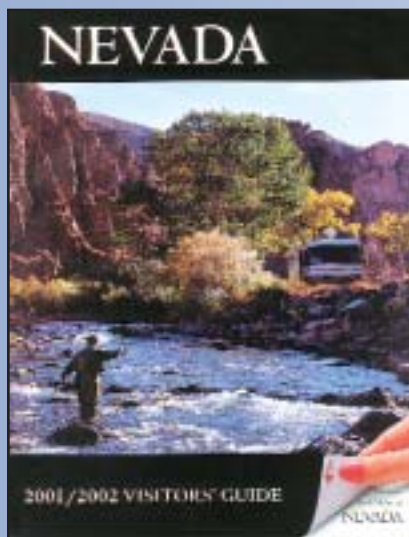
Jack Nicholson and his Winnebago Adventurer in "About Schmidt."

Jeannie, played by Hope Davis, and soon-to-be son-in-law, Randall, an underachieving waterbed salesman played by Dermot Mulroney. The film also stars Kathy Bates and Howard Hesseman as the free-spirited in-laws and is directed by Oscar-nominated director Alexander Payne.

Winnebago Industries participated in a media tour sponsored by the Recreation Vehicle Industry Association (RVIA) during fiscal 2002. During their third season touring as RVIA spokespersons, Brad and Amy Herzog used a 2002 Winnebago Adventurer for their "Baby Makes Three in an RV" tour. Traveling with their young son, Luke, the Herzogs reinforced the ease, cost savings and comfort that RV travel offers for young families.

Winnebago Industries also provided several motor homes during fiscal 2002 for *"Biff Henderson's America"* segments that appeared on the CBS *Late Show with David Letterman* TV show. The Company worked closely with RVIA, CBS and Letterman's staff to support these humorous Charles Kuralt style segments.

Jeopardy and the *Wheel of Fortune* TV shows also utilize Winnebago Braves as their contestant search vehicles. In addition, Winnebago Industries motor homes have been offered as grand prizes for the *Wheel of Fortune* and *The Price Is Right* TV shows.



Up to six Winnebago Industries motor homes will be given away in this Nevada Sweepstakes promotion.

The Nevada Commission on Tourism is continuing a three-year campaign that will award up to six Winnebago Industries motor homes as grand prizes throughout the duration of the sweepstakes to the year 2003. The \$1 million campaign prominently features a Winnebago Adventurer in the promotional material.

This continued exposure in the media is immeasurable in terms of continued brand recognition.

Sales and Service Support

Winnebago Industries continues to support the most comprehensive sales and service support programs in the RV industry for its dealers and retail customers. The

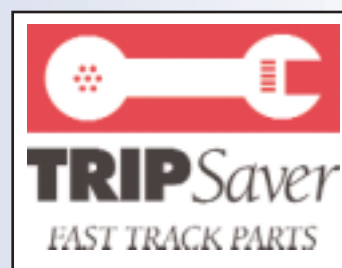
Company believes that providing quality product and service support to our dealers through hands-on training and support materials, such as our on-line WIN NET information system, will ensure that our retail customers are more satisfied; thus, ensuring long-term growth and profitability.

Winnebago Industries also prides itself on providing the highest level of warranty, parts and service programs in the industry and conducts extensive service training for its dealers. In the past few years, Winnebago Industries has implemented industry-leading programs like the 40 percent warranty parts markup program, TripSaver Emergency Warranty Parts Shipments and the enhanced WIN NET on-line data entry system that provides Winnebago Industries' dealers with instant access to service, parts and warranty information.

To ensure that our sales and service programs are effective, we continually monitor our customers' satisfaction levels through surveys. From this data, Winnebago Industries has developed a Customer Satisfaction Index (CSI) that is used to shape our sales and service programs and to reward our most effective dealers. In 1986, Winnebago Industries initiated the first dealer recognition program within the RV industry. This "Circle of Excellence Award" recognized 162 dealers with this top honor for the 2002 model year, including six dealers who have achieved this exclusive status each year since the program was initiated 16 years ago, as well as 21 first-time winners.

WIT

The Winnebago-Itasca Travelers (WIT) Club is very important to Winnebago Industries, particularly as club members have proven themselves to be extremely loyal, repeat buyers of the Company's products. The WIT Club enables the Company to stay connected with our Winnebago, Itasca, Rialta and Ultimate motor home owners and provides added benefits to these owners as well. Caravans, rallies and tours held frequently throughout the year provide WIT Club members with a way to use their motor homes, remain active and keep in touch with their club-member friends. Winnebago Industries encourages its dealers to actively participate in local chapters by offering complimentary memberships to new purchasers and to host "Show & Tell" events on the dealership lots. The WIT Club





WIT members in nearly 1,500 Winnebago Industries motor homes participated in the 2002 WIT Grand National Rally for this annual event in Forest City, Iowa

also provides member benefits such as a monthly magazine, professional trip routing, purchasing and service discounts, mail forwarding and various types of insurance.

Technology Leader

Winnebago Industries believes that it is the most technologically advanced RV manufacturer in the industry, and the Company remains on the cutting edge in terms of computerized equipment at all of its facilities. An additional \$11 million was spent on capital expenditures in fiscal 2002



Computer numerically controlled (CNC) router.

to upgrade manufacturing equipment and expand manufacturing capabilities in order to increase productivity and improve the quality of Winnebago Industries' products.

The Company's new motor home manufacturing facility currently under construction will be a state-of-the-art facility that will utilize the latest computer technology, such as computer numerically controlled routers for the manufacture of Winnebago Industries' Class C motor homes.

Quality Leadership

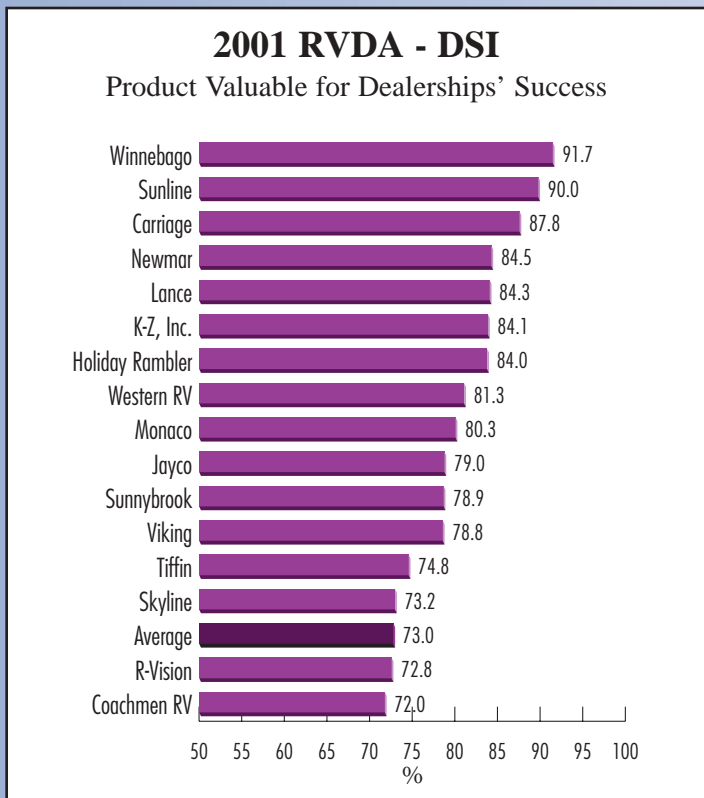
Winnebago Industries believes that its high degree of technology, as well as the advanced sales and service programs and aftermarket support we provide our dealers and retail customers, are greatly responsible for our quality leadership within the RV industry.

The Company was pleased to again receive the Quality Circle Award from the Recreation Vehicle Dealers' Association (RVDA). Quality Circle status is the result of outstanding ratings on the RVDA's annual Dealer Satisfaction Index survey. One of 32 companies which qualified for consideration based upon an adequate number of responses, Winnebago Industries was the only public motor home manufacturer to be rated high enough by dealers to receive the Quality Circle Award. Winnebago Industries was also the only public motor home manufacturer to have won this award each year since it was instituted six years ago. The Company is particularly proud of the response to the last question on the survey that names Winnebago Industries with an industry leading figure of



Quality Circle Awards from RVDA

91.7 percent on the topic of "Product Valuable for Dealership's Success."



Productivity

Winnebago Industries has committed to Lean Manufacturing philosophies. Lean Manufacturing is a systematic approach of identifying and eliminating waste (non-

value-added activities) through continuous organization and processes improvement. There are a series of seven workshops involved in the Lean Manufacturing process. Approximately 1,300 employees have attended the first workshop which involves employees learning the basic fundamentals of Lean Manufacturing. Another 500 employees have attended the second workshop on workplace organization and standardization.

Implementation of Lean Manufacturing in our Lorimor soft goods facility resulted in a 34 percent reduction in the number of machines needed, elimination of 5-10 hours of overtime per employee per week, reduction in work space, waste and inventory, as well as improved material flow.

Leadership Summary

Winnebago Industries is the leading motor home manufacturer in the RV industry. Demographic trends indicate that the RV industry's target market will grow for the next 30 years. Winnebago Industries' brand recognition and recognition as a top quality manufacturer lead us to believe that the Company will continue to be a leader in the industry. Through the development of innovative new products, quality improvement and plant expansion, Winnebago Industries believes it will continue to grow in market share and volume. While it is important to be in the leading position in sales within the industry, it is also the Company's continued goal to remain the most profitable public company in the industry. Winnebago Industries strongly believes it has the leadership position necessary to deliver the best results for its shareholders.



Construction of the new motor home manufacturing facility in Charles City, Iowa is scheduled to be completed in early calendar 2003.

