Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)
x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 for the fiscal year ended August 29, 2009; or
o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 for the transition period from _____ to _____
Commission File Number 001-06403

WINNEBAGO INDUSTRIES, INC.
(Exact name of registrant as specified in its charter)

Iowa	42-0802678
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
P.O. Box 152, Forest City, Iowa	50436
(Address of Principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (641) 585-3535
Securities registered pursuant to Section 12(b) of the Act:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common Stock ($.50 par value) and Preferred Share Purchase Rights	The New York Stock Exchange, Inc. Chicago Stock Exchange, Inc.

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

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes o No x

Indicate by check mark whether the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web Site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes o No o

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "accelerated filer," "large accelerated filer," "non-accelerated filer" or "smaller reporting company" in Rule 12b-2 of the Exchange Act.
Large Accelerated Filer o Accelerated Filer x Non-Accelerated Filer o Smaller Reporting Company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes o No x

Aggregate market value of the common stock held by nonaffiliates of the registrant: $114,636,623 (28,305,339 shares at the closing price on the New York Stock Exchange of $4.05 on February 27, 2009).

Common stock outstanding on October 6, 2009: 29,088,144 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement relating to the registrant's December 2009 Annual Meeting of Shareholders, scheduled to be held December 15, 2009, are incorporated by reference into Part II and Part III of this Annual Report on Form 10-K where indicated.

Winnebago Industries, Inc.
2009 Form 10-K Annual Report
Table of Contents

WINNEBAGO INDUSTRIES, INC.

FORM 10-K

Report for the Fiscal Year Ended August 29, 2009

Forward-Looking Information

Certain of the matters discussed in this Annual Report on Form 10-K are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which involve risks and uncertainties. A number of factors could cause actual results to differ materially from these statements, including, but not limited to, interest rates and availability of credit, low consumer confidence, significant increase in repurchase obligations, inadequate liquidity or capital resources, availability and price of fuel, a further or continued slowdown in the economy, availability of chassis and other key component parts, sales order cancellations, slower than anticipated sales of new or existing products, new product introductions by competitors, the effect of global tensions and other factors which may be disclosed throughout this Annual Report on Form 10-K. Although we believe that the expectations reflected in the "forward-looking statements" are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Undue reliance should not be placed on these "forward-looking statements," which speak only as of the date of this report. We undertake 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.

PART I

ITEM 1. Business

General

The "Company," "we," "our" and "us" are used interchangeably to refer to Winnebago Industries, Inc. as appropriate in the context. At August 29, 2009, we had no subsidiaries.

Winnebago Industries, Inc., headquartered in Forest City, Iowa, is the leading United States manufacturer of motor homes which are self-contained recreation vehicles (RV) used primarily in leisure travel and outdoor recreation activities. We sell motor homes through independent dealers under the Winnebago, Itasca and ERA brand names. Other products manufactured by us consist primarily of original equipment manufacturing (OEM) parts, including extruded aluminum and other component products for other manufacturers and commercial vehicles.

We were incorporated under the laws of the state of Iowa on February 12, 1958, and adopted our present name on February 28, 1961. Our executive offices are located at 605 West Crystal Lake Road in Forest City, Iowa. Our telephone number is (641) 585-3535.

Available Information

Our Web Site, located at www.winnebagoind.com, provides additional information about us. On our Web Site, you can obtain, free of charge, this and prior year Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all of our other filings with the Securities and Exchange Commission. Our recent press releases are also available on our Web Site. Our Web Site also contains important information regarding our corporate governance practices. Information contained on our Web Site is not incorporated into this Annual Report on Form 10-K.

Principal Products

Net revenues by major product classes:

(In thousands)	Year Ended [1] Aug. 29, 2009	%	Aug. 30, 2008	%	Aug. 25, 2007	%	Aug. 26, 2006	%	Aug. 27, 2005	%
Motor homes	$ 178,619	84.5	$ 555,671	91.9	$ 815,895	93.8	$ 808,715	93.6	$ 946,350	95.4
Motor home parts and services	12,559	5.9	16,923	2.8	16,413	1.9	15,901	1.8	16,401	1.7
Other manufactured products	20,341	9.6	31,758	5.3	37,844	4.3	39,787	4.6	29,224	2.9
Total net revenues	$ 211,519	100.0	$ 604,352	100.0	$ 870,152	100.0	$ 864,403	100.0	$ 991,975	100.0

[1] The fiscal year ended August 30, 2008 contained 53 weeks; all other fiscal years contained 52 weeks.

Motor Homes

A motor home is a self-propelled mobile dwelling used primarily as temporary living quarters during vacation and camping trips, or to support some other active lifestyle. The Recreation Vehicle Industry Association (RVIA) classifies motor homes into three types which are defined as follows:

Class A models are conventional motor homes constructed directly on medium- and heavy-duty truck chassis, which include the engine and drivetrain components. The living area and driver's compartment are designed and produced by the motor home manufacturer. We manufacture Class A motor homes with gas and diesel engines.

Class B models are panel-type trucks to which sleeping, kitchen, and/or toilet facilities are added. These models may also have a top extension to provide more headroom. We manufacture Class B motor homes with diesel engines.

Class C models are mini motor homes built on van-type chassis onto which the motor home manufacturer constructs a living area with access to the driver's compartment. We manufacture Class C motor homes with gas and diesel engines.

We manufacture and sell Class A and C motor homes under the Winnebago and Itasca brand names and Class B motor homes under the ERA brand name. Our product offerings for the 2010 model year are as follows:

Type	Winnebago	Itasca	ERA
Class A (gas)	Vista, Sightseer, Adventurer	Sunstar, Sunova, Suncruiser	
Class A (diesel)	Via, Journey, Journey Express, Tour	Reyo, Meridian, Meridian V Class, Ellipse	
Class B (diesel)			ERA
Class C	Access, Outlook, Aspect, View, View Profile	Impulse, Cambria, Navion, Navion iQ	

Models in our 2009 model year lineup that have been discontinued in the 2010 lineup are as follows: Destination, Latitude, Spirit, Vectra and Horizon.

These motor homes generally provide living accommodations for up to seven people and include kitchen, dining, sleeping and bath areas, and in some models, a lounge. Optional equipment accessories include, among other items, generators, home theater systems, king-size beds, and UltraLeather upholstery and a wide selection of interior equipment. With the purchase of any new Class A, B or C motor home, we offer a comprehensive 12-month/15,000-mile warranty on the coach and a 3-year/36,000-mile structural warranty on sidewalls and floors of the Class A and C motor homes.

Our Class A, B and C motor homes are sold by dealers in the retail market with manufacturer's suggested retail prices ranging from approximately $65,000 to $317,000, depending on size and model, plus optional equipment and delivery charges. Our motor homes range in length from 22 to 42 feet.

Unit sales of our recreation vehicles for the last five fiscal years were as follows:

	Year Ended [1]									
Unit Sales	Aug. 29, 2009	%	Aug. 30, 2008	%	Aug. 25, 2007	%	Aug. 26, 2006	%	Aug. 27, 2005	%
Class A	822	37.4	3,029	47.3	5,031	53.1	4,455	45.3	6,674	62.7
Class B	149	6.8	140	2.2	- - -	- - -	- - -	- - -	- - -	- - -
Class C	1,225	55.8	3,238	50.5	4,438	46.9	5,388	54.7	3,963	37.3
Total motor homes	2,196	100.0	6,407	100.0	9,469	100.0	9,843	100.0	10,637	100.0

[1] The fiscal year ended August 30, 2008 contained 53 weeks; all other fiscal years contained 52 weeks.

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

Motor Home Parts and Services

Motor home parts and service activities represent revenues generated by service work we perform for retail customers at our Forest City, Iowa facility and parts we sell to our dealers. As of August 29, 2009, our parts inventory was approximately $2.5 million and is located in a 450,000-square foot warehouse with what we believe to be the most sophisticated distribution and tracking system in the industry. Our competitive strategy is to provide proprietary manufactured parts through our dealer network, which we believe increases customer satisfaction and the value of our motor homes.

Other Manufactured Products

We manufacture aluminum extrusions which are sold to approximately 70 customers. To a limited extent, we manufacture other component parts sold to outside manufacturers. We also manufacture commercial vehicles which are motor home shells, primarily custom designed for the buyer’s special needs and requirements, such as law enforcement command centers and mobile medical and dental clinics. These commercial vehicles are sold through our dealer network.

Production

We generally produce motor homes to order from dealers. We have the ability to increase our capacity by scheduling overtime and/or hiring additional production employees or to decrease our capacity through the use of shortened workweeks and/or reducing head count.

Our Forest City facilities have been designed to provide vertically integrated production line manufacturing. As of August 29, 2009, we also operated a fiberglass manufacturing facility in Hampton, Iowa, and a Class B motor home assembly plant and a cabinet products manufacturing facility in Charles City, Iowa. On June 11, 2009, we announced the decision to close the Hampton facility and to relocate a portion of the production capabilities for fiberglass components to our Forest City facilities with the balance to be outsourced. This transition is expected to be completed during the first quarter of Fiscal 2010. Our motor home bodies are made from various materials and structural components which are typically laminated into rigid, lightweight panels. Body designs are developed with computer design and analysis and subjected to a variety of tests and evaluations to meet our standards and requirements. We manufacture a number of components utilized in our motor homes, with the principal exceptions being chassis, engines, generators and appliances.

Most of our raw materials such as steel, aluminum, fiberglass and wood products are obtainable from numerous sources. Certain parts, especially motor home chassis, are available from a small group of suppliers. We are currently purchasing Class A and C chassis from Ford Motor Company, Class A chassis from Freightliner Custom Chassis Corporation (a Daimler company) and Workhorse Custom Chassis, LLC (a Navistar Company) and Class A, B and C chassis from Chrysler Motors LLC. In Fiscal 2009, only one vendor, Chrysler Motors LLC, individually, accounted for more than 10 percent (11.6 percent) of our raw material purchases.

Backlog

As of August 29, 2009, we had a backlog for our motor homes of 940 units with an approximate revenue value of $86.6 million. In comparison as of August 30, 2008, our backlog was 596 units with an approximate revenue value of $50.6 million.

Distribution and Financing

We market our recreation vehicles on a wholesale basis to a diversified independent dealer organization located throughout the United States and, to a limited extent, in Canada. Foreign sales, including Canada, were less than 8 percent of net revenues during each of the past three fiscal years. As of August 29, 2009 and August 30, 2008, our motor home dealer organization in the United States and Canada included approximately 245 and 280 dealer locations, respectively. The contraction in our dealer locations during Fiscal 2009 was a direct result of the challenging market conditions. We have a number of dealers that carry our Winnebago, Itasca and ERA brands; we count each dealer location only once no matter how many of our brands are offered at each such dealer location. During Fiscal 2009, four dealer organizations accounted for approximately 25 percent of our net revenues. One of our dealer organizations, FreedomRoads, LLC, accounted for 13 percent of our net revenue, as they sold our products in 27 of their dealership locations across 18 U.S. states.

We have sales and service agreements with dealers which generally have a term of ten years but are subject to annual review. Many of the dealers are also engaged in other areas of business, including the sale of automobiles, and many dealers carry one or more competitive lines of motor homes. We continue to place high emphasis on the capability of our dealers to provide complete service for our recreation vehicles. Dealers are obligated to provide full service for owners of our recreation vehicles or, in lieu thereof, to secure such service at their own expense from other authorized providers.

We advertise and promote our products through national RV magazines, the distribution of product brochures, the Go RVing national advertising campaign sponsored by RVIA, direct-mail advertising campaigns, various national promotional opportunities and on a local basis through trade shows, television, radio and newspapers, primarily in connection with area dealers.

Recreation vehicle sales to dealers are made on cash terms. Most dealers are financed on a “floorplan” basis under which a bank or finance company lends the dealer all, or substantially all, of the purchase price, collateralized by a security interest in the merchandise purchased. As is customary in the recreation vehicle industry, we typically enter into a repurchase agreement with a lending institution financing a dealer’s purchase of our product upon the lending institution’s request and after completion of a credit check of the dealer involved. Our repurchase agreements provide that for up to 18 months after a unit is financed, in the event of default by the dealer on the agreement to pay the lending institution and repossession of the unit(s) by the lending institution, we will repurchase the financed merchandise. Our maximum exposure for repurchases varies significantly from time to time, depending upon general economic conditions, seasonal shipments, competition, dealer organization, gasoline availability and access to and the cost of bank financing. (See Note 10 to the Consolidated Financial Statements.)

Competition

The recreation vehicle market is highly competitive with more than 20 other manufacturers selling products which compete directly with our products. The competition in the motor home industry is based upon design, price, quality and service of the products. We believe our principal competitive advantages are our brand strength, product quality and our service after the sale. We believe that our products command a price premium as a result of these competitive advantages.

There have been significant changes within the motor home industry during the past year, as follows:

- In December 2008, Coachmen Industries, Inc. sold their RV assets to Forest River, Inc., a subsidiary of Berkshire Hathaway, Inc., for approximately $41 million.
- In February 2009, Rexhall Industries, Inc. filed for Chapter 11 bankruptcy protection.
- In March 2009, three additional RV manufacturing companies filed for Chapter 11 bankruptcy protection: Country Coach, LLC, Monaco Coach Corporation (Monaco) and Fleetwood Enterprises, Inc. (Fleetwood).
- In June 2009, certain RV assets of Monaco were purchased by Navistar International Corp. for approximately $47 million and a new company named Monaco RV, LLC was established.
- In July 2009, certain motor home assets of Fleetwood were purchased by American Industrial Partners Capital Fund IV, L.P. for approximately $35 million and a new company named Fleetwood RV, Inc. was established.

Due to the market disruption caused by the actions as described above of some of our larger competitors, we believe that we have unique opportunity in the current market environment to increase our market share, shelf space and points of distribution.

As evidenced by the following table, we are the largest combined Class A and C motor home manufacturer in the U.S. in terms of retail registrations as reported by Statistical Surveys, Inc. (Statistical Surveys) for the eight months ended August 31, 2009.

		8 Months Ended August 31, 2009									
		Class A						Class C		Total Class A and C	
		Gas Units	% of Market	Diesel Units	% of Market	Total Units	% of Market	Units	% of Market	Units	% of Market
1.	Winnebago Industries, Inc.	840	23.2	453	10.8	1,293	16.5	1,313	22.5	2,606	19.1
2.	Thor Industries, Inc.	823	22.7	335	8.0	1,158	14.8	1,222	21.0	2,380	17.4
3.	Fleetwood RV, Inc. (1)	746	20.6	719	17.1	1,465	18.7	675	11.6	2,140	15.7
4.	Forest River, Inc. (2)	438	12.1	224	5.3	662	8.5	1,040	17.8	1,702	12.5
5.	Monaco RV, LLC (3)	285	7.9	994	23.6	1,279	16.3	257	4.4	1,536	11.2
6.	Tiffin Motor Homes, Inc.	189	5.2	704	16.7	893	11.4	1	- - -	894	6.5
7.	Gulfstream Coach	96	2.6	156	3.7	252	3.2	397	6.8	649	4.8
8.	Jayco, Inc.	1	- - -	25	0.6	26	0.3	601	10.3	627	4.6
9.	Newmar Corporation	116	3.2	291	6.9	407	5.2	- - -	- - -	407	3.0
10.	Other	89	2.5	304	7.3	393	5.1	325	5.6	718	5.2
Total		3,623	100.0	4,205	100.0	7,828	100.0	5,831	100.0	13,659	100.0

(1) Includes all Fleetwood retail registrations.
(2) Includes Coachmen retail registrations.
(3) Includes all Monaco retail registrations.

Backlog

Our order backlog for motor homes is included in Item 7, “Management’s Discussion and Analysis of Financial Condition and Company and Business Outlook” below.

Regulations, Trademarks and Patents

We are subject to a variety of federal, state and local laws and regulations, including the National Traffic and Motor Vehicle Safety Act, under which the National Highway Traffic Safety Administration may require manufacturers to recall recreation vehicles that contain safety-related defects, and numerous state consumer protection laws and regulations relating to the operation of motor vehicles, including so-called “Lemon Laws.” We are also subject to regulations established by the Occupational Safety and Health Administration (OSHA). Our facilities are periodically inspected by federal and state agencies, such as OSHA. We believe that our products and facilities comply in all material respects with the applicable vehicle safety, consumer protection, RVIA and OSHA regulations and standards. Amendments to any of these regulations or the implementation of new regulations, however, could significantly increase the cost of manufacturing, purchasing, operating or selling our products and could have a material adverse effect on our results of operations. Our failure to comply with present or future regulations could result in fines being imposed on us, potential civil and criminal liability, suspension of sales or production or cessation of operations. In addition, a major product recall could have a material adverse effect on our results of operations.

Our operations are subject to a variety of federal and state environmental laws and regulations relating to the use, generation, storage, treatment, emission and disposal of hazardous materials and wastes and noise pollution. Although we believe that we currently are in material compliance with applicable environmental regulations, the failure by us to comply with present or future laws and regulations could result in fines being imposed on us, potential civil and criminal liability, suspension of production or operations, alterations to the manufacturing process or costly cleanup or capital expenditures.

We have several registered trademarks which include: Adventurer, Aspect, Cambria, Destination, Ellipse, ERA, Horizon, Impulse, Itasca, Journey, Latitude, Meridian, Navion, Outlook, Sightseer, Spirit, Suncruiser, Sunova, Sunrise, Sunstar, Tour, Vectra, View, Vista, Voyage, and Winnebago. We believe that our trademarks and trade names are significant to our business and we will vigorously protect them against infringement. We are not dependent upon any patents or technology licenses for the conduct of our business.

Research and Development

Research and development expenditures are expensed as incurred. During Fiscal 2009, 2008 and 2007, we spent approximately $3.3 million, $4.1 million and $4.3 million, respectively on research and development activities.

Human Resources

At the end of Fiscal 2009, 2008 and 2007, we employed approximately 1,630, 2,250 and 3,310 persons, respectively. None of our employees are covered under a collective bargaining agreement. We believe our relations with our employees are good.

ITEM 1A. Risk Factors

The following risk factors should be considered carefully in addition to the other information contained in this Annual Report on Form 10-K. The risks and uncertainties described below are not the only ones we face, but represent some of the most significant risk factors that we believe may adversely affect the RV industry and our business, operations or financial position.

Interest Rates and Credit Availability

Our business is affected by the availability and terms of the financing to dealers. Generally, recreation vehicle dealers finance their purchases of inventory with financing provided by lending institutions. The decrease in the availability of this type of wholesale financing has prevented many dealers from carrying adequate levels of inventory, which limits product offerings and leads to reduced demand. Two financial flooring institutions held 53 percent of our total financed dealer inventory dollars that were outstanding at August 29, 2009.

Our business is also affected by the availability and terms of financing to retail purchasers. Customers purchasing a motor home may elect to finance their purchase through the dealership or a financial institution of their choice. Substantial increases in interest rates and decreases in the general availability of credit have also had an adverse impact upon our business and results of operations in the past and may continue to do so in the future. In particular, the current credit availability crisis has had and may continue to have a significant impact on our business.

General Economic Conditions and Certain Other External Factors

Companies within the recreation vehicle industry are subject to volatility in operating results due primarily to general economic conditions. Specific factors affecting the recreation vehicle industry include:

- overall consumer confidence and the level of discretionary consumer spending;
- employment trends;
- the adverse impact of global tensions on consumer spending and travel-related activities; and
- adverse impact on margins of increases in raw material costs which we are unable to pass on to customers without negatively affecting sales.

Maintaining Adequate Liquidity and Capital Resources

Although we have historically generated revenues from our operations to pay operating expenses, make capital expenditures, buy back stock and pay cash dividends, our ability to continue to meet our cash requirements over the long term may be substantially more difficult. As a result of the financial crisis and the global recession, our revenues generated from motor home sales have been significantly reduced and our ability to liquidate our auction rate securities investments has been limited, further constraining our liquidity and capital resources. We have taken a number of steps, as discussed in “Item 7 – Management’s Discussion and Analysis of Financial Condition and Results of Operations – Analysis of Financial Condition, Liquidity and Resources” below, to increase our cash position and ensure adequate liquidity. However, the continuation of reduced demand for our products could weaken the Company’s liquidity position and materially adversely affect net revenues available for the Company’s anticipated cash needs. To the extent the initiatives we have undertaken are not successful or we are unable to successfully implement other alternative actions, our ability to cover both short-term and long-term operation requirements would be significantly adversely affected.

Cyclicality and Seasonality

The recreation vehicle industry has been characterized by cycles of growth and contraction in consumer demand, reflecting prevailing economic and demographic conditions, which affect disposable income for leisure-time activities. Consequently, the results for any prior period may not be indicative of results for any future period.

Seasonal factors, over which we have no control, also have an effect on the demand for our products. Demand in the recreation vehicle industry generally declines over the winter season, while sales are generally highest during the spring and summer months. Also, unusually severe weather conditions in some markets may impact demand.

Competition

The market for recreation vehicles is very competitive. Competition in this industry is based upon price, design, value, quality and service. There can be no assurance that existing or new competitors will not develop products that are superior to our recreation vehicles or that achieve better consumer acceptance, thereby adversely affecting market share, sales volume and profit margins.

Potential Repurchase Liabilities

In accordance with customary practice in the recreation vehicle industry, we enter into formal repurchase agreements with lending institutions pursuant to which we agree, in the event of a default by an independent retailer in its obligation to a lender and repossession of the unit(s) by the lending institution, we will repurchase units at declining prices over the term of the agreements, which can last up to 18 months. The difference between the gross repurchase price and the price at which the repurchased product can then be resold, which is typically at a discount to the gross repurchase price, represents a potential expense to us. Our maximum potential exposure under these formal repurchase agreements was approximately $90.6 million at August 29, 2009.

In certain instances, we also repurchase inventory from our dealers due to state law or regulatory requirements that govern voluntary or involuntary terminations. Incremental repurchase exposure beyond repurchase agreements was approximately $3.1 million at August 29, 2009.

Prior to Fiscal 2009, our losses associated with repurchases have not been material. However, the substantial decrease in retail demand for recreation vehicles in the past 12 months and tightened credit standards by lenders resulted in a significant increase in defaults by our dealers. If we are obligated to repurchase a larger number of motor homes in the future, this would increase our costs and could be material. (See Note 10 to the Consolidated Financial Statements.)

Fuel Availability and Prices

Gasoline or diesel fuel is required for the operation of motorized recreation vehicles. There can be no assurance that the supply of these petroleum products will continue uninterrupted or that the price or tax on these petroleum products will not significantly increase in the future. Fuel shortages and substantial increases in fuel prices have had a material adverse effect on the recreation vehicle industry as a whole in the past and could have a material adverse effect on us in the future.

Dependence on Chassis Suppliers

Most RV components are readily available from numerous sources. However, decisions by suppliers to decrease production, utilize production internally or shortages, production delays or work stoppages by the employees of such suppliers could have a material adverse effect on our ability to produce motor homes and ultimately, on the results of operations. A few components are produced by only a small group of quality suppliers that have the capacity to supply large quantities on a national basis. This is especially true in the case of motor home chassis where Ford Motor Company, Freightliner Custom Chassis Corporation, Workhorse Custom Chassis and Chrysler Motors LLC are our major suppliers. Our relationship with our chassis suppliers is similar to our other supplier relationships in that no special contractual commitments are engaged in by either party. Historically, chassis suppliers resort to an industry-wide allocation system during periods when supply is restricted. These allocations have been based on the volume of chassis previously purchased. Sales of motor homes rely on chassis and are affected accordingly. If economic conditions improve and dealers begin to replenish their inventory, there may be a shortage of chassis for a period of time, which would adversely affect our production capacity and results of operations.

Warranty Claims

We receive warranty claims from our dealers in the ordinary course of our business. Although we maintain reserves for such claims, which to date have been adequate, there can be no assurance that warranty expense levels will remain at current levels or that such reserves will continue to be adequate. A significant increase in warranty claims exceeding our current warranty expense levels could have a material adverse effect on our results of operations, financial condition and cash flows.

In addition to the costs associated with the contractual warranty coverage provided on our motor homes, we also occasionally incur costs as a result of additional service actions not covered by our warranties, including product recalls and customer satisfaction actions. Although we estimate and reserve for the cost of these service actions, there can be no assurance that expense levels will remain at current levels or such reserves will continue to be adequate.

Product Liability

We are involved in legal proceedings in the ordinary course of business, including a variety of warranty, “Lemon Law” and product liability claims typical in the recreation vehicle industry. We have an insurance policy covering product liability, however, we are self-insured for a portion of product liability claims. Self-insurance retention liability for at least the past five fiscal years was $2.5 million per occurrence and $6.0 million in aggregate per policy year. In the event that the annual aggregate of the self-insured retention is exhausted by payment of claims and defense expenses, a deductible of $1.0 million, excluding defense expenses, is applicable to each claim covered under this insurance policy. We cannot be certain that our insurance coverage will be sufficient to cover all future claims against us, which may have a material adverse effect on our results of operations and financial condition. In addition, if these claims rise to a level of frequency or size that are significantly higher than similar claims made against our competitors, our reputation and business may be harmed.

Government Regulation

We are subject to numerous federal, state and local regulations governing the manufacture and sale of our products, including the provisions of the National Traffic and Motor Vehicle Safety Act (“Motor Vehicle Act”), and the safety standards for recreation vehicles and components which have been established under the Motor Vehicle Act by the Department of Transportation. The Motor Vehicle Act authorizes the National Highway Traffic Safety Administration to require a manufacturer to recall and repair vehicles which contain certain hazards or defects. Any recalls of our vehicles, voluntary or involuntary, could have a material adverse effect on our results of operations, financial condition and cash flows.

We are also subject to federal and numerous state consumer protection and unfair trade practice laws and regulations relating to the sale, transportation and marketing of motor vehicles, including so-called “Lemon Laws.” Federal and state laws and regulations also impose upon vehicle operators various restrictions on the weight, length and width of motor vehicles, including motor homes that may be operated in certain jurisdictions or on certain roadways. Certain jurisdictions also prohibit the sale of vehicles exceeding length restrictions.

Finally, federal and state authorities also have various environmental control standards relating to air, water, noise pollution and hazardous waste generation and disposal which affect us and our operations. Failure to comply with any of the foregoing laws or regulations could have an adverse impact on our results of operations, financial condition and cash flows.

ITEM 1B. Unresolved Staff Comments

None

ITEM 2. Properties

Our principal manufacturing, maintenance and service operations are conducted in multibuilding complexes owned by us. The following sets forth our material facilities as of August 29, 2009:

Location	Facility Type/Use	No. of Buildings	Owned or Leased	Square Footage
Forest City, Iowa	Manufacturing, maintenance, service and office	31	Owned	1,593,000
Forest City, Iowa	Warehouse	4	Owned	702,000
Charles City, Iowa	Manufacturing	2	Owned	161,000
Charles City, Iowa	Assets Held for Sale (Manufacturing Facility)	3	Owned	191,000
Hampton, Iowa	Assets Held for Sale (Manufacturing Facility)	2	Owned	135,000
		42		2,782,000

Our facilities in Forest City are located on approximately 500 acres of land, all owned by us. We lease 244,000 square feet of our warehouse facilities in Forest City to others. Most of our buildings are of steel or steel and concrete construction and are protected from fire with high-pressure sprinkler systems, dust collector systems, automatic fire doors and alarm systems. We believe that our facilities and equipment are well maintained, in excellent condition and suitable for the purposes for which they are intended.

For our new credit facility, as further described in Note 7 to the Consolidated Financial Statements, we have committed to encumber substantially all of our real property for the benefit of the lender under such facility.

ITEM 3. Legal Proceedings

We are involved in various legal proceedings which are ordinary routine litigation incidental to our business, some 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, we believe that while the final resolution of any such litigation may have an impact on our consolidated results for a particular reporting period, the ultimate disposition of such litigation will not have any material adverse effect on our financial position, results of operations or liquidity.

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

None

Executive Officers of the Registrant

Name	Office (Year First Elected an Officer)	Age
Robert J. Olson +	Chairman of the Board, Chief Executive Officer and President (1996)	58
Raymond M. Beebe	Vice President, General Counsel & Secretary (1974)	67
Robert L. Gossett	Vice President, Administration (1998)	58
Roger W. Martin	Vice President, Sales and Marketing (2003)	49
Sarah N. Nielsen	Vice President, Chief Financial Officer (2005)	36
William J. O'Leary	Vice President, Product Development (2001)	60
Randy J. Potts	Vice President, Manufacturing (2006)	50
Brian J. Hrubes	Controller (1996)	58
Donald L. Heidemann	Treasurer (2007)	37

+ Director

Officers are elected annually by the Board of Directors. There are no family relationships between or among any of the Corporate Officers or Directors of the Company.

Mr. Olson has over 40 years of experience with Winnebago Industries. He was elected Chairman of the Board and Chief Executive Officer on May 5, 2008. He has been President since 2007, previously serving as Senior Vice President, Operations, since January 2006. He served as Vice President, Manufacturing, from August 1996 to January 2006.

Mr. Beebe has over 35 years of experience with Winnebago Industries. He has been Vice President, General Counsel and Secretary since 1986.

Mr. Gossett has over 10 years of experience with Winnebago Industries. He has been Vice President, Administration since joining the Company in 1998.

Mr. Martin has over 15 years of experience with Winnebago Industries. He has been Vice President, Sales and Marketing since February 2003. He joined the Company as Director of Marketing in 1994.

Ms. Nielsen has four years of experience with Winnebago Industries. She has been Vice President, Chief Financial Officer since November 2005. Ms. Nielsen joined the Company in August 2005. Prior to joining Winnebago Industries, she was employed by Deloitte & Touche LLP since 1995 in the position of Assurance and Advisory Services Senior Manager from 2003 to August 2005.

Mr. O'Leary has over 37 years of experience with Winnebago Industries. He has been Vice President, Product Development since 2001.

Mr. Potts has over 26 years of experience with Winnebago Industries. He was elected Vice President, Manufacturing in October 2006. He served as Director of Manufacturing from February 2006 to October 2006. Prior to that time, he served as General Manager of Manufacturing Services since 2001.

Mr. Hrubes has over 38 years of experience with Winnebago Industries. He has been Controller since December 1996.

Mr. Heidemann has two years of experience with Winnebago Industries and was elected to the position of Treasurer in August 2007. Prior to joining Winnebago Industries, Mr. Heidemann served in various treasury positions for Select Comfort Corporation from 2003 to July 2007.

PART II

ITEM 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock is listed on the New York and Chicago Exchanges with the ticker symbol of WGO.

Below are the New York Stock Exchange high, low and closing prices of Winnebago Industries, Inc. stock for each quarter of Fiscal 2009 and Fiscal 2008:

Fiscal 2009	High	Low	Close	Fiscal 2008	High	Low	Close
First Quarter	$ 15.20	$ 4.22	$ 5.88	First Quarter	$ 30.09	$ 20.66	$ 21.27
Second Quarter	7.47	3.90	4.05	Second Quarter	24.03	18.16	20.07
Third Quarter	9.23	3.14	7.67	Third Quarter	24.14	13.98	14.92
Fourth Quarter	12.23	6.01	11.62	Fourth Quarter	14.94	9.09	11.35

Holders

Shareholders of record as of October 6, 2009: 3,642.

Dividends Paid Per Share

Listed below are the dates paid and amounts per share for Fiscal 2009 and Fiscal 2008:

Fiscal 2009		Fiscal 2008	
October 6, 2008	$ 0.12	October 8, 2007	$ 0.12
		January 7, 2008	0.12
		April 7, 2008	0.12
		July 8, 2008	0.12
		Total	$ 0.48

Dividends of $0.12 per share (approximately $3.5 million) were paid in the first quarter of Fiscal 2009; however, on October 15, 2008, our Board of Directors suspended future cash dividend payments in order to conserve capital and to maintain liquidity.

Our new credit facility, as further described in Note 7 to the Consolidated Financial Statements, contains typical covenants that limit our ability, among other things, to pay certain dividends and distributions including stock repurchases. Except for limited redemptions of Winnebago Industries' common stock from employees, the credit facility prohibits us from making any cash dividends, distributions or payments with respect to or purchases of Winnebago Industries' common stock without the consent of Burdale Capital Finance, Inc., as Agent and the lenders thereunder, in their sole discretion.

Issuer Purchases of Equity Securities

On December 19, 2007, the Board of Directors authorized the repurchase of outstanding shares of our common stock, depending on market conditions, for an aggregate consideration of up to $60 million. There is no time restriction on this authorization. During the fourth quarter of Fiscal 2009, there were no shares repurchased under this authorization. As of August 29, 2009, approximately 31,000 shares have been repurchased under the authorization, at an aggregate cost of approximately $407,000, which leaves approximately $59.6 million remaining under this authorization.

Equity Compensation Plan Information

The following table provides information as of August 29, 2009 with respect to shares of our common stock that may be issued under our existing equity compensation plans:

(Adjusted for the 2-for-1 Stock Split on March 5, 2004) Plan Category	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)
Equity compensation plans approved by shareholders	1,010,224(1)	$ 27.31	1,012,771(2)
Equity compensation plans not approved by shareholders (3)	87,881(4)	14.90	N/A(5)
Total	1,098,105	$ 26.32	1,012,771

(1) This number includes 655,388 stock options granted under the 2004 Incentive Compensation Plan (the "Plan"). Also included are 354,836 options granted under the 1997 Stock Option Plan.

(2) This number represents stock options available for grant under the Plan as of August 29, 2009. The Plan replaced the 1997 Stock Option Plan effective January 1, 2004. No new grants may be made under the 1997 Stock Option Plan. Any stock options previously granted under the 1997 Stock Option Plan will continue to be exercisable in accordance with their original terms and conditions.

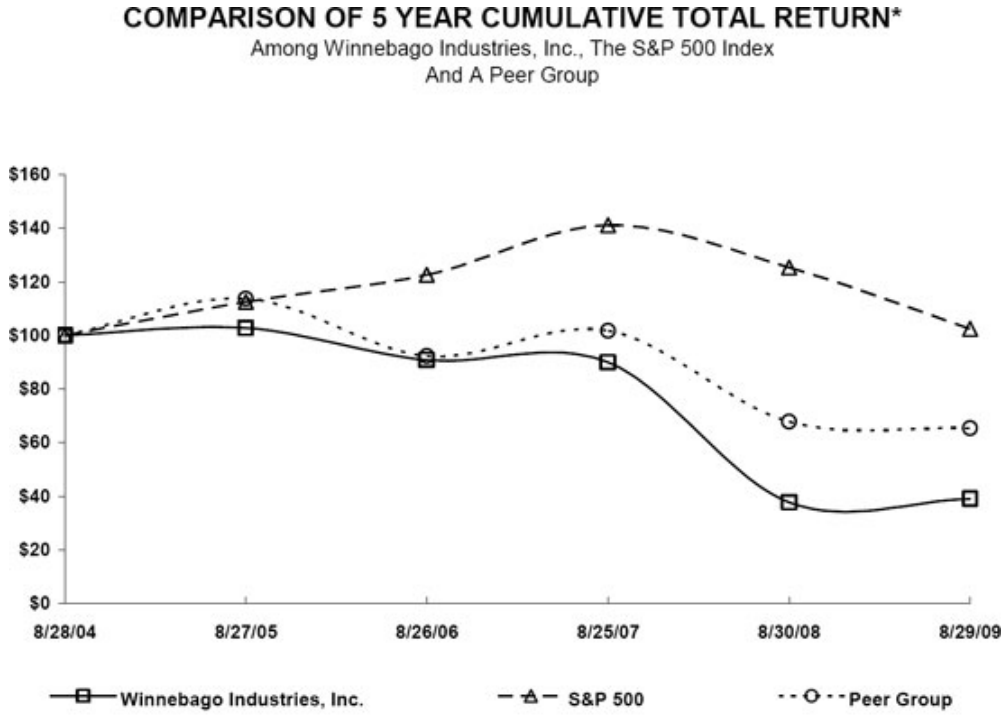
(3) Our sole equity compensation plan not previously submitted to our shareholders for approval is the Directors' Deferred Compensation Plan. The Board of Directors may terminate the Directors' Deferred Compensation Plan at any time. If not terminated earlier, the Directors' Deferred Compensation Plan will automatically terminate on June 30, 2013. For a description of the key provisions of the Directors' Deferred Compensation Plan, see the information in our Proxy Statement for the Annual Meeting of Shareholders scheduled to be held December 15, 2009 under the caption "Director Compensation," which information is incorporated by reference herein.

(4) Represents shares of common stock issued to a trust which underlie stock units, payable on a one-for-one basis, credited to stock unit accounts as of August 29, 2009 under the Directors' Deferred Compensation Plan.

(5) The table does not reflect a specific number of stock units which may be distributed pursuant to the Directors' Deferred Compensation Plan. The Directors' Deferred Compensation Plan does not limit the number of stock units issuable thereunder. The number of stock units to be distributed pursuant to the Directors' Deferred Compensation Plan will be based on the amount of the director's compensation deferred and the per share price of our common stock at the time of deferral.

Performance Graph

The following graph compares our five-year cumulative total shareholder return (including reinvestment of dividends) with the cumulative total return on the Standard & Poor's 500 Index and a peer group.(1) It is assumed in the graph that $100 was invested in our common stock, in the stock of the companies in the Standard & Poor's 500 Index and in the stocks of the peer group companies on August 28, 2004 and that all dividends received within a quarter were reinvested in that quarter. In accordance with the guidelines of the Securities and Exchange Commission, the shareholder return for each entity in the peer group index has been weighted on the basis of market capitalization as of each annual measurement date set forth in the graph.



	Base Period	Indexed Returns				
Company/Index	**08/28/04**	**08/27/05**	**08/26/06**	**08/25/07**	**08/30/08**	**08/29/09**
Winnebago Industries, Inc.	100.00	102.78	90.81	89.98	37.67	38.95
S&P 500 Index	100.00	112.56	122.56	141.11	125.38	102.50
Peer Group (1)	100.00	113.70	92.28	101.69	67.80	65.43

(1) The peer group companies consisting of Thor Industries, Inc., Polaris Industries, Inc. and Brunswick Corporation were selected by us as they also manufacture recreational products. Coachmen Industries, Inc., a member of our peer group in prior fiscal years, has been omitted from our peer group as its RV related assets were sold to Forest River, Inc., a subsidiary of Berkshire Hathaway, Inc. in December 2008. Fleetwood Enterprises, Inc. and Monaco Coach Corporation, members of the peer group in prior fiscal years, were also omitted from our peer group because they filed for protection under Chapter 11 of the U.S. Bankruptcy Code in March of 2009 and their securities are no longer traded on the New York Stock Exchange (NYSE).