Motor Home Product Classification



Class A Motor Homes

These are conventional motor homes constructed directly on medium-duty truck chassis which include the engine and drivetrain components. The living area and the driver's compartment are designed and produced by the motor home manufacturer. Class A motor homes from Winnebago Industries include: Winnebago Sightseer, Brave, Adventurer, Chieftain, Journey and Journey DL; Itasca Sunova, Sunrise, Suncruiser, Sunflyer and Horizon; and Ultimate Advantage and Ultimate Freedom.



Class B Van Campers

These are panel-type trucks to which sleeping, kitchen, and/or toilet facilities are added. These models also have a top extension to provide more headroom. Winnebago Industries converts the EuroVan Camper, which is distributed by Volkswagen of America and Volkswagen of Canada.



Class C Motor Homes (Mini)

These are mini motor homes built on a van-type chassis onto which motor home manufacturers construct a living area with access to the driver's compartment. Class C motor homes from Winnebago Industries include: Winnebago Vista, Minnie and Minnie Winnie; Itasca Sunstar, Spirit and Sundancer; and Rialta.



Motor Home Family Tree

Winnebago Industries manufactures four brands of Class A and C motor homes. Listed below are the brand names and model designations of the Company's 2003 product line.



- Vista
- Minnie
- Minnie Winnie
- Sightseer
- Brave
- Adventurer
- Chieftain
- Journey/Journey DL



- Sunstar
- Spirit
- Sundancer
- Sunova
- Sunrise
- Suncruiser
- Sunflyer
- Horizon



- Rialta



- Ultimate Advantage
- Ultimate Freedom



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

FORWARD LOOKING INFORMATION

Certain of the matters discussed in this Annual Report are "forward looking statements" as defined in the Private Securities Litigation Reform Act of 1995, which involve risks and uncertainties, including, but not limited to, reactions to actual or threatened terrorist attacks, availability and price of fuel, a significant increase in interest rates, a slowdown in the economy, availability of chassis, slower than anticipated sales of new or existing products, new product introductions by competitors, collections of dealer financing receivables and other factors which may be disclosed throughout this Annual Report. Any forecasts and projections in this report are "forward looking statements," and are based on management's current expectations of the Company's near-term results, based on current information available pertaining to the Company, including the aforementioned risk factors; actual results could differ materially. The Company undertakes no obligation to publicly update or revise any forward looking statements whether as a result of new information, future events or otherwise, except as required by law or the rules of the New York Stock Exchange.

CRITICAL ACCOUNTING POLICIES

In preparing the consolidated financial statements, we follow accounting principles generally accepted in the United States of America, which in many cases requires us to make assumptions, estimates and judgments that affect the amounts reported. Many of these policies are straightforward. There are, however, some policies that are critical because they are important in determining the financial con-

dition and results of operations. These policies are described below and involve additional management judgment due to the sensitivity of the methods, assumptions and estimates necessary in determining the related income statement, asset and/or liability amounts.

The Company offers to its customers a variety of warranties on its products ranging from 1 to 10 years in length. Estimated costs related to product warranty are accrued at the time of sale and included in cost of sales. Estimated costs are based upon past warranty claims and unit sales history and adjusted as required to reflect actual costs incurred, as information becomes available.

Beginning in fiscal year 2001, revenue was recorded by the Company upon receipt of products by Winnebago Industries dealers rather than upon shipment as in prior years. This change in accounting principle was made to implement the Securities and Exchange Commission's (SEC) Staff Accounting Bulletin (SAB) No. 101, as amended. SAB No. 101 requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services rendered; (3) the fee is fixed and determinable; and (4) collectability is reasonably assured. This change required an adjustment to net income in the Company's first quarter 2001 results, which reflects the cumulative effect on the prior year's results due to the application of SAB No. 101.

The Company has reserves for other loss exposures, such as product liability, litigation and accounts receivable. The Company also has loss exposure on loan guarantees and repurchase agreements (see Note 6 of Condensed Notes to



Consolidated Financial Statements). Establishing loss reserves for these matters requires the use of estimates and judgment in regards to risk exposure and ultimate liability. The Company estimates losses under the programs using consistent and appropriate methods; however, changes in assumptions could materially affect the Company's recorded liabilities for loss.

GENERAL

The primary use of recreation vehicles (RVs) for leisure travel and outdoor recreation has historically led to a peak retail selling season concentrated in the spring and summer months. The Company's sales of RVs are generally influenced by this pattern in retail sales, but can also be affected by the level of dealer inventory. The Company's products are generally manufactured against orders from the Company's dealers and from time to time to build inventory to satisfy the peak selling season.

RESULTS OF OPERATIONS

Fiscal 2002 Compared to Fiscal 2001

Net revenues for recreation vehicles and other manufactured products were \$825,269,000 for fiscal 2002 (53 weeks), an increase of \$153,583,000, or 22.9 percent, from fiscal 2001 (52 weeks). Motor home shipments (Class A and C) during fiscal 2002 were 11,054 units, an increase of 1,978 units, or 21.8 percent, compared to fiscal 2001. The Company's increase in revenues during fiscal 2002 reflects low interest rates, an increase in market share, continued acceptance of the Company's new products, solid performance by the Company's dealers and a high quality reputation of the Company's products.

Net revenues for dealer financing at Winnebago Acceptance Corporation (WAC) were \$3,134,000 for fiscal 2002, a decrease of \$1,107,000 or 26.1 percent from fiscal 2001. Decreased revenues for dealer financing reflect a sig-

nificant decrease in interest rates partially offset by higher average outstanding dealer receivable balances when comparing fiscal 2002 to fiscal 2001.

Cost of manufactured products, as a percent of manufactured product revenues, was 85.9 percent for fiscal 2002, compared to 87.6 percent for fiscal 2001. The Company's lower cost of manufacturing during fiscal 2002 can be attributed to increased volume of motor home production and deliveries to dealers.

Selling expenses increased by \$1,321,000 to \$19,606,000 comparing fiscal 2002 to fiscal 2001 but decreased as a percentage of net revenues to 2.4 percent from 2.7 percent. The increase in dollars can be attributed primarily to increases in advertising expenses and salesperson incentive compensation. The increased sales volume during fiscal 2002 contributed to the decrease in percentage.

General and administrative expenses increased by \$5,128,000 to \$18,735,000 and to 2.3 percent of net revenues compared to 2.0 percent for fiscal 2001. The increases in dollars and percentage when comparing the two fiscal year-end periods were primarily due to increases in employee incentive programs and to a lesser extent increased legal reserves.

For fiscal 2002, the Company had net financial income of \$2,859,000 compared to net financial income of \$3,754,000 during fiscal 2001. When comparing the two fiscal years, the average available cash for investing during fiscal 2002 was larger than the average available cash during fiscal 2001. However, the average rate the Company earned on investments was significantly lower than the average rate earned during the fiscal 2001 period.

The effective income tax rate increased from 26.1 percent in fiscal 2001 to 35.0 percent in fiscal 2002. The primary reason for the increase was due to a \$4.5 million tax benefit recorded in fiscal 2001 in connection with the expiration of certain tax statutes and a higher provision for state



income taxes in 2002.

For fiscal 2001, the Company adopted Staff Accounting Bulletin (SAB) No. 101 issued by the SEC in December 1999. SAB No. 101 set forth the views of the SEC staff concerning revenue recognition. As a result of SAB No. 101, the Company began recording revenue upon receipt of products by the Company's dealers rather than upon shipment by the Company. Adoption of SAB No. 101 during the 52 weeks ended August 25, 2001 required an adjustment of \$1,050,000 to net income, or \$.05 per diluted share, in the Company's first quarter 2001 results, which is reflected as a cumulative effect adjustment in the fiscal 2001 statement of income.

For the 53 weeks ended August 31, 2002, the Company had net income of \$54,671,000, or \$2.68 per diluted share, compared to the 52 weeks ended August 25, 2001 net income of \$42,704,000, or \$2.03 per diluted share. Net income and diluted income per share for fiscal 2002 increased 43.1 percent and 47.3 percent, respectively, compared to the prior year proforma results of \$38.2 million net income and \$1.82 per diluted share, which excludes the \$4.5 million one time tax benefit. The differences in percentages when comparing net income to net earnings per share were primarily due to a lower number of outstanding shares of the Company's common stock during the 53 weeks ended August 31, 2002 due to the Company's buyback of 2,412,000 shares during fiscal 2002. (See Note 13 to the Company's 2002 Consolidated Financial Statements.)

Fiscal 2001 Compared to Fiscal 2000

Net revenues for recreation vehicles and other manufactured products were \$671,686,000 for fiscal 2001, a decrease of \$72,043,000, or 9.7 percent, from fiscal 2000. Motor home shipments (Class A and C) during fiscal 2001 were 9,076 units, a decrease of 1,440 units, or 13.7 percent, compared to fiscal 2000. The percentage decrease in net

revenues was less than the percentage decrease in motor home unit sales because the Company's fiscal 2001 sales, as a percentage of total unit sales, contained relatively more higher-priced units with slideout features as well as diesel-powered Class A vehicles. The Company's net revenues during fiscal 2001 reflected the decline in consumer confidence levels and a slowdown in the economy. The Company's performance within the RV industry in fiscal 2001 was a result of the excellent acceptance of its new products, solid performance of its dealer partners, brand recognition and strong quality reputation.

Net revenues for dealer financing at WAC were \$4,241,000 for fiscal 2001, an increase of \$333,000, or 8.5 percent, from fiscal 2000. Increased revenues for dealer financing reflected an increase in dealer receivable balances and, to a lesser extent, an increase in interest rates charged when comparing fiscal 2001 to fiscal 2000.

Cost of manufactured products, as a percent of manufactured product revenues, was 87.6 percent for fiscal 2001 compared to 86.2 percent for fiscal 2000. The Company's higher cost of manufacturing products during 2001 can be attributed to lower volume of production and deliveries to dealers.