ITEM 6. Selected Financial Data (See pages 62 and 63)

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

Executive Overview

Winnebago Industries, Inc. is the leading U.S. manufacturer of motor homes with a proud history of manufacturing recreation vehicles for more than 50 years. Our strategy is to manufacture quality motor homes in a profitable manner. We produce all of our motor homes in highly vertically integrated manufacturing facilities in the state of Iowa. We distribute our products through independent dealers throughout the United States and Canada, who then retail the products to the end consumer. We have led the industry with the highest market share in the U.S. of Class A and C motor homes combined for the past eight calendar years and in Calendar 2009 through August 31, 2009. We began producing Class B motor homes in February 2008 and in Calendar Year through August 31, 2009, we hold the number three U.S. position in retail unit market share. See our U.S. retail unit market share for all categories in the following table:

	Winnebago Industries U.S. Retail Market Share [1]			
	Calendar Year Through August 31,		Calendar Year	
	2009	2008	2008	2007
Class A gas	23.2%	23.3%	23.2%	22.0%
Class A diesel	10.8%	7.6%	8.1%	8.9%
Total Class A	16.5%	15.2%	15.3%	15.1%
Class C	22.5%	23.0%	22.9%	24.0%
Total Class A and C	19.1%	18.5%	18.3%	18.5%
Class B	16.1%	2.8%	3.7%	0.0%

(1) As reported by Statistical Surveys.

Company and Business Outlook

The RV industry saw substantial reductions in wholesale motor home shipments (down nearly 50 percent) and retail registrations (down nearly 40 percent) during Calendar 2008 as compared to 2007. The trend has worsened thus far in Calendar 2009, with motor home shipments down nearly 70 percent and retail registrations down over 40 percent, as detailed in the table below:

	Industry Wholesale Shipments [1] Calendar Year				Industry Retail Registration [2] Calendar Year			
(In units)	2008	2007	Decrease	% of Decrease	2008	2007	Decrease	% of Decrease
First quarter	10,400	13,600	(3,200)	(23.5)	8,800	11,500	(2,700)	(23.5)
Second quarter	8,600	15,000	(6,400)	(42.7)	9,800	15,100	(5,300)	(35.1)
Third quarter	4,600	12,400	(7,800)	(62.9)	6,300	12,200	(5,900)	(48.4)
Fourth quarter	2,800	11,300	(8,500)	(75.2)	4,100	8,400	(4,300)	(51.2)
	26,400	52,300	(25,900)	(49.5)	29,000	47,200	(18,200)	(38.6)

(In units)	2009	2008	Decrease	% of Decrease	2009	2008	Decrease	% of Decrease
First quarter	2,200	10,400	(8,200)	(78.8)	4,400	8,800	(4,400)	(50.0)
Second quarter	2,900	8,600	(5,700)	(66.3)	6,000	9,800	(3,800)	(38.8)
July	800	1,500	(700)	(46.7)	1,700	2,300	(600)	(26.1)
August	1,000	1,500	(500)	(33.3)	1,600	2,000	(400)	(20.0)
	6,900	22,000	(15,100)	(68.6)	13,700	22,900	(9,200)	(40.2)

(1) As reported by RVIA Class A and C wholesale shipments, rounded to the nearest hundred.
(2) As reported by Statistical Surveys Class A and C retail registrations, rounded to the nearest hundred.

The motorized market has been significantly impacted by highly unstable market conditions. The tightening of the wholesale and retail credit markets, low consumer confidence, the effect of the global recession and uncertainty related to fuel prices placed pressure on retail sales and as a result, our dealers have significantly reduced their inventory levels. Dealers continue to sell older model year units and during most of Fiscal 2009, they were not reordering inventory on a one-for-one basis, which negatively affected shipments and backlog. The decline in wholesale and retail demand has directly impacted our gross margins as we have produced and delivered far fewer units in Fiscal 2009 and we have also had to increase our discounts to meet competitive pricing and provide retail incentives to help dealers move inventory.

Order backlog for our motor homes was as follows:

(In units)	As Of August 29, 2009	Product Mix %	August 30, 2008	Product Mix %	Increase (Decrease)	% Change
Class A gas	345	36.7	119	20.0	226	189.9
Class A diesel	198	21.0	100	16.8	98	98.0
Total Class A	543	57.7	219	36.8	324	147.9
Class B	10	1.1	46	7.7	(36)	(78.3)
Class C	387	41.2	331	55.5	56	16.9
Total backlog [1]	940	100.0	596	100.0	344	57.7
Total approximate revenue dollars (in thousands)	$ 86,626		$ 50,599		$ 36,027	71.2
Dealer inventory (units)	1,694		3,663		(1,969)	(53.8)

(1) We include in our backlog all accepted purchase orders from dealers to be shipped within the next six months. Orders in backlog can be canceled or postponed at the option of the dealer at any time without penalty and, therefore, backlog may not necessarily be an accurate measure of future sales.

As noted above, our dealer inventories were nearly 54 percent lower than last year. We attribute the growth in our backlog to the very low level of dealer inventories and the strong acceptance of our 2010 product lineup. This increase may be a sign that the replenishment process is now beginning. As wholesale and retail credit availability and consumer confidence improve, we expect to see an increase in motor home demand as dealers will again have the ability to order units to maintain their inventory levels after an extended period of inventory reduction. A longer term positive outlook for the recreation vehicle industry is supported by favorable demographics as baby boomers reach the age group that has historically accounted for the bulk of retail RV sales.

Results of Operations

Fiscal 2009 Compared to Fiscal 2008

The following is an analysis of changes in key items included in the consolidated statements of income for the fiscal year ended August 29, 2009 compared to the fiscal year ended August 30, 2008:

(In thousands, except percent and per share data)	Year Ended [1] August 29, 2009	% of Revenues	August 30, 2008	% of Revenues	(Decrease) Increase	% Change
Net revenues	$ 211,519	100.0	$ 604,352	100.0	$ (392,833)	(65.0)
Cost of goods sold	242,265	114.5	569,580	94.2	(327,315)	(57.5)
Gross (deficit) profit	(30,746)	(14.5)	34,772	5.8	(65,518)	(188.4)
Selling	12,616	6.0	18,482	3.1	(5,866)	(31.7)
General and administrative	15,298	7.2	21,359	3.5	(6,061)	(28.4)
Asset impairment	855	0.4	4,686	0.8	(3,831)	(81.8)
Operating expenses	28,769	13.6	44,527	7.4	(15,758)	(35.4)
Operating loss	(59,515)	(28.1)	(9,755)	(1.6)	(49,760)	(510.1)
Financial income	1,452	0.7	4,314	0.7	(2,862)	(66.3)
Pre-tax loss	(58,063)	(27.4)	(5,441)	(0.9)	(52,622)	(967.1)
Provision (benefit) for taxes	20,703	9.8	(8,225)	(1.4)	28,928	351.7
Net (loss) income	$ (78,766)	(37.2)	$ 2,784	0.5	$ (81,550)	NMF
Diluted (loss) income per share	$ (2.71)		$ 0.10		$ (2.81)	NMF
Fully diluted average shares outstanding	29,051		29,144		(93)	(0.3)

(1) Fiscal year ended August 29, 2009 contained 52 weeks; fiscal year ended August 30, 2008 contained 53 weeks.

Unit deliveries consisted of the following:

(In units)	Year Ended [1] August 29, 2009	Product Mix %	August 30, 2008	Product Mix %	(Decrease) Increase	% Change
Class A gas	480	21.8	2,129	33.2	(1,649)	(77.5)
Class A diesel	342	15.6	900	14.1	(558)	(62.0)
Total Class A	822	37.4	3,029	47.3	(2,207)	(72.9)
Class B	149	6.8	140	2.2	9	6.4
Class C	1,225	55.8	3,238	50.5	(2,013)	(62.2)
Total deliveries	2,196	100.0	6,407	100.0	(4,211)	(65.7)

[1] Fiscal year ended August 29, 2009 contained 52 weeks; fiscal year ended August 30, 2008 contained 53 weeks.

Net revenues for the year ended August 29, 2009 decreased $392.8 million, or 65.0 percent, due to the following:

1. Volume decline: The primary reason for the net revenue decline was due to unit deliveries decreasing by 65.7 percent.
2. Pricing and mix: Our motor home average selling price (ASP), net of discounts, decreased 1.4 percent. The decrease in our ASP was due to an increase of product discounts we offered at the wholesale level and a shift in mix to lower-priced products, partially offset by the increase in pricing. Our sales mix for the year was more heavily weighted to lower-priced products as 63 percent of our volume in Fiscal 2009 was Class B and C products as compared to a 53 percent mix of Class B and C products in Fiscal 2008.
3. Promotional incentives: Our retail and other incentives increased 3.2 percent (as a percentage of net revenues) due to increased retail promotional activity on significantly lower revenues. We used retail incentive programs to help stimulate dealer retail traffic and the programs have had a substantial impact in reducing the dealer inventory level, as our dealer inventory in units is down 53.8 percent at August 29, 2009 compared to August 30, 2008.
4. Repurchases: Our losses on repurchases of motor homes during Fiscal 2009 were significantly higher than previous years as a result of the dramatic decline in the motor home market. As a percentage of net revenues, repurchase expense was 1.2 percent in Fiscal 2009 compared to 0.1 percent in Fiscal 2008.
5. Other revenue: Revenues for motor home parts and services and other manufactured products decreased by 32.4 percent.

Cost of goods sold was $242.3 million, or 114.5 percent, of net revenues for Fiscal 2009 compared to $569.6 million, or 94.2 percent, of net revenues for Fiscal 2008. The change in our variable costs (materials, direct labor, variable overhead, delivery expense and warranty) comprise $316.6 million of the $327.3 million decrease, which was primarily caused by decreased sales volume. Material, labor and variable overhead, as a percent of net revenues, increased to 91.8 percent from 82.2 percent in Fiscal 2009 from Fiscal 2008. The 9.6 percent increase was primarily caused by increased discounting and promotional incentives in Fiscal 2009 to promote sales in a difficult motor home market. Delivery expenses and warranty costs in relation to net sales remained consistent in Fiscal 2009 to Fiscal 2008. Our variable costs were favorably impacted by $7.0 million, or 3.3 percent, of net revenues in Fiscal 2009 due to the reduction of the last-in, first-out (LIFO) inventory liquidation, as compared to LIFO expense in Fiscal 2008 of $4.6 million, or 0.8 percent, of net revenues. Fixed overhead, which consists primarily of manufacturing support labor, depreciation and facility costs, increased to 17.7 percent of net revenues in Fiscal 2009 compared to 7.8 percent in Fiscal 2008. This difference was due primarily to low absorption of fixed costs as a result of significantly lower production volume. All factors considered, gross (deficit) profit decreased from a gross profit of 5.8 percent of net revenues during Fiscal 2008 to a gross deficit of 14.5 percent of net revenues during Fiscal 2009.

Selling expenses decreased $5.9 million, or 31.7 percent, during the fiscal year ended August 29, 2009. However, as a percent of net revenues, selling expenses were 6.0 percent during Fiscal 2009 compared to 3.1 percent for Fiscal 2008. The decrease in dollars was due primarily to reductions in advertising expenses of $2.9 million, labor-related expenses of $1.4 million as a result of reduced head count, salesmen incentives of $400,000, travel and meeting expenses of $400,000 and stock compensation of $200,000, as we did not grant stock awards during Fiscal 2009. The increase in percentage of net revenues was caused by the significant difference in revenue levels between the two fiscal periods.

General and administrative expenses decreased $6.1 million, or 28.4 percent, during the fiscal year ended August 29, 2009. However, as a percent of net revenues, general and administrative expenses were 7.2 percent during Fiscal 2009 compared to 3.5 percent for Fiscal 2008. The decrease in dollars was due primarily to reductions in stock compensation of $2.0 million, as we did not grant stock awards during Fiscal 2009, labor-related expenses of $1.5 million as a result of reduced head count, legal expenses of $1.0 million and lower depreciation expense of $500,000. The increase in percentage of net revenues was caused by the significant difference in revenue levels between the two fiscal periods.

Asset impairment expenses of $855,000 were recorded in Fiscal 2009 was a result of the decision to close the Hampton, Iowa fiberglass manufacturing facility.

Financial income decreased $2.9 million, or 66.3 percent, for the fiscal year ended August 29, 2009. The decrease in financial income was primarily due to a decrease in the average yield and to a lesser extent, due to a decrease in average investment balances.

The overall effective income tax rate for Fiscal 2009 was an expense of 35.6 percent compared to a benefit of (151.2) percent for Fiscal 2008. The following table breaks down the two aforementioned tax rates:

	Year Ended [1]			
	August 29, 2009		August 30, 2008	
(Dollars in thousands)	Amount	Effective Rate (%)	Amount	Effective Rate (%)
Tax benefit on current operations	$ (22,898)	(39.5)	$ (3,345)	(61.5)
Valuation allowance	44,976	77.5	325	6.0
Settlements of uncertain tax positions	(500)	(0.9)	(4,149)	(76.3)
Other	(875)	(1.5)	(1,056)	(19.4)
Total provision (benefit) for taxes	$ 20,703	35.6	$ (8,225)	(151.2)

[1] Fiscal year ended August 29, 2009 contained 52 weeks; fiscal year ended August 30, 2008 contained 53 weeks.

Tax benefit on current operations. At the end of the third quarter of Fiscal 2009, our ability to claim refunds of taxes previously paid was exhausted due to the size of our Fiscal 2009 operating losses. Thus, of the $22.9 million tax benefit on current operations, we have established an associated tax refund receivable of $17.4 million. The effective tax benefit rate of 39.5 percent as compared to a benefit rate of 61.5 percent is primarily attributable to the Fiscal 2009 pre-tax loss of $58.1 million versus the Fiscal 2008 pre-tax loss of $5.4 million. Included within the Fiscal 2009 pre-tax loss of $58.1 million was $1.5 million of financial income, which was primarily tax-free income from investments in municipal and student loan related securities and appreciation in company-owned life insurance (COLI), and resulted in an increase to the tax benefit of $1.2 million and increased the tax benefit rate by 2.0 percent. In Fiscal 2008, tax-free investment income resulted in a tax benefit of $1.8 million (a 32.6 percent increase in the effective benefit rate).

Valuation Allowance. During the fourth quarter of Fiscal 2009, we recorded a non-cash charge of $45.3 million to establish a full valuation allowance on the deferred tax assets. Statement of Financial Accounting Standards (SFAS) No. 109 requires that companies assess whether valuation allowances should be established against their deferred tax assets based on the consideration of all available evidence, using a “more likely than not” standard. In making such assessments, significant weight is given to evidence that can be objectively verified. A company’s current or previous losses are given more weight than its future outlook. Under that standard, our three-year historical cumulative loss was a significant negative factor. This loss, combined with uncertain near-term market and economic conditions, reduced our ability to rely on our projections of any future taxable income in determining whether a valuation allowance is appropriate. Accordingly, we concluded that, based on SFAS No. 109 guidelines, a full valuation allowance should now be established. We will continue to assess the likelihood that our deferred tax assets will be realizable and our valuation allowance will be adjusted accordingly, which could materially impact our financial position and results of operations. During the fourth quarter of Fiscal 2008, we recorded a charge of $325,000 to establish a valuation allowance on tax credits that were determined not to be recoverable prior to the tax credits expiring.

Settlements. During Fiscal 2009, we recognized a tax benefit of $500,000 as a result of favorable settlements with various taxing jurisdictions, which increased the tax benefit rate by 0.9 percent. In Fiscal 2008, we had an effective tax benefit rate of 76.3 percent, which was based on the favorable settlements of uncertain tax positions with various taxing jurisdictions. The original unrecognized tax benefit associated with these positions was $14.6 million, of which $8.0 million was paid in cash per the settlement. The balance of this reserve, net of the related deferred taxes, resulted in a $4.1 million increase in tax benefit.

Other. Other primarily represents tax benefits associated with tax planning initiatives implemented during Fiscal 2009, such as the extension of the research and development tax credit. In Fiscal 2008, tax planning initiatives represented additional tax benefits associated with tax-free income from investments in Company-owned life insurance.

Net loss and diluted loss per share were $78.8 million and $2.71 per share, respectively, for Fiscal 2009. In Fiscal 2008, net income was $2.8 million and diluted income was $0.10 per share.

Fiscal 2008 Compared to Fiscal 2007

The following is an analysis of changes in key items included in the consolidated statements of income for the year ended August 30, 2008 compared to the year ended August 25, 2007:

	Year Ended [1]					
(In thousands, except percent and per share data)	August 30, 2008	% of Revenues	August 25, 2007	% of Revenues	Increase (Decrease)	% Change
Net revenues	$ 604,352	100.0	$ 870,152	100.0	$ (265,800)	(30.5)
Cost of goods sold	569,580	94.2	770,955	88.6	(201,375)	(26.1)
Gross profit	34,772	5.8	99,197	11.4	(64,425)	(64.9)
Selling	18,482	3.1	19,865	2.3	(1,383)	(7.0)
General and administrative	21,359	3.5	24,446	2.8	(3,087)	(12.6)
Asset impairment	4,686	0.8	- - -	- - -	4,686	- - -
Operating expenses	44,527	7.4	44,311	5.1	216	0.5
Operating (loss) income	(9,755)	(1.6)	54,886	6.3	(64,641)	(117.8)
Financial income	4,314	0.7	6,523	0.8	(2,209)	(33.9)
Pre-tax (loss) income	(5,441)	(0.9)	61,409	7.1	(66,850)	(108.9)
(Benefit) provision for taxes	(8,225)	(1.4)	19,845	2.3	(28,070)	(141.4)
Net income	$ 2,784	0.5	$ 41,564	4.8	$ (38,780)	(93.3)
Diluted income per share	$ 0.10		$ 1.32		$ (1.22)	(92.4)
Fully diluted average shares outstanding	29,144		31,415		(2,271)	(7.2)

[1] Fiscal year ended August 30, 2008 contained 53 weeks; fiscal year ended August 25, 2007 contained 52 weeks.

Unit deliveries consisted of the following:

	Year Ended [1]					
(In units)	August 30, 2008	Product Mix %	August 25, 2007	Product Mix %	Increase (Decrease)	% Change
Class A gas	2,129	33.2	3,539	37.4	(1,410)	(39.8)
Class A diesel	900	14.1	1,492	15.7	(592)	(39.7)
Total Class A	3,029	47.3	5,031	53.1	(2,002)	(39.8)
Class B	140	2.2	- - -	- - -	140	- - -
Class C	3,238	50.5	4,438	46.9	(1,200)	(27.0)
Total deliveries	6,407	100.0	9,469	100.0	(3,062)	(32.3)

[1] Fiscal year ended August 30, 2008 contained 53 weeks; fiscal year ended August 25, 2007 contained 52 weeks.

Net revenues for the year ended August 30, 2008 decreased $265.8 million, or 30.5 percent, due to the following:

1. Volume decline: The primary reason for the net revenue decline was due to unit deliveries decreasing by 32.3 percent.
2. Pricing and mix: Our average selling price in Fiscal 2008 as compared to Fiscal 2007 was essentially flat, up only 0.7 percent. Price increases associated with the new model year were partially offset by increased wholesale and retail incentives and a higher mix of lower-priced products. Total Class B and C unit deliveries were 52.7 percent of our total deliveries in Fiscal 2008 as compared to Class C deliveries, which were 46.9 percent of our total deliveries in Fiscal 2007.
3. Promotional incentives: Our retail and other incentives increased by 0.5 percent (as a percentage of net revenues) due to increased retail promotional activity on lower revenues.
4. Other revenue: Revenues for motor home parts and services and other manufactured products decreased by 10.3 percent.

Cost of goods sold was $569.6 million, or 94.2 percent, of net revenues for Fiscal 2008 compared to $771.0 million, or 88.6 percent, of net revenues for Fiscal 2007. The change in our variable costs (materials, direct labor, variable overhead, delivery expense and warranty) comprised $199.2 million of the $201.4 million decrease which was primarily caused by decreased sales volume. Material, labor and variable overhead, as a percent of net revenues, increased to 82.2 percent in Fiscal 2008 compared to 79.3 percent in Fiscal 2007. The 2.9 percent increase was primarily caused by a greater percentage of lower-margin motor home deliveries in Fiscal 2008. Also contributing to the reduced margins were additional wholesale and retail promotional programs and an increase in LIFO expense in Fiscal 2008 as compared to Fiscal 2007 due to the increase in inflation and higher inventory levels at the end of the year. Fixed overhead, which consists primarily of manufacturing support labor, depreciation and facility costs, increased to 7.8 percent of net revenues in Fiscal 2008 compared to 5.7 percent in Fiscal 2007. This difference was due primarily to lower absorption of fixed costs due to lower production volumes. All factors considered, gross profit decreased from 11.4 percent of net revenues in Fiscal 2007 to 5.8 percent of net revenues during Fiscal 2009.

Selling expenses decreased $1.4 million, or 7.0 percent, during the fiscal year ended August 30, 2008. However, as a percent of net revenues, selling expenses were 3.1 percent during Fiscal 2008 compared to 2.3 percent for Fiscal 2007. The decrease in dollars was due primarily to reductions in salesmen incentives of $579,000, advertising expenses of $502,000 and wages and wage-related expenses of $422,000. The increase in percentage of net revenues was caused by the significant difference in revenue levels between the two fiscal periods.

General and administrative expenses decreased $3.1 million, or 12.6 percent, during the fiscal year ended August 30, 2008. However, as a percent of net revenues, general and administrative expenses were 3.5 percent during Fiscal 2008 compared to 2.8 percent for Fiscal 2007. The decrease in dollars was due primarily to reduced management incentive compensation of $3.1 million and reduced product liability expense of $1.8 million, partially offset by severance costs of $1.3 million and an increase in legal and professional fees of $659,000. The increase in percentage of net revenues was caused by the significant difference in revenue levels between the two fiscal periods.

Financial income decreased $2.2 million, or 33.9 percent, for the fiscal year ended August 30, 2008. The decrease in financial income was due to a lower average investment balance with similar rates of return.

The overall effective income tax rate for Fiscal 2008 was a benefit of (151.2) percent compared to an expense of 32.3 percent for Fiscal 2007. The following table breaks down the two aforementioned tax rates:

	Year Ended [1]			
	August 30, 2008		August 25, 2007	
(Dollars in thousands)	Amount	Effective Rate (%)	Amount	Effective Rate (%)
Tax (benefit) provision from current operations	$ (3,345)	(61.5)	$ 19,845	32.3
Settlements of uncertain tax positions	(4,149)	(76.3)	- - -	- - -
Other	(1,056)	(19.4)	- - -	- - -
Valuation allowance	325	6.0	- - -	- - -
Total (benefit) provision for taxes	$ (8,225)	(151.2)	$ 19,845	32.3

[1] Fiscal year ended August 30, 2008 contained 53 weeks; fiscal year ended August 25, 2007 contained 52 weeks.

Tax (benefit) provision from current operations. The effective tax benefit rate of 61.5 percent as compared to a 32.3 percent expense was primarily attributable to the Fiscal 2008 pre-tax loss of $5.4 million versus the Fiscal 2007 pre-tax income of $61.4 million. Included within the Fiscal 2008 pre-tax loss of $5.4 million was $4.3 million of financial income, which was primarily tax-free income from investments in municipal and student loan related securities which resulted in an increase to the tax benefit of $1.8 million and increased the effective tax benefit rate by 32.6 percent. In the prior year, tax-free investment income resulted in a tax benefit of $1.8 million (a 2.9 percent reduction in the effective tax rate).

Settlements of uncertain tax positions. An effective tax benefit rate of 76.3 percent was based on the favorable settlements of uncertain tax positions with various taxing jurisdictions. The original unrecognized tax benefit associated with these positions was $14.6 million, of which $8.0 million was paid in cash per the settlement. The balance of this reserve, net of the related deferred taxes, resulted in a $4.1 million increase in tax benefit.

Other. Other primarily represents tax benefits associated with tax planning initiatives implemented during the fiscal year. These tax planning initiatives represented additional tax benefits associated with tax-free income from investments in COLI.

Valuation allowance. During the fourth quarter of Fiscal 2008, we recorded a charge of $325,000 to establish a valuation allowance on certain state tax credits that were determined not likely to be recoverable prior to the tax credits expiring.

Net income decreased by 93.3 percent and income per diluted share decreased by 92.4 percent when comparing Fiscal 2008 to Fiscal 2007.

Analysis of Financial Condition, Liquidity and Resources

In most fiscal years, we generated cash from operations, which enabled us to meet our working capital needs and make appropriate investments in manufacturing equipment and facilities, as well as pay cash dividends and repurchase stock. Working capital at August 29, 2009 and August 30, 2008 was $79.5 million and $108.5 million, respectively, a decrease of $29.0 million.

Cash and cash equivalents totaled $36.6 million and $17.9 million as of August 29, 2009 and August 30, 2008, respectively. Short-term and long-term investments net of temporary impairments totaled $33.3 million as of August 29, 2009 and $40.6 million as of August 30, 2008. (See Notes 3 and 4 to the Consolidated Financial Statements.)

Due to extremely challenging market conditions which have resulted in a severe decline in our revenues in Fiscal 2009, maintaining liquidity and conserving capital have been the primary goals of management in order to enhance our financial flexibility. During Fiscal 2009, we increased our cash position by $18.7 million despite a pre-tax loss of $58.1 million. Multiple steps were taken during Fiscal 2009 to conserve capital and maintain liquidity, as follows:

1. Inventories were significantly reduced (58%) during the fiscal year which resulted in an improvement of working capital of approximately $63.7 million.
2. We elected to participate in a “no net cost” loan program and borrowed $9.1 million through UBS during the second quarter, secured by a portion of the ARS owned by us and held by UBS.
3. We suspended cash dividend payments starting in the second quarter of Fiscal 2009. This suspension reduces the amount of cash which we would have used by approximately $10.5 million for Fiscal 2009.

As of August 29, 2009, we had $36.6 million of cash. Due to the ability to carryback a large portion of our tax loss in Fiscal 2009 to prior years, we expect to receive a federal tax refund in excess of $17 million in the second quarter of Fiscal 2010. We also have the ability to put the remaining $4.4 million of unencumbered ARS held by UBS to UBS in the fourth quarter of Fiscal 2010. In aggregate, this provides liquidity of approximately $58 million. When considering all of these factors, we expect to have sufficient liquidity for at least the next 12 months, even at the current depressed sales levels.

In addition, we placed multiple assets for sale, including our plane and two manufacturing facilities. Total listing price of these assets is in excess of $10 million.

We also have in place a new $20 million revolving credit facility, as described in further detail in Note 7, that allows us to borrow up to $12.5 million without financial covenant restrictions if there is adequate asset coverage. Subject to certain provisions, the facility also includes an option that can be exercised to increase the facility size up to $50 million. This potential additional borrowing capacity may be beneficial to us if inventory levels need to substantially increase rapidly as a result of product demand.

We also have taken significant actions over the past year to reduce our fixed cost structure and mitigate against certain rising costs, which resulted in reductions of approximately $24 million in Fiscal 2009 as compared to Fiscal 2008. Specifically, actions taken include:

1. Compensation-related expenses: Total head count was reduced by approximately 28 percent (in addition to the 32 percent reductions in Fiscal 2008), compensation reductions ranging from 3 to 20 percent for salaried employees (including executive officers) was made mid-year, no stock grants were made to key management or the board, the 401(k) match was reduced by 50 percent and all employees participated in two mandatory unpaid weeks off.
2. Facility closures: We closed Charles City manufacturing facility at the end of the fourth quarter in Fiscal 2008. We are now in the process of closing our Hampton, Iowa fiberglass manufacturing facility which will be completed in the first quarter of Fiscal 2010.
3. Other: Certain promotional events typically held were cancelled and other spending reductions occurred throughout the Company.

Some of the actions described above were one-time events, such as the mandatory unpaid weeks off, unless we decide to do these types of events again in Fiscal 2010. We believe that we have the ability to sustain our current operational costs and maintain physical capacity at present levels for the foreseeable future (in excess of 12 months). Additional cost reduction activities will continue if market conditions do not improve.

We currently expect cash on hand, funds generated from operations (if any) and the availability of borrowings under the new credit facility to be sufficient to cover both short-term and long-term operation requirements.

Operating Activities

Cash provided by operating activities was $8.3 million for the fiscal year ended August 29, 2009 compared to cash used in operating activities of $14.4 million for the fiscal year ended August 30, 2008. Cash provided in Fiscal 2009 was due to significant inventory reductions of $63.7 million and a reduction of deferred tax assets of $37.4 million, partially offset by a $78.8 million net loss and $10.6 million reduction in accounts payable. Cash used in Fiscal 2008 was $31.3 million for the reduction in accounts payable and $9.4 million due to an increase in inventories. The receipt of accounts receivable payments of $21 million helped to partially offset the cash used during Fiscal 2008.

Investing Activities

Cash provided by investing activities was $5.0 million in Fiscal 2009 compared to $56.4 million in Fiscal 2008. Cash provided in Fiscal 2009 was due to ARS redemptions of $8.9 million, partially offset by capital spending of $3.5 million. During Fiscal 2008, we had proceeds of $288.1 million from the sale of short-term investments, partially offset by purchases of $228.1 million. Another use of cash in Fiscal 2008 was $3.7 million for capital spending.

Financing Activities

Cash provided by financing activities for the fiscal year ended August 29, 2009 was $9.1 million on borrowings from our ARS portfolio, partially offset by $3.5 million in cash dividends paid in the first quarter. Primary uses of cash in financing activities for the fiscal year ended August 30, 2008 were $17.8 million for repurchases of outstanding common stock and payments of $14.0 million in dividends.

Anticipated Use of Funds

Estimated uses of our liquid assets for Fiscal 2010 include capital expenditures of approximately $2 million, primarily for manufacturing equipment and facilities.

Contractual Obligations and Commercial Commitments

Our principal contractual obligations and commercial commitments as of August 29, 2009 were as follows:

	Payments Due By Period				
(In thousands)	Total	Fiscal 2010	Fiscal 2011-2012	Fiscal 2013-2014	More than 5 Years
Postretirement health care obligations [1]	$ 35,312	$ 1,193	$ 2,951	$ 3,607	$ 27,561
Deferred compensation obligations [1]	26,152	2,590	4,751	4,157	14,654
Executive share option obligations [1]	8,444	- - -	558	2,792	5,094
Supplemental executive retirement plan benefit obligations [1]	3,259	247	407	325	2,280
Operating leases [2]	373	158	169	46	- - -
Contracted services	56	56	- - -	- - -	- - -
Unrecognized tax benefits [3]	9,012	- - -	- - -	- - -	- - -
Total contractual cash obligations	$ 82,608	$ 4,244	$ 8,836	$ 10,927	$ 49,589

	Expiration By Period				
(In thousands)	Total	Fiscal 2010	Fiscal 2011-2012	Fiscal 2013-2014	More than 5 Years
Formal repurchase obligations [3]	$ 90,599	$ 65,508	25,091	- - -	- - -

(1) See Note 9 to the Consolidated Financial Statements.

(2) See Note 10 to the Consolidated Financial Statements.

(3) We are not able to reasonably estimate in which future periods these amounts will ultimately be settled.

Critical Accounting Policies

Our consolidated financial statements are prepared in accordance with generally accepted accounting principles (GAAP). In connection with the preparation of our financial statements, we are required to make assumptions and estimates about future events and apply judgments that affect the reported amounts of assets, liabilities, revenue, expenses and the related disclosures. We base our assumptions, estimates and judgments on historical experience, current trends and other factors that we believe to be relevant at the time our consolidated financial statements are prepared. On a regular basis, we review the accounting policies, assumptions, estimates and judgments to ensure that our financial statements are presented fairly and in accordance with GAAP. However, because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates and such differences could be material.

Our significant accounting policies are discussed in Note 1, *Summary of Significant Accounting Policies*, of the Notes to Consolidated Financial Statements, included in Item 8, *Financial Statements and Supplementary Data*, of this Annual Report on Form 10-K. We believe that the following accounting estimates and policies are the most critical to aid in fully understanding and evaluating our reported financial results and they require our most difficult, subjective or complex judgments, resulting from the need to make estimates about the effect of matters that are inherently uncertain. We have reviewed these critical accounting estimates and related disclosures with the Audit Committee of our Board.

Revenue Recognition. Generally, revenues for motor homes are recorded when all of the following conditions are met: an order for a product has been received from a dealer, written or verbal approval for payment has been received from the dealer's floorplan financing institution, and the product is delivered to the dealer who placed the order. Most sales are financed under floorplan financing arrangements with banks or finance companies.

Revenues from the sales of our OEM and motor home related parts are recorded as the products are shipped from our location. The title of ownership transfers on these products as they leave our location due to the freight terms of F.O.B. - Forest City, Iowa.

Sales Promotions and Incentives. We accrue for sales promotions and incentive expenses, which are recognized as a reduction to revenues, at the time of sale to the dealer or when the sales incentive is offered to the dealer or retail customer. Examples of sales promotions and incentive programs include dealer and consumer rebates, volume discounts, retail financing programs and dealer sales associate incentives. Sales promotion and incentive expenses are estimated based upon current program parameters, such as unit or retail volume, and historical rates. Actual results may differ from these estimates if market conditions dictate the need to enhance or reduce sales promotion and incentive programs or if the retail customer usage rate varies from historical trends. Historically, sales promotion and incentive expenses have been within our expectations and differences have not been material.

Repurchase Commitments. It is customary practice for companies in the recreation vehicle industry to enter into repurchase agreements with financing institutions that provide financing to their dealers. Our repurchase agreements generally provide that, in the event of a default by a dealer in its obligation to these lenders, we will repurchase vehicles sold to the dealer that have not been resold to retail customers. The terms of these agreements, which can last up to 18 months, provide that our liability will be the lesser of remaining principal owed by the dealer or dealer invoice less periodic reductions based on the time since the date of the original invoice. Our liability cannot exceed 100 percent of the dealer invoice. In certain instances, we also repurchase inventory from our dealers due to state law or regulatory requirements that govern voluntary or involuntary relationship terminations. Our risk of loss is reduced by the potential resale value of any products that are subject to repurchase and is spread over numerous dealers and lenders. The aggregate contingent liability related to our repurchase agreements represents all financed dealer inventory at the period reporting date subject to a repurchase agreement, net of the greater of periodic reductions per the agreement or dealer principal payments.

Based on these repurchase agreements, we establish an associated loss reserve. This loss reserve is disclosed separately in the consolidated balance sheets. Repurchased sales are not recorded as a revenue transaction, but the net difference between the original repurchase price and the resale price are recorded against the loss reserve, which is a deduction from gross revenue. There are two significant assumptions associated with establishing our loss reserve for repurchase commitments: (1) the percentage of dealer inventory that we will be required to repurchase as a result of defaults by the dealer, and (2) the loss that will be incurred, if any, when repurchased inventory is resold. Prior to Fiscal 2009, losses under these agreements were not material. However, the substantial decrease in retail demand for recreation vehicles in the past 12 months and tightened credit standards by lenders has resulted in a significant increase in defaults by our dealers. To the extent that dealers are reducing their inventories, which they have been doing the past 12 months, our overall exposure under repurchase agreements is likewise reduced. The percentage of dealer inventory we estimate we will repurchase is based on historical information, current trends

and an analysis of dealer inventory aging for all dealers with inventory subject to this obligation. The estimated loss per repurchased unit was based primarily on recent history because until Fiscal 2009, we were generally able to sell repurchased units for minimal losses. In the first three quarters of Fiscal 2009, we incurred a significant increase in losses associated with repurchases due to the challenging motor home industry conditions. As a result, we have revised our underlying loss reserve estimate assumptions during Fiscal 2009 based on rapidly changing circumstances and significantly increased our repurchase loss reserve. Further discussion of our repurchase commitments and related assumptions is included in Note 10 to the Consolidated Financial Statements.

Warranty. We provide with the purchase of any new motor home, a comprehensive 12-month/15,000-mile warranty on Class A, B and C motor homes and a 3-year/36,000-mile warranty on Class A and C sidewalls and floors. Estimated costs related to product warranty are accrued at the time of sale and are based upon past warranty claims and unit sales history and adjusted as required to reflect actual costs incurred, as information becomes available. A significant increase in dealership labor rates, the cost of parts or the frequency of claims could have a material adverse impact on our operating results for the period or periods in which such claims or additional costs materialize. We also incur costs as a result of additional service actions not covered by our warranties, including product recalls and customer satisfaction actions. Estimated costs are accrued at the time the service action is implemented and are based upon past claim rate experiences and the estimated cost of the repairs. Further discussion of our warranty costs and associated accruals is included in Note 8 to the Consolidated Financial Statements.

Stock-Based Compensation. Prior to Fiscal 2007, we granted stock options to our key employees and nonemployee directors as part of their compensation. In Fiscal 2007 and 2008, we granted restricted stock awards to key employees and nonemployee directors instead of stock options. No stock options or restricted stock awards were granted in Fiscal 2009.

The amount of stock-based compensation expense incurred and to be incurred in future periods is dependent upon a number of factors, such as the number of options and shares granted, the timing of stock option exercises, age of the recipient and actual forfeiture rates.

The value of the restricted stock is based on the closing price of our common stock on the date of grant. The fair value of each award is amortized on a straight-line basis over the requisite service period or to an employee’s eligible retirement date, if earlier. This amortization method is used because our awards typically vest over three years, beginning one year after date of grant or upon retirement if earlier; thus, options and restricted stock awards are expensed immediately upon grant for retirement-eligible employees. This feature accelerates expense in the period of grant (typically our first fiscal quarter) and creates an uneven pattern of stock-based compensation that results in relatively higher expense in our first fiscal quarter and relatively lower expense in our second through fourth quarters. The impact of this feature is significant since a majority of our awards are made to retirement-eligible employees. Further discussion of our stock-based compensation is included in Note 13 to the Consolidated Financial Statements.