Selling expenses decreased by \$438,000 to \$18,285,000 comparing fiscal 2001 to fiscal 2000 but increased as a percentage of net revenues to 2.7 percent from 2.5 percent. The decrease in dollars can be attributed primarily to reductions in salesperson incentive compensation. Decreased sales volume during fiscal 2001 contributed to the increase in percentage.

General and administrative expenses decreased by \$3,515,000 to \$13,607,000 and to 2.0 percent of net revenues from 2.3 percent when comparing fiscal 2001 to fiscal 2000. Lower payments for employee incentive programs and reduced product liability costs were primary reasons for the decreases in both dollars and percentages.



For fiscal 2001, the Company had net financial income of \$3,754,000 compared to net financial income of \$3,338,000 during fiscal 2000. When comparing the two periods, the increase was due primarily to larger cash balances available for investing during fiscal 2001.

The effective income tax rate decreased from 34.6 percent in fiscal 2000 to 26.1 percent in fiscal 2001. The primary reason for the decrease in fiscal 2001 was due to the Company recording a \$4.5 million tax benefit in connection with the expiration of certain tax statutes.

For fiscal 2001, the Company had income before cumulative effect of a change in accounting principle (SAB No. 101) of \$43,754,000, or \$2.08 per diluted share. The comparable results for fiscal 2000 was net income of \$48,399,000, or \$2.20 per diluted share.

As a result of SAB No. 101, the Company began recording revenue upon the dealers' receipt of products rather than upon shipment by the Company. Adoption of SAB No. 101 during fiscal 2001 required an adjustment of \$1,050,000 to net income, or \$.05 per diluted share, in the Company's first quarter 2001 results, which is reflected as a cumulative effect adjustment in the fiscal 2001 statement of income.

For fiscal 2001, the Company had net income of \$42,704,000, or \$2.03 per diluted share compared to fiscal 2000 net income of \$48,399,000, or \$2.20 per diluted share. Proforma results, excluding the \$4.5 million one time tax benefit for fiscal year 2001, were \$38.2 million net income and \$1.82 per diluted share. Net income and earnings per diluted share for the proforma 2001 results decreased 21.1 percent and 17.3 percent, respectively, compared to fiscal 2000. The differences in percentages when comparing net income to net earnings per share was primarily due to a lower number of outstanding shares of the Company's common stock during the 52 weeks ended August 25, 2001. (See Note 13 to the Company's 2002 Consolidated Financial Statements.)

ANALYSIS OF FINANCIAL CONDITION, LIQUIDITY AND RESOURCES

The Company generally meets its working capital, capital equipment and cash requirements with funds generated from operations.

At August 31, 2002, working capital was \$144,995,000, a decrease of \$29,253,000 from the amount at August 25, 2001. Cash provided by operations was \$36,790,000, \$81,912,000 and \$51,412,000 during fiscal years ended August 31, 2002, August 25, 2001 and August 26, 2000, respectively. Operating cash flows were provided in fiscal 2002 primarily by income generated from operations. Cash flows used by investing activities were \$11,176,000, \$19,717,000 and \$25,255,000 in fiscal 2002, 2001 and 2000, respectively. Cash flows used by investing activities primarily include investments in capital expenditures. Capital expenditures were \$10,997,000 in fiscal 2002, \$9,089,000 in fiscal 2001 and \$14,548,000 in fiscal 2000. Net cash used by financing activities was \$85,669,000 in fiscal 2002, \$11,358,000 in fiscal 2001 and \$22,874,000 in fiscal 2000. Cash used by financing activities in fiscal 2002, 2001 and 2000 was primarily to repurchase shares of the Company's common stock at a cost of \$86,072,000, \$10,686,000 and \$19,726,000, respectively. (See Consolidated Statements of Cash Flows.)

The Company's sources of liquidity consisted principally of cash and cash equivalents in the amount of \$42,225,000 at August 31, 2002 compared to \$102,280,000 at August 25, 2001. (See Consolidated Statements of Cash Flows.)

Principal expected demands at August 31, 2002 on the Company's liquid assets for fiscal 2003 include capital expenditures of approximately \$23,000,000 and payments of cash dividends, based on the cash dividend described in the following sentence. On October 9, 2002, the Board of Directors declared a cash dividend of \$.10 per common



share payable January 6, 2003 to shareholders of record on December 6, 2002. Also, on June 19, 2002, the Board of Directors authorized the repurchase of outstanding shares of the Company's common stock, depending on market conditions, for an aggregate purchase price of up to \$15,000,000. As of October 4, 2002, 119,900 shares had been repurchased for an aggregate consideration of approximately \$4,294,000 under this authorization.

Management currently expects its cash on hand and funds from operations to be sufficient to cover both short-term and long-term operating requirements.

NEW ACCOUNTING PRONOUNCEMENTS

On August 27, 2000, the Company adopted SEC Staff Accounting Bulletin (SAB) No. 101, Revenue Recognition in Financial Statements, which the SEC staff issued in December 1999. SAB No. 101 sets forth the SEC staff's views concerning revenue recognition. As a result of SAB No. 101, the Company began recording revenue upon receipt of products by Winnebago Industries' dealers rather than upon shipment by the Company. This change required an adjustment to net income in the Company's first quarter 2001 results, which is reflected as a cumulative effect adjustment in the fiscal 2001 statement of income.

In July 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 141, Business Combinations. SFAS No. 141 establishes new standards for accounting and reporting requirements for business combinations and requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. Use of the pooling-of-interests method will be prohibited. In July 2001, the FASB also issued SFAS No. 142, Goodwill and Other Intangible Assets. SFAS No. 142 establishes new standards for goodwill acquired in a business combination

and eliminates amortization of goodwill and instead sets forth methods to periodically evaluate goodwill for impairment. The Company will adopt these statements on September 1, 2002, the beginning of the first quarter of the Company's 2003 fiscal year. Management believes that neither SFAS No. 141 or 142 will affect the Company's consolidated financial statements because it does not have any acquisitions pending, goodwill or other intangible assets.

In August 2001, the FASB issued SFAS No. 143, Accounting for Asset Retirement Obligations. SFAS No. 143 requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred. Also, in September 2001, the FASB issued SFAS 144, Accounting for the Impairment or Disposal of Long-Lived Assets, which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. While SFAS No. 144 supersedes SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of, it retains many of the fundamental provisions of that statement. The Company is required to adopt SFAS Nos. 143 and 144 in fiscal 2003. The Company is reviewing the impact of SFAS Nos. 143 and 144, and does not believe adoption of either of these new standards will have a material affect on the Company's financial statements.

The Company adopted Emerging Issues Task Force (EITF) Issue No. 01-9, Accounting for Consideration Given by a Vendor to a Customer or a Reseller of the Vendor's Products, at the beginning of the third quarter of fiscal 2002. This guidance was effective for periods beginning after December 15, 2001. EITF No. 01-9 requires that certain payments to customers for cooperative advertising and certain sales incentive offers that were historically classified in selling expense be shown as a reduction in net revenues. The adoption of this new accounting policy had no impact on previously reported operating income, net income, or



earnings per share.

In July 2002, the FASB issued SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities. This standard reviews the accounting for certain exit costs and disposal activities currently set forth in EITF Issue No. 94-3, Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring). The principal change of the new statement is that it now requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred versus the date of commitment to an exit plan. This statement is effective for exit and disposal activities initiated after December 31, 2002. The Company does not believe adoption of this standard will significantly affect the Company's financial condition or operating results.

IMPACT OF INFLATION

Historically, the impact of inflation on the Company's operations has not been significantly detrimental, as the Company has usually been able to adjust its prices to reflect the inflationary impact on the cost of manufacturing its products. The inability of the Company to successfully offset increases in manufacturing costs could have a material adverse effect on the Company's results of operations.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of August 31, 2002, the Company had an investment portfolio of fixed income securities, which are classified as cash and cash equivalents of \$42,225,000, of which \$36,084,000 are fixed income investments that are subject to interest rate risk and a decline in value if market interest rates increase. However, the Company has the ability to hold its fixed income investments until maturity (which approximates 45 days) and, therefore, the Company would

not expect to recognize an adverse impact in income or cash flows in such an event.

As of August 31, 2002, the Company had dealer-financing receivables in the amount of \$37,880,000. Interest rates charged on these receivables vary based on the prime rate.

COMPANY OUTLOOK

Long-term demographics are favorable to the Company, as the target market of consumers age 50 and older is anticipated to nearly double within the next 30 years. In addition, a 2001 "RV Consumer Demographic Study" conducted by the University of Michigan for the RV industry, found the age of people interested in purchasing recreation vehicles is expanding to include younger buyers as well as older buyers. The study also found an increased interest in owning RVs generally by a larger percentage of all U.S. households. Order backlog for the Company's Class A and Class C motor homes was 3,248 orders at August 31, 2002, 1,598 orders at August 25, 2001 and 1,355 orders at August 26, 2000. The Company includes in its backlog all accepted purchase orders from dealers shippable within the next six months. Orders in backlog can be canceled or postponed at the option of the purchaser at any time without penalty and, therefore, backlog may not necessarily be a measure of future sales.