Unrecognized Tax Benefits. We only recognize tax benefits for filing positions that are considered more likely than not of being sustained under audit by the relevant taxing authority, without regard to the likelihood of such an audit occurring. We record a liability for uncertain tax positions when it is more likely than not that our filed tax positions will not be sustained. We record deferred tax assets related to reserves for filing positions in a particular jurisdiction that would result in tax deductions in another tax jurisdiction if we were unable to sustain our filing position in an audit. Our income tax returns are periodically audited by various taxing authorities. These audits include questions regarding our tax filing positions, including the timing and the amount of deductions and the allocation of income among various tax jurisdictions. At any one time, multiple years are subject to audit by the various taxing authorities. We continually assess our tax positions for all periods that are open to examination or have not been effectively settled based on the most current available information. We adjust our liability for unrecognized tax benefits and income tax provision in the period in which an uncertain tax position is effectively settled, the statute of limitations expires for the relevant taxing authority to examine the tax position or when more information becomes available.

Our liability for unrecognized tax benefits contains uncertainties because we are required to make assumptions and apply judgment to estimate the exposure associated with our various filing positions. Our effective tax rate is also affected by changes in tax laws, the level of our earnings or losses and the results of tax audits.

Although we believe that the judgments and estimates discussed herein are reasonable, actual results could differ, and we may be exposed to losses or realize gains that could be material. To the extent that we prevail in matters for which a liability has been established or are required to pay amounts in excess of our established liability, our effective income tax rate in a given financial statement period could be materially affected. An unfavorable tax settlement generally would require use of our cash and may result in an increase in our effective tax rate in the period of resolution. A favorable tax settlement may be recognized as a reduction in our effective tax rate in the period of resolution.

Income Taxes. We account for income taxes in accordance with SFAS No. 109, *Accounting for Income Taxes*. As part of the process of preparing our consolidated financial statements, we are required to estimate our income taxes in each of the jurisdictions in which we operate. Significant judgment is required in determining our provision for income taxes, our deferred tax assets and liabilities and any valuation allowance recorded against our deferred tax assets. Valuation allowances arise due to the uncertainty of realizing deferred tax assets. SFAS No. 109 requires that companies assess whether valuation allowances should be established against their deferred tax assets based on the consideration of all available evidence, using a "more likely than not" standard. In making such assessments, significant weight is to be given to evidence that can be objectively verified. A company's current or previous losses are given more weight than its future outlook. Under that standard, our three-year historical cumulative loss was a significant negative factor. We have evaluated the sustainability of our deferred tax assets on our consolidated balance sheet which includes the assessment of cumulative income or losses over recent prior periods. Based on SFAS No. 109 guidelines, we determined a full valuation allowance was appropriate as of August 29, 2009. We will continue to assess the likelihood that our deferred tax assets will be realizable at each reporting period and our valuation allowance will be adjusted accordingly, which could materially impact our financial position and results of operations.

Postretirement Benefits, Obligations and Costs. We provide certain health care and other benefits for retired employees hired before April 1, 2001, who have fulfilled eligibility requirements at age 55 with 15 years of continuous service. Postretirement benefit liabilities are determined by actuaries using assumptions about the discount rate and health care cost-trend rates. Assumed health care cost trend rates do not have a significant effect on the amounts reported for our health care plan due to the fact that in, Fiscal 2004, caps were placed on the amount we are required to pay for postretirement health care benefits per retiree on an annual basis. However, a significant increase or decrease in interest rates could have a significant impact on our operating results. Further discussion of our postretirement benefit plan and related assumptions is included in Note 9 to the Consolidated Financial Statements.

Other. We have reserves for other loss exposures, such as litigation, product liability, worker's compensation, employee medical claims, inventory and accounts receivable. Establishing loss reserves for these matters requires the use of estimates and judgment in regards to risk exposure and ultimate liability. We estimate losses under the programs using consistent and appropriate methods; however, changes in assumptions could materially affect our recorded assets or liabilities.

New Accounting Pronouncements

See Note 1 to the Consolidated Financial Statements.

Impact of Inflation

Historically, the impact of inflation on our operations has not been significantly detrimental, as we have usually been able to adjust our prices to reflect the inflationary impact on the cost of manufacturing our product. In recent months, the costs of a number of raw materials and component parts utilized in manufacturing our motor homes have increased. While we have historically been able to pass on these increased costs, in the event we are unable to continue to do so due to market conditions, future increases in manufacturing costs could have a material adverse effect on our results of operations.

ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk

We have market risk exposure to our ARS, which is described in further detail in Note 4 to the Consolidated Financial Statements.

ITEM 8. Financial Statements and Supplementary Data

Index to Financial Statements

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of Winnebago Industries, Inc. (the "Company") is responsible for establishing and maintaining effective internal control over financial reporting and for the assessment of the effectiveness of internal control over financial reporting. The Company's internal control over financial reporting is a process designed, as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles.

The Company's internal control over financial reporting is supported by written policies and procedures that:

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Company's assets;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with authorizations of the Company's management and directors; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

In addition, the Audit Committee of the Board of Directors, consisting solely of independent directors, meets periodically with Management, the internal auditors and the independent registered public accounting firm to review internal accounting controls, audit results and accounting principles and practices and annually selects the independent registered public accounting firm.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

In connection with the preparation of the Company's annual consolidated financial statements, management of the Company has undertaken an assessment of the effectiveness of the Company's internal control over financial reporting based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Management's assessment included an evaluation of the design of the Company's internal control over financial reporting and testing of the operational effectiveness of the Company's internal control over financial reporting.

Based on this assessment, management has concluded that the Company's internal control over financial reporting was effective as of August 29, 2009.

Deloitte & Touche LLP, the independent registered public accounting firm that audited the Company's consolidated financial statements included in this Annual Report on Form 10-K, has issued an unqualified attestation report included herein, on management's assessment of internal control over financial reporting.

/s/ Robert J. Olson	/s/ Sarah N. Nielsen
Robert J. Olson	Sarah N. Nielsen
Chairman of the Board, Chief Executive Officer and President	Vice President, Chief Financial Officer

October 27, 2009

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the internal control over financial reporting of Winnebago Industries, Inc. (the "Company") as of August 29, 2009, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of August 29, 2009, based on the criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the financial statements as of and for the year ended August 29, 2009, of the Company and our report dated October 27, 2009 expressed an unqualified opinion on those financial statements.

/s/ Deloitte & Touche LLP
Deloitte & Touche LLP
Minneapolis, Minnesota

October 27, 2009

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying balance sheets of Winnebago Industries, Inc. (the "Company") as of August 29, 2009 and August 30, 2008, and the related statements of income, stockholders' equity, and cash flows for each of the three years in the period ended August 29, 2009. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Company at August 29, 2009 and August 30, 2008, and the results of its operations and its cash flows for each of the three years in the period ended August 29, 2009 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 11 to the financial statements, the Company changed its method of accounting for unrecognized tax benefits to conform to Statement of Financial Accounting Standards Interpretation No. 48 as of August 26, 2007.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of August 29, 2009, based on the criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated October 27, 2009 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP
Deloitte & Touche LLP
Minneapolis, Minnesota

October 27, 2009

Winnebago Industries, Inc.
Consolidated Statements of Income

(In thousands, except per share data)	Year Ended [1] August 29, 2009	August 30, 2008	August 25, 2007
Net revenues	$ 211,519	$ 604,352	$ 870,152
Cost of goods sold	242,265	569,580	770,955
Gross (deficit) profit	(30,746)	34,772	99,197
Operating expenses:			
Selling	12,616	18,482	19,865
General and administrative	15,298	21,359	24,446
Asset impairment	855	4,686	- - -
Total operating expenses	28,769	44,527	44,311
Operating (loss) income	(59,515)	(9,755)	54,886
Financial income	1,452	4,314	6,523
(Loss) income before income taxes	(58,063)	(5,441)	61,409
Provision (benefit) for taxes	20,703	(8,225)	19,845
Net (loss) income	$ (78,766)	$ 2,784	$ 41,564
(Loss) income per common share:			
Basic	$ (2.71)	$ 0.10	$ 1.33
Diluted	$ (2.71)	$ 0.10	$ 1.32
Weighted average common shares outstanding:			
Basic	29,040	29,093	31,162
Diluted	29,051	29,144	31,415

[1] Fiscal year ended August 30, 2008 contained 53 weeks; all other fiscal years contained 52 weeks.

See notes to consolidated financial statements.

Winnebago Industries, Inc.
Consolidated Balance Sheets

(In thousands, except per share data)	August 29, 2009	August 30, 2008
Assets		
Current assets:		
Cash and cash equivalents	$ 36,566	$ 17,851
Short-term investments	13,500	3,100
Receivables, less allowance for doubtful accounts ($185 and $177, respectively)	11,717	9,426
Inventories	46,850	110,596
Prepaid expenses and other assets	3,425	3,715
Income taxes receivable	17,356	6,618
Deferred income taxes	- - -	11,575
Total current assets	129,414	162,881
Property, plant and equipment, net	28,040	40,097
Assets held for sale	6,515	- - -
Long-term investments	19,794	37,538
Investment in life insurance	22,451	22,123
Deferred income taxes	- - -	26,862
Other assets	14,252	15,954
Total assets	$ 220,466	$ 305,455
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 10,370	$ 15,631
Short-term ARS borrowings	9,100	- - -
Income taxes payable	299	76
Accrued expenses:		
Accrued compensation	10,204	10,070
Product warranties	6,408	9,859
Self-insurance	5,356	6,630
Accrued loss on repurchases	1,199	661
Promotional	2,270	2,642
Accrued dividends	- - -	3,489
Other	4,748	5,275
Total current liabilities	49,954	54,333
Total long-term liabilities:		
Unrecognized tax benefits	9,012	9,469
Postretirement health care and deferred compensations benefits	69,169	67,729
Total long-term liabilities	78,181	77,198
Contingent liabilities and commitments		
Stockholders' equity:		
Capital stock common, par value $0.50; authorized 60,000 shares, issued 51,776 shares	25,888	25,888
Additional paid-in capital	29,726	29,632
Retained earnings	410,428	489,194
Accumulated other comprehensive income	6,540	9,813
Treasury stock, at cost (22,690 and 22,706 shares, respectively)	(380,251)	(380,603)
Total stockholders' equity	92,331	173,924
Total liabilities and stockholders' equity	$ 220,466	$ 305,455

See notes to consolidated financial statements.

Winnebago Industries, Inc.
Consolidated Statements of Changes in Stockholders' Equity

(In thousands, except per share data)	Common Shares Number	Common Shares Amount	Additional Paid-In Capital (APIC)	Retained Earnings	Accumulated Other Compre-hensive Income	Treasury Stock Number	Treasury Stock Amount	Total Stock-holders' Equity
Balance, August 26, 2006	51,776	$ 25,888	$ 22,268	$ 480,446	---	(20,633)	$ (310,280)	$ 218,322
Stock option exercises	---	---	3,312	---	---	449	6,799	10,111
Issuance of stock to directors	---	---	241	---	---	15	219	460
Issuance of restricted stock	---	---	(1,586)	---	---	106	1,586	---
Stock-based compensation	---	---	4,411	---	---	---	---	4,411
Payments for the purchase of common stock	---	---	---	---	---	(2,160)	(64,650)	(64,650)
Cash dividends paid and accrued on common stock - $0.42 per share	---	---	---	(12,954)	---	---	---	(12,954)
Adjustments to initially apply new accounting standards, net of $6,474 tax	---	---	---	---	11,090	---	---	11,090
Net income	---	---	---	41,564	---	---	---	41,564
Balance, August 25, 2007	51,776	$ 25,888	$ 28,646	$ 509,056	$ 11,090	(22,223)	$ (366,326)	$ 208,354
Stock option exercises	---	---	(159)	---	---	59	992	833
Utilization of APIC pool due to stock award	---	---	(268)	---	---	---	---	(268)
Issuance of stock to directors	---	---	60	---	---	23	383	443
Issuance of restricted stock, net of forfeitures	---	---	(2,119)	---	---	128	2,119	---
Stock-based compensation	---	---	3,472	---	---	---	---	3,472
Payments for the purchase of common stock	---	---	---	---	---	(693)	(17,771)	(17,771)
Cash dividends paid and accrued on common stock - $0.48 per share	---	---	---	(13,940)	---	---	---	(13,940)
Adjustments to initially apply accounting standards net of $1,111 tax	---	---	---	(8,706)	---	---	---	(8,706)
Prior service cost and actuarial loss, net of $180 tax	---	---	---	---	(53)	---	---	(53)
Temporary impairment of investments, net of $738 tax	---	---	---	---	(1,224)	---	---	(1,224)
Net income	---	---	---	2,784	---	---	---	2,784
Balance, August 30, 2008	51,776	$ 25,888	$ 29,632	$ 489,194	$ 9,813	(22,706)	$ (380,603)	$ 173,924
Stock option exercises	---	---	(7)	---	---	1	17	10
Utilization of APIC pool due to stock award	---	---	(411)	---	---	---	---	(411)
Issuance of stock to directors	---	---	(312)	---	---	31	518	206
Forfeitures of restricted stock	---	---	20	---	---	(1)	(20)	---
Stock-based compensation	---	---	804	---	---	---	---	804
Payments for the purchase of common stock	---	---	---	---	---	(15)	(163)	(163)
Prior service cost and actuarial loss, net of $2,263 tax	---	---	---	---	(4,243)	---	---	(4,243)
Temporary impairment of investments, net of $586 tax	---	---	---	---	970	---	---	970
Net loss	---	---	---	(78,766)	---	---	---	(78,766)
Balance, August 29, 2009	51,776	$ 25,888	$ 29,726	$ 410,428	$ 6,540	(22,690)	$ (380,251)	$ 92,331

See notes to consolidated financial statements.

Winnebago Industries, Inc.
Consolidated Statements of Cash Flows

(In thousands)	Year Ended [1] August 29, 2009	August 30, 2008	August 25, 2007
Operating activities:			
Net (loss) income	$ (78,766)	$ 2,784	$ 41,564
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Depreciation	7,834	9,907	10,495
Asset impairment	855	4,686	- - -
Stock-based compensation	1,010	3,915	4,871
Deferred income taxes including valuation allowance	37,440	3,490	(3,232)
Postretirement benefit income and deferred compensation expense	1,252	1,414	1,539
Provision for doubtful accounts	73	103	187
Loss on disposal of property	75	64	4
Other	132	74	39
Excess tax benefit from stock-based compensation	- - -	(92)	(1,587)
Increase in cash surrender value of life insurance policies	(858)	(759)	(871)
Change in assets and liabilities:			
Inventories	63,746	(9,388)	(24,127)
Receivables and prepaid assets	(2,074)	21,022	(8,325)
Income taxes receivable and unrecognized tax benefits	(8,708)	(17,665)	(3,243)
Accounts payable and accrued expenses	(10,567)	(31,301)	11,686
Postretirement and deferred compensation benefits	(3,172)	(2,632)	(1,249)
Net cash provided by (used in) operating activities	8,272	(14,378)	27,751
Investing activities:			
Purchases of investments	- - -	(228,069)	(308,149)
Proceeds from the sale or maturity of short-term investments	8,900	288,119	335,449
Purchases of property and equipment	(3,473)	(3,720)	(5,245)
Proceeds from the sale of property	296	298	279
Other	(737)	(255)	(564)
Net cash provided by investing activities	4,986	56,373	21,770
Financing activities:			
Payments for purchases of common stock	(163)	(17,771)	(64,650)
Payments of cash dividends	(3,489)	(13,997)	(12,517)
Borrowings on ARS portfolio	9,100	- - -	- - -
Proceeds from issuance of treasury stock	9	643	8,014
Excess tax benefit of stock-based compensation	- - -	92	1,587
Net cash provided by (used in) financing activities	5,457	(31,033)	(67,566)
Net increase (decrease) in cash and cash equivalents	18,715	10,962	(18,045)
Cash and cash equivalents at beginning of year	17,851	6,889	24,934
Cash and cash equivalents at end of year	$ 36,566	$ 17,851	$ 6,889
Supplement cash flow disclosure:			
Income taxes paid	$ 191	$ 8,487	$ 26,319

[1] Fiscal year ended August 30, 2008 contained 53 weeks; all other fiscal years contained 52 weeks.

See notes to consolidated financial statements.

Winnebago Industries, Inc.
Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies

Principles of Consolidation
The consolidated financial statements include the parent company and in years prior to Fiscal 2009, subsidiary companies. All material intercompany balances and transactions with subsidiaries have been eliminated.

Fiscal Period
We follow a 52-/53-week fiscal year, ending the last Saturday in August. The financial statements for Fiscal 2009 and 2007 contained 52 weeks; Fiscal 2008 contained 53 weeks.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. 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 periods. Actual results could differ from those estimates.

Cash and Cash Equivalents
Cash and cash equivalents consist primarily of highly liquid investments with an original maturity of three months or less. The carrying amount approximates fair value due to the short maturity of the investments.

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

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. Our 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 historical loss experience and any specific customer collection issues identified. Additional amounts are provided through charges to income as we believe necessary after evaluation of receivables and current economic conditions. Amounts which are considered to be uncollectible are written off and recoveries of amounts previously written off are credited to the allowance upon recovery.

Inventories
Substantially, all inventories are stated at the lower of cost or market, determined on the LIFO basis. Manufacturing cost includes materials, labor and manufacturing overhead. Unallocated overhead and abnormal costs are expensed as incurred.

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	4-6 yrs.

We review our long-lived depreciable assets for impairment annually or whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable from future cash flows. If the carrying value of a long-lived asset is impaired, an impairment charge is recorded for the amount by which the carrying value of the long-lived asset exceeds its fair value. We assess the potential impairment of long-lived assets in accordance with Statement of Financial Accounting Standards (SFAS) No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets.* We assessed the fair value of certain properties which were idled and are listed for sale (see Note 6). We also reviewed all other long-lived depreciable assets for impairment, noting no additional impairment.

Winnebago Industries, Inc.
Notes to Consolidated Financial Statements

Income Taxes
We account for income taxes in accordance with SFAS No. 109, *Accounting for Income Taxes*. As part of the process of preparing our consolidated financial statements, we are required to estimate our income taxes in each of the jurisdictions in which we operate. This process involves estimating our current tax exposure together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These temporary differences result in deferred tax assets and liabilities, which are included within our consolidated balance sheet. We then assess the likelihood that our deferred tax assets will be realized based on future taxable income and, to the extent we believe that recovery is not likely, we establish a valuation allowance. To the extent we establish a valuation allowance or change this allowance in a period, we include an expense or a benefit within the tax provision in our Consolidated Statements of Income.

Legal
Our accounting policy regarding litigation expense is to accrue for probable exposure including estimated defense costs if we are able to estimate the financial impact.

Revenue Recognition
Generally, revenues for motor homes are recorded when all of the following conditions are met: an order for a product has been received from a dealer, written or verbal approval for payment has been received from the dealer's floorplan financing institution, and the product is delivered to the dealer who placed the order. Most sales are financed under floorplan financing arrangements with banks or finance companies.