Consolidated Balance Sheets

(dollars in thousands)	August 31, 2002	August 25, 2001
Assets		
Current assets		
Cash and cash equivalents	\$ 42,225	\$ 102,280
Receivables, less allowance for doubtful accounts (\$120 and \$244, respectively)	28,616	21,571
Dealer financing receivables, less allowance for doubtful accounts (\$96 and \$117, respectively)	37,880	40,263
Inventories	113,654	79,815
Prepaid expenses	4,314	3,604
Deferred income taxes	6,907	6,723
Total current assets	233,596	254,256
Property and equipment, at cost		
Land	972	1,029
Buildings	47,953	45,992
Machinery and equipment	86,744	82,182
Transportation equipment	5,641	5,482
	141,310	134,685
Less accumulated depreciation	92,383	88,149
Total property and equipment, net	48,927	46,536
Investment in life insurance	23,602	22,223
Deferred income taxes	22,438	21,495
Other assets	8,514	7,412
Total assets	\$ 337,077	\$ 351,922

See notes to consolidated financial statements

(dollars in thousands)	August 31, 2002	August 25, 2001
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable, trade	\$ 44,230	\$ 40,678
Income taxes payable	2,610	4,938
Accrued expenses:		
Accrued compensation	18,673	13,730
Product warranties	8,151	8,072
Insurance	5,967	4,567
Promotional	4,499	3,181
Other	4,471	4,842
Total current liabilities	88,601	80,008
Postretirement health care and deferred compensation benefits	68,661	64,450
Contingent liabilities and commitments		
Stockholders' equity		
Capital stock common, par value \$.50; authorized 60,000,000 shares, issued 25,888,000 and 25,886,000 shares, respectively	12,944	12,943
Additional paid-in capital	25,740	22,261
Reinvested earnings	284,856	234,139
	323,540	269,343
Less treasury stock, at cost	143,725	61,879
Total stockholders' equity	179,815	207,464
Total liabilities and stockholders' equity	\$ 337,077	\$ 351,922

Consolidated Statements of Income

	Year Ended		
(in thousands, except per share data)	August 31, 2002 (1)	August 25, 2001	August 26, 2000
Revenues			
Manufactured products	\$ 825,269	\$ 671,686	\$ 743,729
Dealer financing	3,134	4,241	3,908
Total net revenues	828,403	675,927	747,637
Costs and expenses			
Cost of manufactured products	708,865	588,561	641,138
Selling	19,606	18,285	18,723
General and administrative	18,735	13,607	17,122
Total costs and expenses	747,206	620,453	676,983
Operating income	81,197	55,474	70,654
Financial income	2,859	3,754	3,338
Income before income taxes	84,056	59,228	73,992
Provision for taxes	29,385	15,474	25,593
Income before cumulative effect of change in accounting principle	54,671	43,754	48,399
Cumulative effect of change in accounting principle, net of taxes	---	(1,050)	---
Net income	\$ 54,671	\$ 42,704	\$ 48,399
Earnings per common share (basic)			
Income before cumulative effect of change in accounting principle	\$ 2.74	\$ 2.11	\$ 2.23
Cumulative effect of change in accounting principle	---	(.05)	---
Income per share (basic)	\$ 2.74	\$ 2.06	\$ 2.23
Earnings per common share (diluted)			
Income before cumulative effect of change in accounting principle	\$ 2.68	\$ 2.08	\$ 2.20
Cumulative effect of change in accounting principle	---	(.05)	---
Income per share (diluted)	\$ 2.68	\$ 2.03	\$ 2.20
Weighted average shares of common stock outstanding			
Basic	19,949	20,735	21,680
Diluted	20,384	21,040	22,011

See notes to consolidated financial statements.

(1) Year ended August 31, 2002 contained 53 weeks; all other fiscal years contained 52 weeks.

Consolidated Statements of Cash Flows

(in thousands)	Year Ended		
	August 31, 2002	August 25, 2001	August 26, 2000
Cash flows from operating activities			
Net income	\$ 54,671	\$ 42,704	\$ 48,399
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	7,879	7,380	6,622
(Gain) loss on disposal of property, leases and other assets	(202)	325	350
(Credit) provision for doubtful receivables	(46)	34	203
Tax benefit of stock options	3,349	1,209	- - -
Change in assets and liabilities			
(Increase) decrease in receivables and other assets	(7,766)	10,956	702
(Increase) decrease in inventories	(33,839)	5,892	1,324
Increase in deferred income taxes	(1,127)	(1,499)	(2,674)
Increase (decrease) in accounts payable and accrued expenses	10,921	13,616	(8,306)
(Decrease) increase in income taxes payable	(2,328)	(3,852)	180
Increase in postretirement benefits	5,278	5,147	4,612
Net cash provided by operating activities	36,790	81,912	51,412
Cash flows from investing activities			
Purchases of property and equipment	(10,997)	(9,089)	(14,548)
Proceeds from sale of property and equipment	929	338	531
Investments in dealer receivables	(114,737)	(114,907)	(103,125)
Collections of dealer receivables	117,202	107,261	95,061
Investments in other assets	(3,573)	(3,320)	(3,724)
Proceeds from other assets	- - -	- - -	550
Net cash used in investing activities	(11,176)	(19,717)	(25,255)
Cash flows from financing activities and capital transactions			
Payments for purchase of common stock	(86,072)	(10,686)	(19,726)
Payments of cash dividends	(3,954)	(4,121)	(4,324)
Proceeds from issuance of common and treasury stock	4,357	3,449	1,176
Net cash used in financing activities and capital transactions	(85,669)	(11,358)	(22,874)
Net (decrease) increase in cash and cash equivalents	(60,055)	50,837	3,283
Cash and cash equivalents at beginning of year	102,280	51,443	48,160
Cash and cash equivalents at end of year	\$ 42,225	\$ 102,280	\$ 51,443

See notes to consolidated financial statements.

Consolidated Statements of Changes in Stockholders' Equity

(amounts in thousands except per share data)	Common Shares		Additional	Reinvested Income	Treasury Stock	
	Number	Amount	Paid-In Capital		Number	Amount
Balance, August 28, 1999	25,874	\$12,937	\$21,907	\$151,482	3,575	\$36,942
Proceeds from the sale of common stock to employees	4	2	77	---	---	---
Net cost of treasury stock issued for stock options exercised	---	---	(194)	---	(66)	(729)
Issuance of stock to officers	---	---	204	---	(32)	(359)
Payments for purchase of common stock	---	---	---	---	1,127	19,726
Cash dividends on common stock - \$.20 per share	---	---	---	(4,325)	---	---
Net income	---	---	---	48,399	---	---
Balance, August 26, 2000	25,878	12,939	21,994	195,556	4,604	55,580
Proceeds from the sale of common stock to employees	8	4	94	---	---	---
Net cost of treasury stock issued for stock options exercised	---	---	(1,069)	---	(313)	(3,773)
Issuance of stock to officers	---	---	33	---	(51)	(614)
Tax benefit due to sale of common stock to employees	---	---	1,209	---	---	---
Payments for purchase of common stock	---	---	---	---	883	10,686
Cash dividends on common stock - \$.20 per share	---	---	---	(4,121)	---	---
Net income	---	---	---	42,704	---	---
Balance, August 25, 2001	25,886	12,943	22,261	234,139	5,123	61,879
Proceeds from the sale of common stock to employees	2	1	49	---	---	---
Net cost of treasury stock issued for stock options exercised	---	---	(453)	---	(280)	(3,650)
Issuance of stock to officers	---	---	534	---	(45)	(576)
Tax benefit due to sale of common stock to employees	---	---	3,349	---	---	---
Payments for purchase of common stock	---	---	---	---	2,412	86,072
Cash dividends on common stock - \$.20 per share	---	---	---	(3,954)	---	---
Net income	---	---	---	54,671	---	---
Balance, August 31, 2002	25,888	\$12,944	\$25,740	\$284,856	7,210	\$143,725

See notes to consolidated financial statements.



Report of Independent Auditors

To the Board of Directors and Shareholders
Winnebago Industries, Inc.
Forest City, Iowa

We have audited the consolidated balance sheets of Winnebago Industries, Inc. and subsidiaries (the Company) as of August 31, 2002 and August 25, 2001, and the related consolidated statements of income, cash flows, and changes in stockholders' equity for each of the three years in the period ended August 31, 2002. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 present fairly, in all material respects, the financial position of the Company as of August 31, 2002 and August 25, 2001; and the results of its operations and its cash flows for each of the three years in the period ended August 31, 2002 in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

Deloitte & Touche LLP
Minneapolis, Minnesota

October 4, 2002

Selected Financial Data

(dollars in thousands, except per share data)	Aug. 31, 2002(2)	Aug. 25, 2001(3)	Aug. 26, 2000	Aug. 28, 1999
For the Year				
Net revenues (4)	\$ 828,403	\$ 675,927	\$ 747,637	\$ 671,653
Income before taxes	84,056	59,228	73,992	66,609
Pretax profit % of revenue	10.1%	8.8%	9.9%	9.9%
Provision for income taxes (credits)	\$ 29,385	\$ 15,474	\$ 25,593	\$ 22,349
Income tax rate	35.0%	26.1%	34.6%	33.6%
Income from continuing operations	\$ 54,671	\$ 43,754	\$ 48,399	\$ 44,260
Gain on sale of Cycle-Sat subsidiary	---	---	---	---
(Loss) income from discontinued operations	---	---	---	---
Cum. effect of change in accounting principle	---	(1,050)	---	---
Net income (loss)	\$ 54,671	\$ 42,704	\$ 48,399	\$ 44,260
Income per share				
Continuing operations				
Basic	\$ 2.74	\$ 2.11	\$ 2.23	\$ 1.99
Diluted	2.68	2.08	2.20	1.96
Discontinued operations				
Basic	---	---	---	---
Diluted	---	---	---	---
Cum. effect of change in accounting principle				
Basic	---	(.05)	---	---
Diluted	---	(.05)	---	---
Net income per share				
Basic	\$ 2.74	\$ 2.06	\$ 2.23	\$ 1.99
Diluted	2.68	2.03	2.20	1.96
Weighted average common shares outstanding (in thousands)				
Basic	19,949	20,735	21,680	22,209
Diluted	20,384	21,040	22,011	22,537
Cash dividends per share	\$.20	\$.20	\$.20	\$.20
Book value	9.63	9.99	8.22	6.69
Return on assets (ROA)	15.9%	12.9%	16.3%	17.1%
Return on equity (ROE)	28.2%	22.3%	29.8%	33.3%
Unit Sales				
Class A	6,725	5,666	6,819	6,054
Class C	4,329	3,410	3,697	4,222
Total Class A & C Motor Homes	11,054	9,076	10,516	10,276
Class B Conversions (EuroVan Campers)	763	703	854	600
At Year End				
Total assets	\$ 337,077	\$ 351,922	\$ 308,686	\$ 285,889
Stockholders' equity	179,815	207,464	174,909	149,384
Working capital	144,995	174,248	141,683	123,720
Long-term debt	---	---	---	---
Current ratio	2.6 to 1	3.2 to 1	3.0 to 1	2.5 to 1
Number of employees	3,685	3,325	3,300	3,400

(1) Certain prior periods' information has been reclassified to conform to the current year-end presentation. These reclassifications have no impact on net income as previously reported.

(2) The fiscal years ended August 31, 2002 and August 31, 1996 contained 53 weeks; all other fiscal years contained 52 weeks.

Aug. 29, 1998	Aug. 30, 1997	Aug. 31, 1996(2)	Aug. 26, 1995	Aug. 27, 1994	Aug. 28, 1993
\$ 529,363	\$ 437,961	\$ 487,545	\$ 462,760	\$ 436,870	\$ 368,255
35,927	6,992	21,063	20,006	15,264	11,018
6.8%	1.6%	4.3%	4.3%	3.5%	3.0%
\$ 11,543	\$ 416	\$ 6,639	(\$7,912)	(\$1,312)	(\$1,087)
32.1%	5.9%	31.5%	(39.5%)	(8.6%)	(9.9%)
\$ 24,384	\$ 6,576	\$ 14,424	\$ 27,918	\$ 16,576	\$ 12,105
---	16,472	---	---	---	---
---	---	(2,039)	(162)	869	(2,827)
---	---	---	---	(20,420)	---
\$ 24,384	\$ 23,048	\$ 12,385	\$ 27,756	(\$2,975)	\$ 9,278
\$ 1.01	\$.26	\$.57	\$ 1.11	\$.66	\$.48
1.00	.26	.57	1.10	.65	.48
---	.65	(.08)	(.01)	.03	(.11)
---	.64	(.08)	(.01)	.03	(.11)
---	---	---	---	(.81)	---
---	---	---	---	(.80)	---
\$ 1.01	\$.91	\$.49	\$ 1.10	\$ (.12)	\$.37
1.00	.90	.49	1.09	(.12)	.37
24,106	25,435	25,349	25,286	25,187	25,042
24,314	25,550	25,524	25,462	25,481	25,307
\$.20	\$.20	\$.30	\$.30	\$ ---	\$ ---
5.11	4.86	4.15	3.96	3.16	3.26
11.0%	10.6%	5.7%	14.1%	(1.8%)	6.3%
20.3%	20.1%	12.0%	30.8%	(3.7%)	12.1%
5,381	4,834	5,893	5,993	6,820	6,095
3,390	2,724	2,857	2,853	1,862	1,998
8,771	7,558	8,750	8,846	8,682	8,093
978	1,205	857	1,014	376	---
\$ 230,612	\$ 213,475	\$ 220,596	\$ 211,630	\$ 181,748	\$ 157,050
116,523	123,882	105,311	100,448	79,710	81,693
92,800	99,935	62,155	69,694	58,523	44,669
---	---	1,692	3,810	2,693	633
2.5 to 1	3.4 to 1	2.0 to 1	2.4 to 1	2.1 to 1	1.9 to 1
3,010	2,830	3,150	3,010	3,150	2,770

(3) Includes a noncash after-tax cumulative effect of change in accounting principle of \$1.1 million expense or \$.05 per share due to the adoption of SAB No. 101, Revenue Recognition in Financial Statements.

(4) Net revenues for fiscal 2002 required adoption of EITF No. 01-9 Accounting for Consideration Given by a Vendor for a Customer (Including a Reseller of the Vendor's Product) which requires the reduction of net revenues by certain payments to customers for certain sales incentive offers and fiscal 2001 required adoption of EITF 00-10 related to shipping and handling fees and costs.



Notes to Consolidated Financial Statements

Note 1: Nature of Business and Significant Accounting Policies

Winnebago Industries, Inc.'s (the Company) operations are conducted predominantly in two industry segments: the manufacture and sale of recreation vehicles and other manufactured products, and floor plan financing for selected Winnebago, Itasca, Rialta, and Ultimate dealers. The recreation vehicle market is highly competitive, both as to price and quality of the product. The Company believes its principal marketing advantages are its brand name recognition, the quality of its products, its dealer organization, its warranty and service capability and its marketing techniques. The Company also believes that its prices are competitive with the competition's units of comparable size and quality.

Principles of Consolidation. The consolidated financial statements include the parent company and subsidiary companies. All material intercompany balances and transactions with subsidiaries have been eliminated.

Statements of Cash Flows. For purposes of these statements, cash equivalents primarily consisted of commercial paper, tax-exempt money market preferreds, and variable rate auction preferred stock with an original maturity of three months or less. For cash equivalents, the carrying amount is a reasonable estimate of fair value.

Fiscal Period. The Company follows a 52/53-week fiscal year period. The financial statements for fiscal 2002 are based on a 53-week period; the others are on a 52-week basis.

Revenue Recognition. The Company adopted Staff Accounting Bulletin (SAB) No. 101, Revenue Recognition, as of the beginning of fiscal 2001. This accounting principle requires the Company to recognize revenue upon delivery of products to the dealer, which is when title passes, instead of when shipped by the Company. Interest income from dealer floor plan receivables is recorded on the accrual basis in accordance with the terms of the loan agreements.

Shipping Revenues and Expenses. Shipping revenues for products shipped are included within sales, while shipping expenses are included within cost of goods sold, in accordance with Emerging Issues Task Force (EITF) No. 00-10,

Accounting for Shipping and Handling Fees and Costs.

Considerations Given by the Company to Its Dealers. Certain payments to customers for cooperative advertising and certain sales incentive offers are shown as a reduction in net revenues, in accordance with EITF No. 01-9, Accounting for Consideration Given by a Vendor to a Customer or a Reseller of the Vendor's Products. Cooperative advertising expense and sales incentives were previously reported as selling expense. Prior period expenses have been reclassified, which had no effect on previously reported net income.

Inventories. Inventories are valued at the lower of cost or market, with cost being determined by using the last-in, first-out (LIFO) method and market defined as net realizable value.

Property and Equipment. Depreciation of property and equipment is computed using the straight-line method on the cost of the assets, less allowance for salvage value where appropriate, at rates based upon their estimated service lives as follows:

Asset Class	Asset Life
Buildings	10-30 yrs.
Machinery and equipment	3-10 yrs.
Transportation equipment	3-6 yrs.

Management periodically reviews the carrying values of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. In performing the review for recoverability, management estimates the nondiscounted future cash flows expected to result from the use of the asset and its eventual disposition.

Provision for Warranty Claims. Estimated warranty costs are provided at the time of sale of the warranted products. Estimates of future warranty costs are based on prior experience and known current events.

Income Taxes. The Company accounts for income taxes under Statement of Financial Accounting Standards (SFAS) No. 109, Accounting for Income Taxes. This Statement requires recognition of deferred assets and liabilities for the expected future tax consequences of events that have been



included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the years in which the differences are expected to reverse.

Derivative Instruments and Hedging Activities. All contracts that contain provisions meeting the definition of a derivative also meet the requirements of, and have been designated as, normal purchases or sales. The Company's policy is to not enter into contracts with terms that cannot be designated as normal purchases or sales.

Allowance for Doubtful Accounts. The allowance for doubtful accounts is based on previous loss experience. Additional amounts are provided through charges to income as management believes necessary after evaluation of receivables and current economic conditions. Amounts which are considered to be uncollectible are charged off and recoveries of amounts previously charged off are credited to the allowance upon recovery.

Research and Development. Research and development expenditures are expenses as incurred. Development activities generally relate to creating new products and improving or creating variations of existing products to meet new applications. During fiscal 2002, 2001 and 2000, the Company spent approximately \$3,190,000, \$3,397,000 and \$3,374,000, respectively, on research and development activities.

Income Per Common Share. Basic income per common share is computed by dividing net income by the weighted average common shares outstanding during the period.

Diluted income per common share is computed by dividing net income by the weighted average common shares outstanding plus the incremental shares that would have been outstanding upon the assumed exercise of dilutive stock options (see Note 13).

Fair Value Disclosures of Financial Instruments. All financial instruments are carried at amounts believed to approximate fair value.

Use of Estimates. The preparation of financial statements

in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications. Certain prior year information has been reclassified to conform to the current year presentation. This reclassification had no effect on net income or stockholders' equity as previously reported.

Note 2: Dealer Financing Receivables

Dealer floor plan receivables are collateralized by recreation vehicles and are due upon the dealer's sale of the vehicle, with the entire balance generally due at the end of one year. At August 31, 2002 and August 25, 2001, the Company had a concentration of credit risks whereby \$37,388,000 and \$39,243,000, respectively, of dealer financing receivables were due from one dealer.

Note 3: Inventories

Inventories consist of the following:

(dollars in thousands)	August 31, 2002	August 25, 2001
Finished goods	\$ 48,037	\$ 36,930
Work-in-process	26,995	21,725
Raw materials	62,194	44,232
	137,226	102,887
LIFO reserve	(23,572)	(23,072)
	\$ 113,654	\$ 79,815

The above value of inventories, before reduction for the LIFO reserve, approximates replacement cost at the respective dates.