Revenues of our OEM components and motor home related parts are recorded as the products are shipped from our location. The title of ownership transfers on these products as they leave our location due to the freight terms of F.O.B. - Forest City, Iowa.

Sales Promotions and Incentives
We accrue for sales promotions and incentive expenses, which are recognized as a reduction to revenues, at the time of sale to the dealer or when the sales incentive is offered to the dealer or retail customer. Examples of sales promotions and incentive programs include dealer and consumer rebates, volume discounts, retail financing programs and dealer sales associate incentives. Sales promotion and incentive expenses are estimated based upon then current program parameters, such as unit or retail volume and historical rates. Actual results may differ from these estimates if market conditions dictate the need to enhance or reduce sales promotion and incentive programs or if the retail customer usage rate varies from historical trends. Historically, sales promotion and incentive expenses have been within our expectations and differences have not been material.

Shipping Revenues and Expenses
Shipping revenues for products shipped are included within sales, while shipping expenses are included within cost of goods sold.

Research and Development
Research and development expenditures are expensed as incurred. A portion of these expenditures qualify for state and federal tax benefits. Development activities generally relate to creating new products and improving or creating variations of existing products to meet new applications. During Fiscal 2009, 2008 and 2007, we spent approximately $3.3 million, $4.1 million and $4.3 million, 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 15 to the Consolidated Financial Statements.)

Subsequent Events
We evaluated events occurring between the end of our most recent fiscal year and October 27, 2009, the date the financial statements were issued. There were no material subsequent events, except for those described in Note 7.

Winnebago Industries, Inc.
Notes to Consolidated Financial Statements

New Accounting Pronouncements
In June 2008, the Financial Accounting Standards Board (FASB) issued a FASB Staff Position (FSP) on the FASB's Emerging Issues Task Force (EITF) Issue No. 03-06-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities*, (FSP EITF 03-06-1). This FSP addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting and, therefore, need to be included in the earnings allocation in computing earnings per share (EPS) under the two-class method described in SFAS No. 128, *Earnings Per Share*. It affects entities that accrue or pay nonforfeitable cash dividends on share-based payment awards during the awards' service period. FSP EITF 03-06-1 is effective for fiscal years beginning after December 15, 2008 (our Fiscal 2010) and interim periods within those fiscal years and will require a retrospective adjustment to all prior period EPS. We are currently evaluating the impact this FSP will have on our calculation and presentation of EPS.

Note 2: Restructuring Costs

On June 11, 2009, we announced the decision to close our Hampton, Iowa fiberglass manufacturing facility. A portion of the production capabilities for fiberglass components will be relocated to our Forest City, Iowa facility with the balance being outsourced. As a result of the Hampton facility closure, we incurred a noncash impairment charge of approximately $855,000. We also recorded severance charges of approximately $100,000 and relocation expenses of approximately $100,000 in Fiscal 2009. The closure is expected to be completed in the first quarter of Fiscal 2010. The severance will be paid out during the first quarter of Fiscal 2010, as well as approximately $300,000 in other costs associated with the idling of the facility. The Hampton facility was listed for sale during the fourth quarter of Fiscal 2009.

During the fourth quarter of Fiscal 2008, we closed our manufacturing facility in Charles City, Iowa which primarily assembled Class C motor homes and moved that production to our Forest City, Iowa campus. As a result of idling this facility, we recorded a noncash asset impairment charge of approximately $4.7 million in Fiscal 2008. Also, as a result of position eliminations in Charles City and other position eliminations within the Company throughout the fiscal year, severance charges of $1.3 million were incurred and paid. The Charles City facility was listed for sale during the fourth quarter of Fiscal 2009.

Note 3: Fair Value Measurements

We adopted SFAS No. 157 on August 31, 2008. This standard defines fair value, establishes a framework for measuring fair value and expands disclosure requirements about fair value measurements. SFAS No. 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value hierarchy prescribed by SFAS No. 157 contains three levels as follows:

Level 1 — Unadjusted quoted prices that are available in active markets for the identical assets or liabilities at the measurement date.

Level 2 — Other observable inputs available at the measurement date, other than quoted prices included in Level 1, either directly or indirectly, including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets in nonactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 — Unobservable inputs that cannot be corroborated by observable market data and reflect the use of significant management judgment. These values are generally determined using pricing models for which the assumptions utilize management's estimates of market participant assumptions.

Assets and Liabilities that are Measured at Fair Value on a Recurring Basis

The fair value hierarchy requires the use of observable market data when available. In instances in which the inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based

on the lowest level input that is significant to the fair value measurement in its entirety. Our assessment of the significance of a particular item to the fair value measurement in its entirety requires judgment, including the consideration of inputs specific to the asset or liability. The following table sets forth by level within the fair value hierarchy our financial assets that were accounted for at fair value on a recurring basis at August 29, 2009, according to the valuation techniques we used to determine their fair values:

(In thousands)	Fair Value at August 29, 2009	Fair Value Measurements Using Inputs Considered As		
		Level 1	Level 2	Level 3
Assets				
Cash and cash equivalents	$ 36,566	$ 36,566	$ - - -	$ - - -
Short-term investments (includes Put Rights)	13,500	- - -	- - -	13,500
Long-term investments	19,794	- - -	- - -	19,794
Assets that fund deferred compensation	10,858	10,858	- - -	- - -

The following table provides a reconciliation between the beginning and ending balances of items measured at fair value on a recurring basis in the table above that used significant unobservable inputs (Level 3):

(In thousands)	August 29, 2009
Balance at beginning of period	$ 37,538
Net realized loss included in earnings	- - -
Net change included in other comprehensive income	1,556
Sales	(5,800)
Balance at the end of the year	$ 33,294

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Cash and cash equivalents. The carrying value of cash equivalents approximates fair value as maturities are less than three months. Our cash equivalents are comprised of money market funds traded in an active market with no restrictions and are classified as Level 1.

Short-term and long-term investments. Our debt securities are comprised of ARS and Put Rights (as defined and as described in Note 4). Our short-term and long-term ARS related investments are classified as Level 3 as quoted prices were unavailable due to events described in Note 4. Due to limited market information, we utilized a discounted cash flow ("DCF") model to derive an estimate of fair value at August 29, 2009. The assumptions used in preparing the DCF model included estimates with respect to the amount and timing of future interest and principal payments, forward projections of the interest rate benchmarks, the probability of full repayment of the principal considering the credit quality and guarantees in place and the rate of return required by investors to own such securities given the current liquidity risk associated with ARS.

Assets that fund deferred compensation. Our assets that fund deferred compensation are marketable equity securities measured at fair value using quoted market prices and primarily consist of equity-based mutual funds. They are classified as Level 1 as they are traded in an active market for which closing stock prices are readily available. These securities fund the Executive Share Option Plan, a deferred compensation program, and are presented as other assets in the accompanying consolidated balance sheets.

Note 4: Investments

We own investments in marketable securities that have been designated as "available for sale" or "trading securities" in accordance with SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities*. Available for sale securities are carried at fair value with the unrealized gains and losses reported in "Accumulated Other Comprehensive Income," a component of stockholders' equity. Trading securities are carried at fair value with unrealized gains and losses reported in financial income/expense.

At August 29, 2009, we held $33.7 million (par value) of investments comprised of tax-exempt auction rate securities (ARS), which are variable-rate debt securities and have a long-term maturity with the interest rate being reset through Dutch auctions that are typically held every 7, 28 or 35 days. Prior to February 2008, these securities traded at par and are callable at par at

the option of the issuer. Interest is typically paid at the end of each auction period or semiannually. The vast majority of the ARS we hold are AAA/Aaa rated with most collateralized by student loans guaranteed by the U.S. Government under the Federal Family Education Loan Program.

Since February 2008, most ARS auctions have failed for these securities and there is no assurance that future auctions will succeed and, as a result, our ability to liquidate our investment and fully recover the par value in the near term may be limited or nonexistent. We have no reason to believe that any of the underlying issuers of our ARS are presently at risk of default. We have continued to receive interest payments on the ARS in accordance with their terms. We believe we will ultimately be able to liquidate our ARS related investments without significant loss primarily due to the collateral securing the ARS and the legal settlement agreement we have entered into with UBS AG ("UBS"). As noted below, our UBS settlement allows for a portion of our ARS to be redeemed at par as early as June 30, 2010. However, the remaining portfolio could take until final maturity of the ARS (up to 25 years) to realize the par value of our investments. Due to the changes and uncertainty in the ARS market, we believe the recovery period for these investments is likely to be longer than 12 months and as a result, we have classified these investments as long-term as of August 29, 2009. Our short-term ARS investments of $13.5 million relate to the UBS portion of our portfolio including the Put Rights provided to us by the legal settlement described below.

In November 2008, we elected to participate in a rights offering by UBS, one of our brokers, which provide us with rights (the "Put Rights") to sell to them $13.5 million at par value of our ARS portfolio, purchased through UBS, at any time during a two-year sale period beginning June 30, 2010. By electing to participate in the rights offering, we granted UBS the right, exercisable at any time prior to June 30, 2010 or during the two-year sale period, to purchase or cause the sale of our ARS (the "Call Right"). UBS has stated that it will only exercise the Call Right for the purpose of restructurings, dispositions or other solutions that will provide their clients with par value for their ARS. UBS has agreed to pay their clients the par value of their ARS within one day of settlement of any Call Right transaction. Notwithstanding the Call Right, we are permitted to sell ARS to parties other than UBS, in which case the Put Rights attached to the ARS that are sold would be extinguished. The terms of the legal settlement agreement also allowed us to borrow on a portion of our portfolio at "no net cost" and as a result, we borrowed $9.1 million under this arrangement, which is presented as short-term ARS borrowings on our balance sheet. We have the ability to maintain the "no net cost" loans until the securities are liquidated or they reach the June 2010 put date.

At August 29, 2009, there was insufficient observable ARS market information available to determine the fair value of our ARS investments, including the Put Rights. Therefore, we estimated fair value by incorporating assumptions that market participants would use in their estimates of fair value. Some of these assumptions included credit quality, final stated maturities, estimates on the probability of the issue being called prior to final maturity, impact due to extended periods of maximum auction rates and broker quotes from independent evaluators. Based on this analysis, we recorded a temporary impairment of $406,000 related to our long-term ARS investments of $20.2 million (par value) that were not part of the UBS settlement as of August 29, 2009. These same assumptions were used to estimate the fair value of our UBS ARS portfolio described above, including the Put Rights.

Note 5: Inventories

Inventories consist of the following:

(In thousands)	August 29, 2009	August 30, 2008
Finished goods	$ 18,709	$ 41,716
Work-in-process	24,982	31,187
Raw materials	33,505	75,010
	77,196	147,913
LIFO reserve	(30,346)	(37,317)
Total inventories	$ 46,850	$ 110,596

The above value of inventories, before reduction for the LIFO reserve, approximates replacement cost at the respective dates. Due to a liquidation of LIFO inventory values as a result of a significant reduction of inventory levels during Fiscal 2009, we recorded a reduction to LIFO reserves of $7.0 million, which is net of inflation.

Winnebago Industries, Inc.
Notes to Consolidated Financial Statements

Note 6: Property, Plant and Equipment and Assets Held for Sale

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

(In thousands)	August 29, 2009	August 30, 2008
Land	$ 772	$ 934
Buildings	49,220	55,977
Machinery and equipment	92,625	97,002
Transportation	3,457	9,455
	146,074	163,368
Less accumulated depreciation	(118,034)	(123,271)
Total property, plant and equipment, net	$ 28,040	$ 40,097

Assets held for sale consists of the following:

(In thousands)	August 29, 2009
Airplane, net	$ 2,276
Manufacturing facilities, net [(1)]	4,239
Total assets held for sale	$ 6,515

(1) Manufacturing facilities consist of an idled manufacturing facility in Charles City, Iowa and a fiberglass manufacturing facility in Hampton, Iowa.

We recorded an impairment of $855,000 for the Hampton facility in the fourth quarter of Fiscal 2009 and an impairment of $4.7 million for the Charles City manufacturing facility in the fourth quarter of Fiscal 2008.

Note 7: Credit Facilities

On September 17, 2008, we entered into a two-year $25.0 million credit and security agreement with Wells Fargo Bank, National Association. No borrowings were made during Fiscal 2009 under this agreement. As of August 29, 2009, our net equity of $92.3 million was not in compliance with the minimum tangible net worth financial covenant of this agreement. On October 13, 2009, we terminated this agreement in accordance with its terms in order to enter into a new credit facility that would provide more financial flexibility over a longer period of time.

On October 13, 2009, the Company entered into a Loan and Security Agreement (the “Loan Agreement”) with Burdale Capital Finance, Inc., as Agent. The Loan Agreement provides for an initial $20.0 million revolving credit facility, based on the Company’s eligible accounts receivable and eligible inventory, expiring on October 13, 2012, unless terminated earlier in accordance with its terms. The Loan Agreement contains no financial covenant restrictions for borrowings up to $12.5 million; provided that borrowings cannot exceed the Asset Coverage Amount (as defined in the Loan Agreement) divided by 2.25. The Loan Agreement also includes a framework to expand the size of the facility up to $50.0 million, based on mutually agreeable covenants to be determined at the time of expansion. Interest on loans made under the credit facility will be based on the greater of LIBOR or 2.0 percent plus a margin of 4.0 percent or the greater of prime rate or 4.25 percent plus a margin of 3.0 percent. No borrowings have been made under the Loan Agreement through October 27, 2009. The Company intends to use any loan proceeds from the Loan Agreement for working capital and for other general corporate purposes, if needed.

The Loan Agreement contains typical affirmative representations and covenants for a credit agreement of this size and nature. The Loan Agreement requires us to comply with certain financial covenants if we borrow more than $12.5 million, including minimum EBITDA and minimum liquidity as defined in the agreement and limitations on capital expenditures. Additionally, the Loan Agreement contains negative covenants limiting our ability, among other things, to incur debt, grant liens, make acquisitions, make certain investments, pay certain dividends and distributions (including stock repurchases), engage in mergers, consolidations or acquisitions and sell certain assets. Our obligations under the Loan Agreement are secured by a security interest in all of our accounts and other receivables, chattel paper, documents, deposit accounts, instruments, equipment, inventory, investment property, leasehold interest, cash and cash equivalents, letter-of-credit rights, most real property and fixtures and certain other business assets.

Winnebago Industries, Inc.
Notes to Consolidated Financial Statements

Note 8: Warranty

We provide our motor home customers a comprehensive 12-month/15,000-mile warranty on our Class A, B and C motor homes, and a 3-year/36,000-mile structural warranty on Class A and C sidewalls and floors. We have also incurred costs for certain warranty-type expenses which occurred after the normal warranty period. We have voluntarily agreed to pay such costs to help protect the reputation of our products and the goodwill of our customers. We record our warranty liabilities based on our estimate of the amounts necessary to settle future and existing claims on products sold as of the balance sheet date. We also incur costs as a result of additional service actions not covered by our warranties, including product recalls and customer satisfaction actions.

Changes in our product warranty liability during Fiscal 2009 and Fiscal 2008 are as follows:

(In thousands)	August 29, 2009	August 30, 2008
Balance at beginning of year	$ 9,859	$ 11,259
Provision	3,843	10,967
Claims paid	(7,294)	(12,367)
Balance at end of year	$ 6,408	$ 9,859

Note 9: Employee and Retiree Benefits

Postretirement health care and deferred compensation benefits are as follows:

(In thousands)	August 29, 2009	August 30, 2008
Postretirement health care benefit cost	$ 35,312	$ 30,827
Non-qualified deferred compensation	26,092	26,583
Executive share option plan liability	8,444	10,999
SERP benefit liability	3,259	2,953
Executive deferred compensation	59	55
Total postretirement health care and deferred compensation benefits	73,166	71,417
Less current portion	(3,997)	(3,688)
Long-term postretirement health care and deferred compensation benefits	$ 69,169	$ 67,729

Postretirement Health Care Benefits
We provide certain health care and other benefits for retired employees hired before April 1, 2001, 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 and current age at retirement. Our postretirement health care plan currently is not funded. We use a September 1 measurement date for this plan.

We adopted SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans — an amendment of FASB Statement Nos. 87, 88, 106, and 132(R)* at the end of Fiscal 2007. SFAS No. 158 requires that the full benefit obligation be included on the balance sheet. Prior service credit and actuarial gains and losses are included in accumulated other comprehensive income and reclassified into net income in future periods. The adoption resulted in a decrease in total assets of $6.4 million, a decrease in total liabilities of $17.6 million and an increase in total stockholders' equity of $11.1 million, net of tax. The adoption of this standard had no impact on our consolidated results of operations.

The following tables present reconciliations of the benefit obligation and the funded status of the plan:

(In thousands)	August 29, 2009	August 30, 2008
Change in benefit obligation:		
Accumulated benefit obligation at beginning of year	$ 30,827	$ 32,560
Interest cost	2,119	2,003
Service cost	590	734
Net benefits paid	(829)	(1,046)
Actuarial loss (gain)	2,605	(3,424)
Benefit obligation at end of year	$ 35,312	$ 30,827

Winnebago Industries, Inc.
Notes to Consolidated Financial Statements

The discount rate used in determining the accumulated postretirement benefit obligation was 5.7 percent at August 29, 2009 and 7.0 percent at August 30, 2008. In Fiscal 2009, the decrease in the discount rate resulted in an increase to the benefit obligation, presented as an actuarial loss in the table above. The average assumed health care cost trend rate used in measuring the accumulated postretirement benefit obligations as of August 29, 2009 was 8.5 percent, decreasing each successive year until it reaches 4.5 percent in 2018, after which it remains constant.

Net periodic postretirement benefit income for the past three fiscal years consisted of the following components:

(In thousands)	August 29, 2009	August 30, 2008	August 25, 2007
Interest cost	$ 2,119	$ 2,003	$ 1,888
Service cost	590	734	809
Net amortization and deferral	(3,498)	(3,298)	(3,187)
Net periodic postretirement benefit income	$ (789)	$ (561)	$ (490)

Amounts not yet recognized in net periodic benefit cost and included in accumulated other comprehensive income (before taxes) are as follows:

(In thousands)	August 29, 2009	August 30, 2008
Prior service credit	$ (26,200)	$ (30,399)
Net actuarial loss	14,613	12,709
Accumulated other comprehensive income	$ (11,587)	$ (17,690)

The estimated actuarial net loss and prior service credit that will be amortized from accumulated other comprehensive income as a reduction to net periodic benefit cost in Fiscal 2010 will be $3.3 million.

Expected future benefit payments for postretirement health care for the next ten years are as follows:

(In thousands) Year Ended	Amount
2010	$ 1,193
2011	1,393
2012	1,558
2013	1,714
2014	1,893
2015-2019	11,814
	$ 19,565

The expected benefits have been estimated based on the same assumptions used to measure our benefit obligation as of August 29, 2009 and include benefits attached to estimated current employees' future services.

Deferred Compensation Benefits

Non-Qualified Deferred Compensation Program (1981)
We have a Non-Qualified Deferred Compensation Program which permitted key employees to annually elect to defer a portion of their compensation until their retirement. The plan has been closed to any additional deferrals since January 2001. 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 $1.9 million, $1.8 million and $1.8 million in Fiscal 2009, 2008 and 2007, respectively. Total deferred compensation liabilities were $26.1million and $26.6 million at August 29, 2009 and August 30, 2008, respectively.