Note 4: Notes Payable

Short-term lines of credit and related borrowings outstanding at fiscal year-end are as follows:

(dollars in thousands)	August 31, 2002	August 25, 2001
Available credit lines	\$ - - -	\$ 20,000
Outstanding	- - -	- - -
Interest rate	- - -	4.52%

On October 19, 2000, the Company entered into an unsecured credit agreement with Wells Fargo Bank Iowa, National Association. The credit agreement provided the Company with a line of credit of \$20,000,000 until January 31, 2002. There were no outstanding borrowings under the credit agreement during fiscal 2002 or 2001. The Company did not renew this agreement when it expired on January 31, 2002.

Note 5: Employee Retirement Plans

The Company has a qualified profit sharing and contributory 401(k) plan for eligible employees. The plan provides for contributions by the Company in such amounts as the Board of Directors may determine. Contributions to the plan in cash for fiscal 2002, 2001 and 2000 were \$2,668,000, \$2,283,000 and \$2,685,000, respectively.

The Company also has a nonqualified deferred compensation program which permits key employees to annually elect (via individual contracts) to defer a portion of their compensation until their retirement. The retirement benefit to be provided is based upon the amount of compensation deferred and the age of the individual at the time of the contracted deferral. An individual generally vests at the later of age 55 and five years of service since the deferral was made. For deferrals prior to December 1992, vesting occurs at the later of age 55 and five years of service from first deferral or 20 years of service. Deferred compensation expense was \$1,642,000, \$1,659,000 and \$1,645,000, in fiscal 2002, 2001 and 2000, respectively. Total deferred compensation liabilities were \$24,711,000 and \$24,646,000 at August 31, 2002 and August 25, 2001, respectively.

To assist in funding the deferred compensation liability, the Company has invested in corporate-owned life insurance policies. The cash surrender value of these policies (net of borrowings of \$14,825,000 and \$13,637,000 at August 31,

2002 and August 25, 2001, respectively) are presented as assets of the Company in the accompanying consolidated balance sheets.

The Company provides certain health care and other benefits for retired employees who have fulfilled eligibility requirements at age 55 with 15 years of continuous service. Retirees are required to pay a monthly premium for medical coverage based on years of service at retirement and then current age. The Company's postretirement health care plan currently is not funded. The status of the plan is as follows:

(dollars in thousands)	August 31, 2002	August 25, 2001
Change in benefit obligation		
Accumulated benefit obligation, beginning of year	\$ 41,179	\$ 36,925
Actuarial loss	6,675	1,225
Interest cost	2,836	2,750
Service cost	2,079	1,955
Net benefits paid	(571)	(587)
Plan amendment	(7,230)	(1,089)
Benefit obligation, end of year	\$ 44,968	\$ 41,179
Funded status		
Accumulated benefit obligation in excess of plan assets	\$ 44,968	\$ 41,179
Unrecognized cost		
Net actuarial loss	(9,463)	(2,777)
Prior service cost	8,445	1,402
Accrued benefit cost	\$ 43,950	\$ 39,804

The discount rate used in determining the accumulated postretirement benefit obligation was 6.75 percent at August 31, 2002 and 7.0 percent at August 25, 2001. The average assumed health care cost trend rate used in measuring the accumulated postretirement benefit obligations as of August 31, 2002 was 9.4 percent, decreasing each successive year until it reaches 5.0 percent in 2023 after which it remains constant.



Net postretirement benefit expense for the fiscal years ended August 31, 2002, August 25, 2001 and August 26, 2000 consisted of the following components:

(dollars in thousands)	Aug. 31, 2002	Aug. 25, 2001	Aug. 26, 2000
Components of net periodic benefit cost			
Interest cost	\$ 2,836	\$ 2,750	\$ 1,953
Service cost	2,079	1,955	1,714
Net amortization and deferral	(193)	(65)	(129)
Net periodic benefit cost	\$ 4,722	\$ 4,640	\$ 3,538

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one percentage point change in assumed health care cost trend rates would have the following effects:

(dollars in thousands)	One Percentage Point Increase	One Percentage Point Decrease
Effect on total of service and interest cost components	\$ 1,401	\$ (1,034)
Effect on postretirement benefit obligation	\$ 11,369	\$ (8,535)

Summary of postretirement health care and deferred compensation benefits at fiscal year end are as follows:

(dollars in thousands)	August 31, 2002	August 25, 2001
Accrued benefit cost	\$ 43,950	\$ 39,804
Deferred compensation liability	24,711	24,646
Total postretirement health care and deferred compensation benefits	\$ 68,661	\$ 64,450

Note 6: Contingent Liabilities and Commitments

It is customary practice for companies in the recreation vehicle industry to enter into repurchase agreements with lending institutions which have provided wholesale floor plan financing to dealers. Most dealers are financed on a "floor plan" basis under which a bank or finance company lends the dealer all, or substantially all, of the purchase price, collateralized by a lien upon, or title to, the merchandise purchased. Upon request of a lending institution financing a dealer's purchases of the Company's products, and after completion of a credit investigation of the dealer involved, the Company will execute a repurchase agreement. These agreements provide that, in the event of default by the dealer on the agreement to pay the lending institution, the Company will repurchase the financed merchandise. The agreements provide that the Company's liability will not exceed 100 percent of the dealer invoice and provide for periodic liability reductions based on the time since the date of the original invoice. The Company's contingent obligations under these repurchase agreements are reduced by the proceeds received upon the sale of any repurchased unit. The Company's contingent liability on all repurchase agreements was approximately \$245,828,000 and \$216,784,000 at August 31, 2002 and August 25, 2001, respectively. The Company's losses under repurchase agreements were approximately \$81,000, \$197,000, and \$282,000 during fiscal 2002, 2001 and 2000, respectively.

Included in these contingent liabilities are certain dealer receivables subject to full recourse to the Company with Bank of America Specialty Group and Conseco Financing Servicing Group. Contingent liabilities under these recourse agreements were \$1,049,000 and \$3,276,000 at August 31, 2002 and August 25, 2001, respectively. The Company did not incur any actual losses under these recourse agreements during fiscal 2002, 2001 and 2000.

The Company self-insures for a portion of product liability claims. Self-insurance retention liability varies annually based on market conditions and for the past five fiscal years was at \$2,500,000 per occurrence and \$6,000,000 in aggregate per policy year. Liabilities in excess of these amounts are the responsibility of the insurer.

The Company and the Winnebago Industries, Inc. Deferred Compensation Plan, Winnebago Industries, Inc. Deferred



Incentive Formula Bonus Plan and Winnebago Industries, Inc. Deferred Compensation Plan and Deferred Bonus Plan Trust are Defendants in a purported class action title Sanft, et al vs. Winnebago Industries, Inc., et al which was filed in the United States District Court, Northern District of Iowa, Central Division, on August 30, 2001 and is currently pending. The Complaint alleges a class consisting of participants in the Winnebago Industries, Inc. Deferred Compensation Plan and the Winnebago Industries, Inc. Deferred Incentive Formula Bonus Plan (the "Plans") and alleges 23 separate causes of action including declaratory and injunctive relief, Federal common law unjust enrichment, breach of fiduciary duty and violation of ERISA vesting provisions and ERISA funding requirements. The suit seeks to negate certain amendments made to the Plans in 1994 which reduced the benefits which some participants would receive under the Plans. This action has not been certified as a class action. The Company believes that the Defendants have meritorious defenses to class certification and as to the Plaintiff's substantive claims. The Company is

vigorously defending the lawsuit and will oppose any attempt by the Plaintiffs to have the case certified as a class action. The case is currently set for trial in June 2004. As of August 31, 2002 the Company has accrued estimated legal fees for the defense of the case. However, no other amounts have been accrued for the case because it is not possible at this time to properly assess the risk of an adverse verdict or the magnitude of possible exposure.

The Company is also involved in other various legal proceedings which are ordinary routine litigation incident to its business, many of which are covered in whole or in part by insurance. While it is impossible to estimate with certainty the ultimate legal and financial liability with respect to this litigation, management is of the opinion that while the final resolution of any such litigation may have an impact on the Company's consolidated results for a particular reporting period, the ultimate disposition of such litigation will not have any material adverse effect on the Company's financial position, results of operations or liquidity

Note 7: Income Taxes

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

(dollars in thousands)	Year Ended		
	Aug. 31, 2002	Aug. 25, 2001	Aug. 26, 2000
Current			
Federal	\$ 29,666	\$ 16,448	\$ 27,162
State	846	524	1,105
	30,512	16,972	28,267
Deferred - (principally federal)	(1,127)	(1,498)	(2,674)
Total provision	\$ 29,385	\$ 15,474	\$ 25,593

The following is a reconciliation of the U.S. statutory tax rate to the effective income tax rates (benefit) provided:

	Year Ended		
	August 31, 2002	August 25, 2001	August 26, 2000
U.S. federal statutory rate	35.0%	35.0%	35.0%
State taxes, net of federal benefit	1.1	0.6	0.8
Life insurance premiums	0.1	0.1	0.1
Previously unrecorded tax benefits	- - -	(7.7)	- - -
Tax credits	(0.1)	(0.5)	(0.3)
Foreign sales corporation commissions	(0.1)	(0.2)	(0.2)
Cash surrender value	(0.5)	(0.7)	(0.6)
Other	(0.5)	(0.5)	(0.2)
Total	35.0%	26.1%	34.6%



The tax effect of significant items comprising the Company's net deferred tax assets are as follows:

(dollars in thousands)	August 31, 2002			August 25, 2001
	Assets	Liabilities	Total	Total
Current				
Warranty reserves	\$ 2,847	\$ - - -	\$ 2,847	\$ 2,825
Self-insurance reserve	1,544	- - -	1,544	1,598
Accrued vacation	1,538	- - -	1,538	1,404
Miscellaneous reserves	1,594	(616)	978	896
Subtotal	7,523	(616)	6,907	6,723
Noncurrent				
Postretirement health care benefits	15,382	- - -	15,382	13,931
Deferred compensation	10,967	- - -	10,967	10,788
Property and equipment	- - -	(3,911)	(3,911)	(3,224)
Subtotal	26,349	(3,911)	22,438	21,495
Total	\$ 33,872	\$ (4,527)	\$ 29,345	\$ 28,218