Supplemental Executive Retirement Plan (SERP) (Formerly Split Dollar Life Insurance)
The primary purpose of this plan was to provide the Company's officers and managers with supplemental retirement income for a period of 15 years after retirement. We have not offered this plan on a continuing basis to members of management since 1998. The plan was funded with individual whole life insurance policies owned by the named insured officer or manager. We initially paid the life insurance premiums on the life of the individual and the individual would receive life insurance and supplemental cash payment during the 15 years following retirement. In October 2008, the plan was amended as a result of changes in the tax and accounting regulations and rising administrative costs. Under the redesigned SERP, the

underlying life insurance policies previously owned by the insured individual became company-owned life insurance (COLI) by a release of all interests by the participant and assignment to us as a prerequisite to participation in the SERP and transition from the Split Dollar Program. Total SERP liabilities were $3.3 million and $3.0 million at August 29, 2009 and August 30, 2008, respectively. This program remains closed to new employee participation.

To assist in funding the deferred compensation and SERP liabilities, we have invested in COLI policies. The cash surrender value of these policies is presented as investment in life insurance in the accompanying consolidated balance sheets and consist of the following:

(In thousands)	August 29, 2009	August 30, 2008
Cash value	$ 49,907	$ 40,495
Borrowings	(27,456)	(24,159)
Cash surrender value	22,451	16,336
Split dollar life insurance	- - -	5,787
Total investment in life insurance	$ 22,451	$ 22,123

Non-Qualified Share Option Program (2001)
The Non-Qualified Share Option Program permitted participants in the Executive Share Option Plan (the “Executive Plan”) to choose to exchange a portion of their salary or other eligible compensation for options on selected securities, primarily equity-based mutual funds. These assets are treated as trading securities and are recorded at fair value. The Executive Plan has been closed to any additional deferrals since January 2005. Total Executive Plan assets are included in other assets in the accompanying consolidated balance sheets. Such assets on August 29, 2009 and August 30, 2008 were $10.9 million and $13.5 million, respectively, and the liabilities were $8.4 million and $11.0 million, respectively. The difference between the asset and liability balances represents the additional 25 percent we contributed at the time of the initial deferrals to aid in potential additional earnings to the participant. This contribution is required to be paid back to us when the option is exercised. A participant may exercise his or her options per the plan document, but there is a requirement that after these dollars have been invested for fifteen years the participant is required to exercise such option.

Executive Deferred Compensation Plan (2007)
In December 2006, we adopted the Winnebago Industries, Inc. Executive Deferred Compensation Plan (the “Executive Deferred Compensation Plan”). Under the Executive Deferred Compensation Plan, corporate officers and certain key employees may annually choose to defer up to 50 percent of their salary and up to 100 percent of their cash incentive awards. The assets are presented as other assets and the liabilities are presented as postretirement health care and deferred compensation benefits in the accompanying consolidated balance sheets. Such assets on August 29, 2009 and August 30, 2008 were $59,000 and $55,000, respectively, and liabilities were $59,000 and $55,000, respectively.

Profit Sharing Plan
We have a qualified profit sharing and contributory 401(k) plan for eligible employees. The plan provides quarterly discretionary cash contributions as approved by our Board of Directors. Contributions to the plan for Fiscal 2009, 2008 and 2007 were $859,000, $2.3 million and $2.5 million, respectively.

Note 10: Contingent Liabilities and Commitments

Repurchase Commitments
Generally, companies in the RV industry enter into repurchase agreements with lending institutions which have provided wholesale floorplan financing to dealers. Most dealers’ motor homes are financed on a “floorplan” basis under which a bank or finance company lends the dealer all, or substantially all, of the purchase price, collateralized by a security interest in the motor homes purchased.

Our repurchase agreements provide that, in the event of default by the dealer on the agreement to pay the lending institution, we will repurchase the financed merchandise. The terms of these agreements, which can last up to 18 months, provide that our liability will be the lesser of remaining principal owed by the dealer or dealer invoice less periodic reductions based on the time since the date of the original invoice. Our liability cannot exceed 100 percent of the dealer invoice. Our contingent liability on these repurchase agreements was approximately $90.6 million and $199.7 million at August 29, 2009 and August 30, 2008, respectively.

In certain instances, we also repurchase inventory from our dealers due to state law or regulatory requirements that govern

voluntary or involuntary relationship terminations. Although laws vary from state to state, some states have laws in place that require manufacturers of motor vehicles to repurchase current inventory if a dealership exits the business. Incremental repurchase exposure beyond existing repurchase agreements, related to dealer inventory in states that we have had historical experience of repurchasing inventory, totaled $3.1 million at August 29, 2009.

Based on the repurchase exposure as previously described, we established an associated loss reserve. Accrued loss on repurchases were $1.2 million as of August 29, 2009 and $661,000 as of August 30, 2008. A summary of the activity for the fiscal years stated for repurchased units is as follows:

(Dollars in thousands)	Fiscal 2009	Fiscal 2008	Fiscal 2007
Inventory repurchased			
Units	136	36	48
Dollars	$ 12,664	$ 3,021	$ 3,735
Inventory resold			
Units	142	29	48
Cash collected	$ 11,283	$ 2,185	$ 3,618
Loss recognized	$ 1,984	$ 162	$ 117

Self-Insured Product Liability
We have an insurance policy covering product liability claims, however, we self-insure for a portion of product liability claims. Self-insurance retention liability varies annually based on market conditions and for at least the last five fiscal years was at $2.5 million per occurrence and $6.0 million in aggregate per policy year. In the event that the annual aggregate of the self-insured retention is exhausted by payment of claims and defense expenses, a deductible of $1.0 million, excluding defense expenses, is applicable to each claim covered under this policy. Our product liability accrual is included within accrued self-insurance on our consolidated balance sheet along with other types of self-insured liabilities, such as workers' compensation and employee medical claims.

Litigation
We are involved in various legal proceedings which are ordinary routine litigation incidental to our business, some 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, we believe that while the final resolution of any such litigation may have an impact on our consolidated results for a particular reporting period, the ultimate disposition of such litigation will not have any material adverse effect on our financial position, results of operations or liquidity.

Lease Commitments
We lease certain facilities and equipment under operating leases. Lease expense was $263,000 for Fiscal 2009, $294,000 for Fiscal 2008 and $281,000 for Fiscal 2007. Minimum future lease commitments under noncancelable lease agreements in excess of one year as of August 29, 2009 are as follows:

(In thousands) Year Ended	Amount
2010	$ 158
2011	138
2012	31
2013	31
2014	15
Total	$ 373

Winnebago Industries, Inc.
Notes to Consolidated Financial Statements

Note 11: Income Taxes

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

	Year Ended		
(In thousands)	**August 29, 2009**	**August 30, 2008**	**August 25, 2007**
Current			
Federal	$ (17,882)	$ (2,132)	$ 21,427
State	(1,049)	(4,212)	1,650
Total current (benefit) provision	(18,931)	(6,344)	23,077
Deferred			
Federal	34,559	(1,630)	(2,799)
State	5,075	(251)	(433)
Total deferred provision (benefit)	39,634	(1,881)	(3,232)
Total provision (benefit)	$ 20,703	$ (8,225)	$ 19,845

The following is a reconciliation of the U.S. statutory income tax rate to our effective tax rate:

	Year Ended		
(Stated as a percentage)	**August 29, 2009**	**August 30, 2008**	**August 25, 2007**
U.S. federal statutory rate	(35.0)%	(35.0)%	35.0%
Tax-free and dividend income	(2.0)	(69.6)	(2.9)
Domestic production activities credit	- - -	- - -	(1.1)
State taxes, net of federal benefit	(2.5)	1.3	1.5
Incentive stock options	- - -	2.1	0.3
Provision for uncertain tax positions	- - -	24.1	- - -
Settlement of uncertain tax positions	(0.9)	(76.3)	- - -
Other	(1.5)	(3.8)	(0.5)
Valuation allowance	77.5	6.0	- - -
Effective tax provision (benefit) rate	35.6%	(151.2)%	32.3%

Significant items comprising our net deferred tax assets are as follows:

	August 29, 2009			August 30, 2008		
(In thousands)	**Assets**	**Liabilities**	**Total**	**Assets**	**Liabilities**	**Total**
Current						
Warranty reserves	$ 2,393	$ - - -	$ 2,393	$ 3,661	$ - - -	$ 3,661
Self-insurance reserve	1,752	- - -	1,752	2,068	- - -	2,068
Accrued vacation	1,842	- - -	1,842	1,817	- - -	1,817
Miscellaneous reserves	4,087	(1,147)	2,940	3,999	(1,039)	2,960
Carry forward tax credits	- - -	- - -	- - -	1,394	- - -	1,394
Total current	10,074	(1,147)	8,927	12,939	(1,039)	11,900
Noncurrent						
Deferred compensation	14,439	- - -	14,439	15,665	- - -	15,665
Postretirement health care benefits	12,940	- - -	12,940	11,560	- - -	11,560
Unrecognized tax benefit	2,249	- - -	2,249	2,493	- - -	2,493
Tax credits and net operating loss (NOL) carryforwards	8,370	- - -	8,370	39	- - -	39
Depreciation	- - -	(2,766)	(2,766)	- - -	(3,631)	(3,631)
Other	1,142	- - -	1,142	736	- - -	736
Total noncurrent	39,140	(2,766)	36,374	30,493	(3,631)	26,862
Total gross deferred tax assets	49,214	(3,913)	45,301	43,432	(4,670)	38,762
Valuation allowance	(49,214)	3,913	(45,301)	(325)	- - -	(325)
Total deferred tax assets	$ - - -	$ - - -	$ - - -	$ 43,107	$ (4,670)	$ 38,437

Winnebago Industries, Inc.
Notes to Consolidated Financial Statements

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. At August 29, 2009, our deferred tax assets included $3.1 million of unused tax credits, of which $1.2 million can be carried forward indefinitely, $500,000 can be carried forward 20 years and $1.4 million will expire in 2014. In addition, at August 29, 2009, our deferred tax assets also included $5.3 million of NOL carryforwards, $4.0 million of which is Federal NOLs that can be carried forward 20 years, and state NOLs in the amount of $1.3 million that will begin to expire in 2013, if not otherwise used by us. A valuation allowance of $45.3 million has been recognized to offset the related deferred tax assets due to the uncertainty of realizing the deferred tax assets.

On August 26, 2007, we adopted FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes – An Interpretation of FASB Statement No. 109* (FIN 48). FIN 48 prescribes criteria for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return, among other items. In addition, FIN 48 provides guidance on classification of tax liabilities, interest and penalties, accounting interim periods, disclosure and transition with respect to the application of the new accounting standard. As a result of adoption in the first quarter of Fiscal 2008, we recognized a cumulative effect adjustment of $8.5 million as a reduction to the balance of retained earnings, an increase of $7.1 million in deferred tax assets, and an increase of $15.6 million in tax liabilities. The amount of unrecognized tax benefits totaled $21.8 million, of which $8.3 million was accrued for interest and penalties. It is our policy to recognize interest and penalties accrued relative to unrecognized tax benefits into tax expense.

Changes in the unrecognized tax benefits are as follows:

(In thousands)	**2009**	**2008**
Unrecognized tax benefits - opening balance	$ (9,469)	$ (21,807)
Gross increases - tax positions in a prior period	(57)	(979)
Gross decreases - tax positions in a prior period	677	7,218(1)
Gross increases - current period tax positions	(163)	(1,862)
Settlements	- - -	7,961(1)
Unrecognized tax benefits - ending balance	$ (9,012)	$ (9,469)

(1) During Fiscal 2008, there were favorable settlements of uncertain tax positions with various taxing jurisdictions. The original unrecognized tax benefit associated with these positions was $14.6 million, of which $8.0 million was paid in cash and is included in “Settlements.” The $6.6 million balance of this reserve, inclusive of related deferred taxes, is included in “Gross decreases-tax positions in a prior period.”

If the remaining uncertain positions are ultimately resolved, approximately $5.5 million could have a positive impact on our effective tax rate. Currently, $2.9 million is accrued for interest and penalties.

We file tax returns in the U.S. federal jurisdiction, as well as various international and state jurisdictions. Our federal income tax returns for Fiscal 2006 through Fiscal 2008 are currently under examination by the IRS. An estimate of the range of possible changes that may result from the examination cannot be made at this time. Although certain years are no longer subject to examinations by the IRS and various state taxing authorities, NOL carryforwards generated in those years may still be adjusted upon examination by the IRS or state taxing authorities if they either have been or will be used in a future period. A number of years may elapse before an uncertain tax position is audited and finally resolved, and it is often very difficult to predict the outcome of such audits. Periodically, various state and local jurisdictions conduct audits, therefore, a variety of other years are subject to state and local jurisdiction review.

We do not believe within the next twelve months there will be a significant change in the total amount of unrecognized tax benefits as of August 29, 2009.

Winnebago Industries, Inc.
Notes to Consolidated Financial Statements

Note 12: Financial Income and Expense

The following is a reconciliation of financial income:

	Year Ended [1]		
(In thousands)	**August 29, 2009**	**August 30, 2008**	**August 25, 2007**
Interest income from investments and receivables	$ 1,440	$ 4,091	$ 2,895
Dividend income	- - -	231	3,634
Gain (loss) on foreign currency transactions	12	(8)	(6)
Total financial income	$ 1,452	$ 4,314	$ 6,523

[1] Fiscal year ended August 30, 2008 contained 53 weeks; all other fiscal years contained 52 weeks.

Note 13: Stock-Based Compensation Plans

We have a 2004 Incentive Compensation Plan, as amended (the "Plan"), in place which allows us to grant stock options and other equity compensation to key employees and to non-employee directors. Prior to Fiscal 2007, stock-based compensation generally consisted only of stock options. In Fiscal 2007 and Fiscal 2008, we granted restricted stock awards to key employees and directors instead of stock options. No stock options or restricted stock awards were granted in Fiscal 2009. The value of the restricted stock awards is based on the number of shares granted and the closing price of our common stock on the date of grant. The grant price of an option under the Plan was determined by the mean of the high and low prices of our common stock on the date of grant. Stock options are granted at the closing market price on the date of grant. The term of any options granted under the Plan may not exceed ten years from the date of the grant. Options and awards issued to key employees generally vest over a three-year period in equal annual installment, beginning one year after the date of grant, with immediate vesting upon retirement or upon a change of control (as defined in the Plan), if earlier. Historically, options issued to directors vested six months after grant. No more than 4,000,000 shares of common stock may be issued under the Plan and no more than 2,000,000 of those shares may be used for awards other than stock options or stock appreciation rights. Shares subject to awards that are forfeited, terminated, expire unexercised, settled in cash, exchanged for other awards, tendered to satisfy the purchase price of an award, withheld to satisfy tax obligations or otherwise lapse again become available for awards.

The Plan replaced the 1997 Stock Option Plan. Any stock options previously granted under the 1997 Stock Option Plan shall continue to be exercisable in accordance with their original terms and conditions.

Stock Options
Total stock option expense included in our statements of income for the fiscal years ended August 29, 2009, August 30, 2008 and August 25, 2007, was $33,000, $401,000 and $1.7 million, respectively.

A summary of stock option activity for Fiscal 2009, 2008 and 2007 is as follows:

	2009			2008			2007		
	Shares	**Price per Share**	**Wtd. Avg. Exercise Price/Share**	**Shares**	**Price per Share**	**Wtd. Avg. Exercise Price/Share**	**Shares**	**Price per Share**	**Wtd. Avg. Exercise Price/Share**
Outstanding at beginning of year	1,044,899	$ 7 - $36	$ 27.10	1,137,975	$ 5 - $36	$ 26.32	1,591,676	$ 4 - $36	$ 23.93
Options granted	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Options exercised	(1,000)	9	9.25	(59,201)	5 - 27	10.86	(449,690)	4 - 32	17.82
Options canceled	(33,675)	7 - 32	21.29	(33,875)	26 - 32	29.25	(4,011)	31	31.48
Outstanding at end of year	1,010,224	$ 9 - $36	$ 27.31	1,044,899	$ 7 - $36	$ 27.10	1,137,975	$ 5 - $36	$ 26.32
Exercisable at end of year	1,010,224	$ 9 - $36	$ 27.31	971,540	$ 7 - $36	$ 27.09	859,242	$ 5 - $36	$ 25.57

Winnebago Industries, Inc.
Notes to Consolidated Financial Statements

The weighted average remaining contractual life for options outstanding and exercisable at August 29, 2009 was 4.51 years. The aggregate intrinsic value of options outstanding and exercisable at August 29, 2009 was $109,000. Other values related to options are as follows:

(In thousands)	2009	2008	2007
Aggregate intrinsic value of options exercised [1]	$ 2	$ 497	$ 6,934
Net cash proceeds from the exercise of stock options	9	643	8,014
Actual income tax benefit realized from stock option exercises	1	190	2,396

[1] The amount by which the closing price of our stock on the date of exercise exceeded the exercise price.

Stock Awards
Total restricted stock award expense included in our statements of income for the fiscal years ended August 29, 2009 and August 30, 2008 was $978,000 and $3.5 million, respectively.

Employee Stock Awards
A summary of employee stock award activity for Fiscal 2009 and 2008 is as follows:

	2009		2008	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Beginning of year	138,112	$ 30.36	89,850	$ 34.36
Granted	- - -	- - -	129,200	26.61
Vested	(54,672)	30.95	(79,938)	28.79
Cancelled	(1,200)	30.26	(1,000)	30.67
End of year	82,240	$ 29.97	138,112	$ 30.36

The aggregate intrinsic value of employee awards outstanding at August 29, 2009 was $956,000.

As of August 29, 2009, there was $413,000 of unrecognized compensation expense related to restricted stock awards that is expected to be recognized over a weighted average period of ten months. The aggregate intrinsic value and total fair value of awards vested during Fiscal 2009 was $595,000 and $1.7 million, respectively.

Director's Awards
As of August 29, 2009, there were 15,000 shares of restricted stock that had been awarded to our non-employee directors, which had an aggregate intrinsic value of $174,000. There were no restricted stock awards granted during Fiscal 2009. These awards vest immediately, but the directors are restricted from selling this stock until their retirement from the Board of Directors.

Non-employee directors may elect to receive all or part of their annual retainer and board fees in the form of Winnebago Industries stock units credited in the form of shares of our common stock instead of cash. These shares are also restricted from being sold until the individual retires from the Board. The aggregate intrinsic value of these awards as of August 29, 2009 was $1.0 million with 87,881 shares outstanding.

A summary of the stock units activity under the exchange arrangement for the past three fiscal years is as follows:

	2009	2008	2007
Shares issued to trust	30,927	12,527	7,524
Related expense	$ 206,000	$ 211,000	$ 239,000

Winnebago Industries, Inc.
Notes to Consolidated Financial Statements

Note 14: Net Revenues Classifications

Net revenue by product class:

	Year Ended [1]					
(In thousands)	**August 29, 2009**	**%**	**August 30, 2008**	**%**	**August 25, 2007**	**%**
Motor homes	$ 178,619	84.5	$ 555,671	91.9	$ 815,895	93.8
Motor home parts and services	12,559	5.9	16,923	2.8	16,413	1.9
Other manufactured products	20,341	9.6	31,758	5.3	37,844	4.3
Total net revenues	$ 211,519	100.0	$ 604,352	100.0	$ 870,152	100.0

[1] Fiscal year ended August 30, 2008 contained 53 weeks; all other fiscal years contained 52 weeks.