Note 8: Financial Income and Expense

The following is a reconciliation of financial income (expense):

(dollars in thousands)	Year Ended		
	August 31, 2002	August 25, 2001	August 26, 2000
Dividend income	\$ 2,726	\$ 2,488	\$ 2,076
Interest income from investments and receivables	369	1,332	1,478
Gains on foreign currency transactions	62	23	58
Interest expense	(298)	(89)	(274)
	\$ 2,859	\$ 3,754	\$ 3,338

Note 9: Repurchase of Related Party Stock

In April 2002, pursuant to an authorization of the Board of Directors, the Company repurchased 2,100,000 shares of common stock from Hanson Capital Partners, LLC ("HCP"). HCP is a Delaware limited liability company whose members are the Luise V. Hanson Qualified Terminable Interest Property Marital Deduction Trust (the "QTIP Trust"), which has a 34.9 percent membership interest in HCP, and the Luise V. Hanson Revocable Trust, dated September 22, 1984 (the "Revocable Trust"), which has a 65.1 percent membership interest in HCP. John V. Hanson, a director of the Company, Mary Jo Boman, the wife of Gerald E. Boman, a director of the Company, Paul D. Hanson and Bessemer Trust Company, N.A. act as co-

trustees under the QTIP trust. Mrs. Luise V. Hanson is trustee of the Revocable Trust. Mrs. Hanson is also a controlling person in the Company. Mrs. Hanson is the mother of John V. Hanson, Mary Jo Boman and Paul D. Hanson and the mother-in-law of Gerald E. Boman. The shares were repurchased for an aggregate purchase price of \$77,700,000 (\$37 per share), plus interest in the amount of \$245,765. On the date of the share repurchase, the high and low prices of the Company's common stock on the New York Stock Exchange were \$43.70 and \$42.35, respectively. The Company utilized its cash on hand and cash becoming available from maturing fixed income securities to pay the purchase price of the stock in three installments with interest at the rate of four percent per annum on the outstanding balance.



Note 10: Stock Option Plans

The Company's 1987 stock option plan allowed the granting of nonqualified and incentive stock options to key employees at prices not less than 100 percent of fair market value, determined by the mean of the high and low prices, on the date of grant. The plan expired in fiscal 1997; however, exercisable options representing 35,000 shares remain outstanding at August 31, 2002.

The Company's stock option plan for outside directors provided that each director who was not a current or former full-time employee of the Company received an option to purchase 10,000 shares of the Company's common stock at prices equal to 100 percent of the fair market value, determined by the mean of the high and low prices on the date of grant. The Board of Directors has terminated this plan as to future grants. Future grants of options to outside directors are made under the Company's 1997 stock option plan described as follows.

The Company's 1997 stock option plan provides additional incentives to those officers, employees, directors, advisors and consultants of the Company whose substantial contribu-

tions are essential to the continued growth and success of the Company's business. A total of 2,000,000 shares of the Company's common stock may be issued or transferred or used as the basis of stock appreciation rights under the 1997 stock option plan. The plan allows the granting of nonqualified and incentive stock options as well as stock appreciation rights. The plan is administered by a committee appointed by the Company's Board of Directors. The option prices for these shares shall not be less than 85 percent of the fair market value of a share at the time of option granting for nonqualified stock options or less than 100 percent for incentive stock options. The term of each option expires and all rights to purchase shares thereunder cease ten years after the date such option is granted or on such date prior thereto as may be fixed by the committee. Options granted under this plan become exercisable six months after the date the option is granted unless otherwise set forth in the agreement. Outstanding options granted to employees generally vest in three equal annual installments provided that all options granted under the 1997 stock option plan shall become vested in full and immediately upon the occurrence of a change in control of the Company.

A summary of stock option activity for fiscal 2002, 2001 and 2000 is as follows:

	2002			2001			2000		
	Shares	Price per Share	Wtd. Avg. Exercise Price/Sh	Shares	Price per Share	Wtd. Avg. Exercise Price/Sh	Shares	Price per Share	Wtd. Avg. Exercise Price/Sh
Outstanding at beginning of year	788,168	\$ 7 - \$20	\$ 12.51	795,514	\$ 4 - \$20	\$ 10.88	680,176	\$ 4 - \$15	\$ 8.56
Options granted	165,950	22 - 39	23.13	312,000	12 - 18	12.83	180,800	19 - 20	18.59
Options exercised	(279,614)	8 - 19	11.44	(312,944)	4 - 19	8.64	(65,462)	6 - 10	8.15
Options canceled	---	---	---	(6,402)	9 - 19	13.84	---	---	---
Outstanding at end of year	674,504	\$7 - \$39	\$15.57	788,168	\$7 - \$20	\$12.51	795,514	\$4 - \$20	\$10.88
Exercisable at end of year	302,271	\$7 - \$39	\$13.89	352,018	\$7 - \$20	\$11.33	469,214	\$4 - \$20	\$8.40



The following table summarizes information about stock options outstanding at August 31, 2002:

Range of Exercise Prices	Number Outstanding at August 31, 2002	Weighted Remaining Years of Contractual Life	Weighted Average Exercise Price	Number Exercisable at August 31, 2002	Weighted Average Exercise Price
\$ 7.19 - \$ 8.88	64,000	4	\$ 8.16	64,000	\$ 8.16
10.19 - 15.38	318,359	7	11.94	145,026	11.35
18.00 - 19.72	126,195	7	18.55	76,995	18.58
21.62 - 39.48	165,950	9	23.13	16,250	37.00
	674,504	8	\$ 15.57	302,271	\$ 13.89

In 1997, the Company adopted SFAS No. 123, Accounting for Stock-Based Compensation. The Company has elected to continue following the accounting guidance of Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees for measurement and recognition of stock-based transactions with employees. No compensation cost has been recognized for options issued under the stock option plans because the exercise price of all options granted was not less than 100 percent of fair market value of the common stock on the date of grant. Had compensation cost for the stock options issued been determined based on the fair value at the grant date, consistent with provisions of SFAS No. 123, the Company's 2002, 2001 and 2000 income and income per share would have been changed to the pro forma amounts indicated as follows:

(dollars in thousands, except per share data)	2002	2001	2000
Net income			
As reported	\$ 54,671	\$ 42,704	\$ 48,399
Pro forma	52,881	41,006	47,143
Income per share (basic)			
As reported	\$ 2.74	\$ 2.06	\$ 2.23
Pro forma	2.65	1.98	2.17
Income per share (diluted)			
As reported	\$ 2.68	\$ 2.03	\$ 2.20
Pro forma	2.59	1.95	2.14

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	2002	2001	2000
Dividend yield	.87%	1.13%	1.21%
Risk-free interest rate	3.22%	4.55%	6.92%
Expected life	5 years	5 years	5 years
Expected volatility	55.82%	49.92%	49.64%
Estimated fair value of options granted per share	\$10.08	\$5.29	\$8.30



Note 11: Supplemental Cash Flow Disclosure

Cash paid during the year for:

(dollars in thousands)	August 31, 2002	Year Ended August 25, 2001	August 26, 2000
Income taxes	\$ 29,306	\$ 18,205	\$ 28,305
Interest	246	3	249

Note 12: Business Segment Information

The Company defines its operations into two business segments: Recreation Vehicles and Other Manufactured Products and Dealer Financing. Recreation Vehicles and Other Manufactured Products includes all data relative to the manufacturing and selling of the Company's Class A, B and C motor home products as well as sales of component products for other manufacturers and recreation vehicle related parts and service revenue. Dealer Financing includes floorplan financing for a limited number of the Company's dealers. Management focuses on operating income as a segment's measure of profit or loss when evaluating a segment's financial performance. Operating income is before interest expense, interest income, and income taxes. A variety of balance sheet ratios are used by management to measure the business. Maximizing the return from each segment's assets excluding cash and cash equivalents is the primary focus. The accounting policies of the segments are the same as those described in the Summary of Significant Accounting Policies (Note 1). Identifiable assets are those assets used in the operations of each industry segment. General Corporate assets consist of cash and cash equivalents, deferred income taxes and other corporate assets not related to the two business segments. General Corporate income and expenses include administrative costs. Intersegment sales and expenses are not significant.

For the years ended August 31, 2002, August 25, 2001 and August 26, 2000, the Company's segment information is as follows:

(dollars in thousands)	Recreation Vehicles & Other Manufactured Products	Dealer Financing	General Corporate	Total
2002 (53 weeks)				
Net revenues	\$ 825,269	\$ 3,134	\$ - - -	\$ 828,403
Operating income	79,299	1,224	674	81,197
Identifiable assets	223,792	38,138	75,147	337,077
Depreciation and amortization	7,664	3	212	7,879
Capital expenditures	10,889	20	88	10,997
2001				
Net revenues	\$ 671,686	\$ 4,241	\$ - - -	\$ 675,927
Operating income	52,120	1,275	2,079	55,474
Identifiable assets	176,731	40,856	134,335	351,922
Depreciation and amortization	7,158	5	217	7,380
Capital expenditures	8,974	19	96	9,089
2000				
Net revenues	\$ 743,729	\$ 3,908	\$ - - -	\$ 747,637
Operating income	67,252	1,152	2,250	70,654
Identifiable assets	191,501	33,508	83,677	308,686
Depreciation and amortization	6,375	4	243	6,622
Capital expenditures	14,412	- - -	136	14,548



Net Revenues By Major Product Class

(dollars in thousands)	Fiscal Year Ended (1) (2)				
	August 31, 2002	August 25, 2001	August 26, 2000	August 28, 1999	August 29, 1998
Motor homes (Class A & C)	\$773,125 93.3%	\$624,110 92.4%	\$690,022 92.3%	\$613,813 91.4%	\$470,932 89.0%
Other recreation vehicle revenues (3)	20,486 2.5%	17,808 2.6%	18,813 2.5%	16,620 2.5%	19,222 3.6%
Other manufactured products revenues (4)	31,658 3.8%	29,768 4.4%	34,894 4.7%	38,225 5.7%	37,133 7.0%
Total manufactured products revenues	825,269 99.6%	671,686 99.4%	743,729 99.5%	668,658 99.6%	527,287 99.6%
Finance revenues (5)	3,134 .4%	4,241 .6%	3,908 .5%	2,995 .4%	2,076 .4%
Total net revenues	\$828,403 100.0%	\$675,927 100.0%	\$747,637 100.0%	\$671,653 100.0%	\$529,363 100.0%

(1) Certain prior periods' information has been reclassified to conform to the current year-end presentation. These reclassification's have no impact on net income as previously reported.

(2) The fiscal year ended August 31, 2002 contained 53 weeks; all other fiscal years contained 52 weeks.

(3) Primarily recreation vehicle related parts, EuroVan Campers (Class B motor homes), and recreation vehicle service revenue.

(4) Primarily sales of extruded aluminum, commercial vehicles, and component products for other manufacturers.

(5) WAC revenues from dealer financing.

Note 13: Income Per Share

The following table reflects the calculation of basic and diluted income per share for the past three fiscal years:

(in thousands, except per share data)	August 31, 2002 (1)	August 25, 2001	August 26, 2000
<u>Income per share - basic</u>			
Net income	\$ 54,671	\$ 42,704	\$ 48,399
Weighted average shares outstanding	19,949	20,735	21,680
Net income per share - basic	\$ 2.74	\$ 2.06	\$ 2.23
<u>Income per share - assuming dilution</u>			
Net income	\$ 54,671	\$ 42,704	\$ 48,399
Weighted average shares outstanding	19,949	20,735	21,680
Dilutive impact of options outstanding	435	305	331
Weighted average shares and potential dilutive shares outstanding	20,384	21,040	22,011
Net income per share - assuming dilution	\$ 2.68	\$ 2.03	\$ 2.20

(1) Fiscal year ended August 31, 2002 contained 53 weeks; all other fiscal years contained 52 weeks.



Note 14: Preferred Stock and Shareholders Rights Plan

The Board of Directors may authorize the issuance from time to time of preferred stock in one or more series with such designations, preferences, qualifications, limitations, restrictions, and optional or other special rights as the Board may fix by resolution. In connection with the Rights Plan discussed below, the Board of Directors has reserved, but not issued, 300,000 shares of preferred stock.

In May 2000, the Company adopted a shareholder rights plan providing for a dividend distribution of one preferred share purchase right for each share of common stock outstanding on and after May 26, 2000. The rights can be exercised only if an individual or group acquires or announces a tender offer for 15 percent or more of the Company's common stock. Certain members of the Hanson family (including trusts and estates established by such Hanson family members and the John K. and Luise V. Hanson Foundation) are exempt from the applicability of the Rights Plan as it relates to the acquisition of 15 percent or more of the Company's outstanding common stock. If the rights first become exercisable as a result of an announced tender offer, each right would entitle the holder (other than the individual or group acquiring or announcing a tender offer for 15 percent or more of the Company's common stock) to buy

1/100 of a share of a new series of preferred stock at an exercise price of \$67.25. The preferred shares will be entitled to 100 times the per share dividend payable on the Company's common stock and to 100 votes on all matters submitted to a vote of the shareowners. Once an individual or group acquires 15 percent or more of the Company's common stock, each right held by such individual or group becomes void and the remaining rights will then entitle the holder to purchase the number of common shares having a market value of twice the exercise price of the right. In the event the Company is acquired in a merger or 50 percent or more of its consolidated assets or earnings power are sold, each right will then entitle the holder to purchase a number of the acquiring company's common shares having a market value of twice the exercise price of the right. After an individual or group acquires 15 percent of the Company's common stock and before they acquire 50 percent, the Company's Board of Directors may exchange the rights in whole or in part, at an exchange ratio of one share of common stock per right. Before an individual or group acquires 15 percent of the Company's common stock, the rights are redeemable for \$.01 per right at the option of the Company's Board of Directors. The Company's Board of Directors is authorized to reduce the 15 percent threshold to no less than 10 percent. Each right will expire on May 3, 2010, unless earlier redeemed by the Company.

Common Stock Data

The Company's common stock is listed on the New York, Chicago and Pacific Stock Exchanges.

Ticker symbol: WGO

Shareholders of record as of November 12, 2002: 4,922.

Below are the New York Stock Exchange high, low and closing prices of Winnebago Industries, Inc. stock for each quarter of fiscal 2002 and fiscal 2001.

Fiscal 2002	High	Low	Close	Fiscal 2001	High	Low	Close
First Quarter	\$33.70	\$17.30	\$33.70	First Quarter	\$13.63	\$10.75	\$11.50
Second Quarter	48.85	32.39	47.45	Second Quarter	19.00	11.56	17.10
Third Quarter	51.43	39.35	44.40	Third Quarter	19.60	15.60	18.77
Fourth Quarter	48.60	31.85	38.19	Fourth Quarter	30.75	18.44	28.02

Cash Dividends Per Share

Fiscal 2002		Fiscal 2001	
<u>Amount</u>	<u>Date Paid</u>	<u>Amount</u>	<u>Date Paid</u>
\$.10	January 7, 2002	\$.10	January 8, 2001
.10	July 8, 2002	.10	July 9, 2001

Interim Financial Information (Unaudited)

(dollars in thousands, except per share data)		Quarter Ended			
	December 1,	March 2,	June 1,	August 31,	
Fiscal 2002	2001	2002	2002	2002	
Net revenues	\$177,802	\$183,055	\$246,636	\$220,910	
Gross profit	24,232	22,938	37,255	35,113	
Operating income	15,311	13,414	27,289	25,183	
Net income	10,710	9,448	18,094	16,419	
Net income per share (basic)	.52	.46	.93	.88	
Net income per share (diluted)	.51	.45	.90	.86	

Quarter ended December 1, 2001 contained 14 weeks.

		Quarter Ended			
	November 25,	February 24,	May 26,	August 25,	
Fiscal 2001	2000	2001	2001	2001	
Net revenues	\$162,702	\$141,308	\$195,605	\$176,312	
Gross profit	20,782	15,779	26,182	24,623	
Operating income	13,380	8,550	18,098	15,446	
Net income	8,546	6,184	12,444	15,530	
Net income per share (basic)	.40	.30	.61	.75	
Net income per share (diluted)	.40	.30	.60	.74	

Quarter ended November 25, 2000 contains an adjustment of \$1,050,000 for the cumulative effect of a change in accounting principle, net of taxes.

During the quarter ended August 25, 2001, the Company recorded a \$4.5 million tax benefit in connection with the expiration of certain tax statutes.

Certain prior periods' information has been reclassified to conform to the current year end presentation. This reclassification has no impact on net income as previously reported.

Shareholder Information

Publications

A notice of Annual Meeting of Shareholders and Proxy Statement is furnished to shareholders in advance of the annual meeting.

Copies of the Company's quarterly financial news releases and the annual report on Form 10-K (without exhibits), required to be filed by the Company with the Securities and Exchange Commission, may be obtained without charge from the corporate offices as follows:

Sheila Davis, PR/IR Manager
Winnebago Industries, Inc.
605 W. Crystal Lake Road
P.O. Box 152
Forest City, Iowa 50436-0152
Telephone: (641) 585-3535
Fax: (641) 585-6966
E-Mail: ir@winnebagoind.com

This annual report as well as corporate news releases may also be viewed online in the Investor Relations section of Winnebago Industries website:
<http://www.winnebagoind.com>

Shareholder Account Assistance

Transfer Agent to contact for address changes, account certificates and stock holdings:

Wells Fargo Bank Minnesota, N.A.
P.O. Box 64854
St. Paul, Minnesota 55164-0854
or
161 North Concord Exchange
South St. Paul, Minnesota 55075-1139
Telephone: (800) 468-9716 or
(651) 450-4064
Inquirees:
www.wellsfargo.com/com/shareowner_services

Annual Meeting

The Annual Meeting of Shareholders is scheduled to be held on Tuesday, January 14, 2003, at 7:30 p.m. (CST) in Friendship Hall, Highway 69 South, Forest City, Iowa.

Auditor

Deloitte & Touche LLP
400 One Financial Plaza
120 South Sixth Street
Minneapolis, Minnesota 55402-1844

Purchase of Common Stock

Winnebago Industries stock may be purchased from Netstock through the Company's website at http://www.winnebagoind.com/investor_relations.htm. Winnebago Industries is not affiliated with Netstock and has no involvement in the relationship between Netstock and any of its customers.

Directors and Officers

Directors

Bruce D. Hertzke (51)
Chairman of the Board,
Chief Executive Officer
and President
Winnebago Industries, Inc.

Gerald E. Boman (67)
Former Senior Vice President
Winnebago Industries, Inc.

Jerry N. Currie (57)
President and Chief Executive Officer
CURRIES Company and GRAHAM
Manufacturing

Joseph W. England (62)
Former Senior Vice President
Deere and Company

John V. Hanson (60)
Former Deputy Chairman of the
Board
Winnebago Industries, Inc.

Gerald C. Kitch (64)
Former Executive Vice President
Pentair, Inc.

Richard C. Scott (68)
Vice President, University
Development
Baylor University

Frederick M. Zimmerman (66)
Professor of Manufacturing Systems
Engineering
The University of St. Thomas

Luise V. Hanson (89)
Director Emeritus

Officers