Net revenue by geographic area:

	Year Ended [1]					
(In thousands)	**August 29, 2009**	**%**	**August 30, 2008**	**%**	**August 25, 2007**	**%**
United States	$ 199,579	94.4	$ 560,602	92.8	$ 823,287	94.6
International	11,940	5.6	43,750	7.2	46,865	5.4
Total net revenues	$ 211,519	100.0	$ 604,352	100.0	$ 870,152	100.0

[1] Fiscal year ended August 30, 2008 contained 53 weeks; all other fiscal years contained 52 weeks.

Note 15: Income Per Share

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

	Year Ended [1]		
(In thousands, except per share data)	**August 29, 2009**	**August 30, 2008**	**August 25, 2007**
Income per share - basic			
Net (loss) income	$ (78,766)	$ 2,784	$ 41,564
Weighted average shares outstanding	29,040	29,093	31,162
Net (loss) income per share - basic	$ (2.71)	$ 0.10	$ 1.33
Income per share - assuming dilution			
Net (loss) income	$ (78,766)	$ 2,784	$ 41,564
Weighted average shares outstanding	29,040	29,093	31,162
Dilutive impact of awards and options outstanding	11	51	253
Weighted average shares and potential dilutive shares outstanding	29,051	29,144	31,415
Net (loss) income per share - assuming dilution	$ (2.71)	$ 0.10	$ 1.32

[1] Fiscal year ended August 30, 2008 contained 53 weeks; all other fiscal years contained 52 weeks.

For the fiscal years ended August 29, 2009, August 30, 2008 and August 25, 2007, there were options outstanding to purchase 1,010,224 shares, 881,591 shares and 273,555 shares, respectively, of common stock at an average price of $27.31, $29.36 and $32.82, respectively, which were not included in the computation of diluted income per share because they are considered anti-dilutive under the treasury stock method per SFAS No. 128, Earnings Per Share (as amended).

Note 16: 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 Shareholders Rights Plan (the “Rights Plan”) discussed below, the Board of Directors has reserved, but not issued, 300,000 shares of preferred stock.

In May 2000, we adopted a 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 our common stock, except as described below. 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 our 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 our common stock), except as described below, to buy 1/200 of a share of a new series of preferred stock at an exercise price of $33.625. The preferred shares will be entitled to 100 times the per share dividend payable on our 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 our 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 that we are acquired in a merger or 50 percent or more of our 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, except as described below, of our common stock and before they acquire 50 percent, our 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 our common stock, the rights are redeemable for $0.01 per right at the option of our Board of Directors. Our 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 us. An Amendment, dated January 13, 2003, was made to the Rights Plan to permit FMR Corp., its affiliates and associates (collectively, "FMR") and an amendment dated May 17, 2006, was made to the Rights Plan to permit Royce & Associates, LLC, its affiliates and associates ("Royce"), to be the beneficial owner of up to 20 percent of our outstanding stock provided that FMR or Royce, in its filings under the Securities Exchange Act of 1934, as amended, does not state any present intention to hold shares of our common stock with the purpose or effect of changing or influencing control of us. An individual or group that becomes the beneficial owner of 15 percent or more (20 percent in the case of FMR or Royce) of our common stock as a result of an acquisition of the common stock by us or the acquisition by such individual or group of new-issued shares directly from us, such individual's or group's ownership shall not trigger the issuance of rights under the Rights Plan unless such individual or group after such share repurchase or direct issuance by us, becomes the beneficial owner of any additional shares of our common stock.

Note 17: Interim Financial Information (Unaudited)

Fiscal 2009	**Quarter Ended**			
(In thousands, except per share data)	**November 29, 2008**	**February 28, 2009**	**May 30, 2009**	**August 29, 2009**
Net revenues	$ 69,398	$ 31,808	$ 50,848	$ 59,465
Gross deficit	(8,894)	(11,792)	(8,285)	(1,775)
Operating loss	(16,890)	(18,611)	(14,782)	(9,232)
Net loss	$ (9,596)	$ (10,381)	$ (8,553)	$ (50,236)
Net loss per share (basic)	$ (0.33)	$ (0.36)	$ (0.29)	$ (1.73)
Net loss per share (diluted)	$ (0.33)	$ (0.36)	$ (0.29)	$ (1.73)

Fiscal 2008	**Quarter Ended**			
(In thousands, except per share data)	**December 1, 2007 [1]**	**March 1, 2008**	**May 31, 2008**	**August 30, 2008**
Net revenues	$ 215,142	$ 164,203	$ 139,736	$ 85,271
Gross profit (deficit)	25,640	12,169	2,624	(5,661)
Operating income (loss)	13,584	2,454	(6,903)	(18,890)
Net income (loss)	$ 9,962	$ 2,517	$ 3,000	$ (12,695)
Net income (loss) per share (basic)	$ 0.34	$ 0.09	$ 0.10	$ (0.44)
Net income (loss) per share (diluted)	$ 0.34	$ 0.09	$ 0.10	$ (0.44)

(1) Quarter ended December 1, 2007 contained 14 weeks.

Winnebago Industries, Inc.
Notes to Consolidated Financial Statements

Note 18: Comprehensive Income

Comprehensive income, net of tax, consists of:

(In thousands)	Year Ended [1] August 29, 2009	August 30, 2008	August 25, 2007
Net (loss) income	$ (78,766)	$ 2,784	$ 41,564
Temporary impairment of investments	970	(1,224)	- - -
Amortization of actuarial (loss) gain	(1,550)	2,858	- - -
Amortization of prior service credit	(2,693)	(2,911)	- - -
Comprehensive (loss) income	$ (82,039)	$ 1,507	$ 41,564

[1] Year ended August 30, 2008 contained 53 weeks; all other fiscal years contained 52 weeks.

Components of accumulated other comprehensive income, net of tax, were:

(In thousands)	As Of August 29, 2009	August 30, 2008
Impairment of investments	$ (254)	$ (1,224)
Actuarial loss	(9,479)	(7,929)
Prior service benefit	16,273	18,966
Total	$ 6,540	$ 9,813

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None

ITEM 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain "disclosure controls and procedures," as such term is defined under Securities Exchange Act of 1934, as amended ("Exchange Act") Rule 13a-15(e), that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. Management necessarily applied its judgment in assessing the costs and benefits of such controls and procedures, which, by their nature, can provide only reasonable assurance regarding management's disclosure control objectives.

We have carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, required by Exchange Act Rule 13a-15(b), as of the end of the period covered by this Annual Report (the "Evaluation Date"). Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of the Evaluation Date.

Evaluation of Internal Control Over Financial Reporting

Management's report on internal control over financial reporting as of August 29, 2009 is included within Item 8 of this Annual Report on Form 10-K and is incorporated herein by reference. The report of Deloitte & Touche LLP on the effectiveness of internal control over financial reporting is included within Item 8 of this Annual Report on Form 10-K and is incorporated herein by reference.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. Other Information

None

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance

Reference is made to the table entitled "Executive Officers of the Registrant" in Part I of this report and to the information included under the captions "Election of Directors" and "Board of Directors, Committees of the Board and Corporate Governance" in our Proxy Statement for the Annual Meeting of Shareholders scheduled to be held December 15, 2009, which information is incorporated by reference herein.

Section 16(a) of the Exchange Act requires our officers, directors and persons who beneficially own more than 10 percent of our common stock (collectively "Reporting Persons") to file reports of ownership and changes in ownership with the Securities and Exchange Commission (SEC) and the New York Stock Exchange. Reporting Persons are required by the SEC regulations to furnish us with copies of all Section 16(a) forms they file. Based solely on its review of the copies of such forms received or written representations from certain Reporting Persons that no Forms 5 were required for those persons, the Company believes that, during Fiscal 2009, all Reporting Persons complied with all applicable filing requirements, except that due to administrative oversight, delinquent Form 4 filings for Ms. Nielsen and Messrs. Gossett, Martin, Olson and Potts were made on November 14, 2008 regarding the exercise of an option to have a portion of restricted stock vesting on October 13, 2008 withheld by the Company to cover a tax obligation relating thereto for the stated executive officers.

We have adopted a written code of ethics, the "Code of Ethics for CEO and Senior Financial Officers" (the "Code") which is applicable to our Chief Executive Officer, Chief Financial Officer, Controller and Treasurer (collectively, the "Senior Officers"). In accordance with the rules and regulations of the SEC, a copy of the Code has been filed as an exhibit to this Form 10-K and is posted on our Web Site.

We intend to disclose any changes in or waivers from the Code applicable to any Senior Officer on our Web Site at http://www.winnebagoind.com or by filing a Form 8-K.

ITEM 11. Executive Compensation

Reference is made to the information included under the captions "Director Compensation" and "Executive Compensation" in our Proxy Statement for the Annual Meeting of Shareholders scheduled to be held December 15, 2009, which information is incorporated by reference herein.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Reference is made to the table entitled "Equity Compensation Plan Information" in Part II of this report and to the share ownership information included under the caption "Voting Securities and Principal Holders Thereof" in our Proxy Statement for the Annual Meeting of Shareholders scheduled to be held December 15, 2009, which information is incorporated by reference herein.

ITEM 13. Certain Relationships and Related Transactions and Director Independence

Reference is made to the information included under the caption "Board of Directors, Committees of the Board and Corporate Governance" in our Proxy Statement for the Annual Meeting of Shareholders scheduled to be held December 15, 2009, which information is incorporated by reference herein.

ITEM 14. Principal Accounting Fees and Services

Reference is made to the information included under the caption "Independent Registered Public Accountants Fees and Services" in our Proxy Statement for the Annual Meeting of Shareholders scheduled to be held December 15, 2009, which information is incorporated by reference herein.

PART IV

ITEM 15. Exhibits, Financial Statement Schedules

(a) 1. Our consolidated financial statements are included in Item 8 and an index to financial statements appears on page 25 of this report.

2. Consolidated Financial Statement Schedules
Winnebago Industries, Inc. and Subsidiaries

All schedules are omitted because of the absence of the conditions under which they are required or because the information required is shown in the consolidated financial statements or the notes thereto.

3. Exhibits

See Exhibit Index on page 54.

UNDERTAKING

For the purposes of complying with the amendments to the rules governing Form S-8 (effective July 13, 1990) under the Securities Act of 1933, the undersigned registrant hereby undertakes as follows, which undertaking shall be incorporated by reference into registrant's Registration Statements on Form S-8 Nos. 333-31595 (which became effective on or about July 18, 1997), 333-47123 (which became effective on or about February 27, 1998) and 333-113246 (which became effective on or about March 3, 2004).

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended (the "Act") may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the

registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

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

WINNEBAGO INDUSTRIES, INC.

By /s/ Robert J. Olson
Robert J. Olson

Chairman of the Board, Chief Executive Officer, President and Director (Principal Executive Officer)

Date: October 27, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on, October 27, 2009, by the following persons on behalf of the Registrant and in the capacities indicated.

Signature	Capacity
/s/ Robert J. Olson Robert J. Olson	Chairman of the Board, Chief Executive Officer, President and Director (Principal Executive Officer)
/s/ Sarah N. Nielsen Sarah N. Nielsen	Vice President, Chief Financial Officer (Principal Financial Officer)
/s/ Brian J. Hrubes Brian J. Hrubes	Controller (Principal Accounting Officer)
/s/ Irvin E. Aal Irvin E. Aal	Director
/s/ Robert M. Chiusano Robert M. Chiusano	Director
/s/ Jerry N. Currie Jerry N. Currie	Director
/s/ Joseph W. England Joseph W. England	Director
/s/ Lawrence A. Erickson Lawrence A. Erickson	Director
/s/ John V. Hanson John V. Hanson	Director
/s/ Gerald C. Kitch Gerald C. Kitch	Director

Exhibit Index

3a. Articles of Incorporation previously filed with the Registrant's Quarterly Report on Form 10-Q for the quarter ended May 27, 2000 (Commission File Number 001-06403) and incorporated by reference herein.

3b. Amended By-Laws of the Registrant previously filed with the Registrant's Annual Report on Form 10-K for the fiscal year ended August 28, 2004 (Commission File Number 001-06403) and incorporated by reference herein.

4a. Credit and Security Agreement between Wells Fargo Bank, National Association and Winnebago Industries, Inc. dated September 17, 2008 previously filed with the Registrant's Annual Report on Form 10-K for the fiscal year ended August 30, 2008 (Commission File Number 001-06403) and incorporated by reference herein.

4b. Loan and Security Agreement between Burdale Capital Finance, Inc. and Winnebago Industries, Inc. dated October 13, 2009.

10a. Winnebago Industries, Inc. Deferred Compensation Plan previously filed with the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 2, 1991 (Commission File Number 001-06403), and incorporated by reference herein and the Amendment dated June 29, 1995 previously filed with the Registrant's Annual Report on Form 10-K for the fiscal year ended August 26, 1995 (Commission File Number 001-06403) and incorporated by reference herein.*

10b. Winnebago Industries, Inc. Profit Sharing and Deferred Savings Investment Plan previously filed with the Registrant's Annual Report on Form 10-K for the fiscal year ended August 31, 1985 (Commission File Number 001-06403), and incorporated by reference herein and the Amendment dated July 1, 1995 previously filed with the Registrant's Annual Report on Form 10-K for the fiscal year ended August 26, 1995 (Commission File Number 001-06403) and incorporated by reference herein and the Amendment dated March 21, 2007 (Commission File Number 001-06403) and incorporated by reference herein.*

10c. Winnebago Industries, Inc. 2004 Incentive Compensation Plan previously filed as Appendix B with the Registrant's Proxy Statement for the Annual Meeting of Shareholders held on January 13, 2004 (Commission File Number 001-06403) and incorporated by reference herein and the Amendment dated October 11, 2006 previously filed with the Registrant's Quarterly Report on Form 10-Q for the quarter ended November 25, 2006 (Commission File Number 001-06403) and incorporated by reference herein.*

10d. Winnebago Industries, Inc. Directors' Deferred Compensation Plan previously filed with the Registrant's Annual Report on Form 10-K for the fiscal year ended August 30, 1997 (Commission File Number 001-06403), and incorporated by reference herein and the Amendment dated October 15, 2003 previously filed with the Registrant's Quarterly Report on Form 10-Q for the quarter ended November 29, 2003 (Commission File Number 001-06403) and incorporated by reference herein and the Amendment dated October 11, 2006 previously filed with the Registrant's Quarterly Report on Form 10-Q for the quarter ended November 25, 2006 (Commission File Number 001-06403) and incorporated by reference herein.*

10e. Winnebago Industries, Inc. 1997 Stock Option Plan previously filed with the Registrant's Annual Report on Form 10-K for the fiscal year ended August 30, 1997 (Commission File Number 001-06403) and incorporated by reference herein.*

10f. Winnebago Industries, Inc. Executive Share Option Plan previously filed with the Registrant's Annual Report on Form 10-K for the fiscal year ended August 29, 1998 (Commission File Number 001-06403) and incorporated by reference herein, and the Amendment dated July 1, 1999 previously filed with the Registrant's Quarterly Report on Form 10-Q for the quarter ended May 29, 1999 (Commission File Number 001-06403) and incorporated by reference herein and the Amendment dated January 1, 2001 previously filed with the Registrant's Quarterly Report on Form 10-Q for the quarter ended February 24, 2001 (Commission File Number 001-06403) and incorporated by reference herein.*

10g. Winnebago Industries, Inc. Rights Plan Agreement previously filed with the Registrant's Current Report on Form 8-K dated May 3, 2000 (Commission File Number 001-06403) and incorporated by reference herein, the Amendment dated January 13, 2003 previously filed with the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 1, 2003 (Commission File Number 001-06403) and incorporated by reference herein and the Amendment dated May 17, 2006 previously filed with the Registrant's Current Report on Form 8-K dated May 23, 2006 (Commission File Number 001-06403) and incorporated by reference herein.

Exhibit Index
Page Two

10h. Amended and Restated Executive Change of Control Agreement dated December 17, 2008 between Winnebago Industries, Inc. and Raymond M. Beebe.*

10i. Amended and Restated Executive Change of Control Agreement dated December 17, 2008 between Winnebago Industries, Inc. and Robert L. Gossett.*

10j. Amended and Restated Executive Change of Control Agreement dated December 17, 2008 between Winnebago Industries, Inc. and Robert J. Olson.*

10k. Amended and Restated Executive Change of Control Agreement dated December 17, 2008 between Winnebago Industries, Inc. and William J. O'Leary.*

10l. Amended and Restated Executive Change of Control Agreement dated December 17, 2008 between Winnebago Industries, Inc. and Sarah N. Nielsen.*

10m. Amended and Restated Executive Change of Control Agreement dated December 17, 2008 between Winnebago Industries, Inc. and Roger W. Martin.*

10n. Form of Winnebago Industries, Inc. Incentive Stock Option Agreement for grants of Incentive Stock Options under the 2004 Incentive Compensation Plan previously filed with the Registrant's Current Report on Form 8-K dated October 13, 2004 (Commission File Number 001-06403) and incorporated by reference herein.*

10o. Form of Winnebago Industries, Inc. Non-Qualified Stock Option Agreement for grants of Non-Qualified Stock Options under the 2004 Incentive Compensation Plan previously filed with the Registrant's Report on Form 8-K dated October 13, 2004 (Commission File Number 001-06403) and incorporated by reference herein.*

10p. Winnebago Industries, Inc. Officers' Long-Term Incentive Plan, fiscal three-year period 2010, 2011 and 2012 previously filed with the Registrant's Current Report on Form 8-K dated June 24, 2009 (Commission File Number 001-06403) and incorporated by reference herein.*

10q. Winnebago Industries, Inc. Officers' Long-Term Incentive Plan, fiscal three-year period 2008, 2009 and 2010 previously filed with the Registrant's Current Report on Form 8-K dated June 26, 2007 (Commission File Number 001-06403) and incorporated by reference herein.*

10r. Winnebago Industries, Inc. Executive Deferred Compensation Plan previously filed with the Registrant's Quarterly Report on Form 10-Q for the quarter ended November 25, 2006 (Commission File Number 001-06403) and incorporated by reference herein.*

10s. Amended and Restated Executive Change of Control Agreement dated December 17, 2008 between Winnebago Industries, Inc. and Randy J. Potts.*

10t. Winnebago Industries, Inc. Restricted Stock Grant Award Agreement under the 2004 Incentive Compensation Plan previously filed with the Registrant's Current Report on Form 8-K dated October 12, 2006 (Commission File Number 001-06403) and incorporated by reference herein.*

10u. Winnebago Industries, Inc. Officers' Long-Term Incentive Plan, fiscal three-year period 2009, 2010 and 2011 previously filed with the Registrant's Current Report on Form 8-K dated August 14, 2008 (Commission File Number 001-06403) and incorporated by reference herein.*

10v. Winnebago Industries, Inc. Officers' Incentive Compensation Plan for Fiscal 2007 previously filed with the Registrant's Current Report on Form 8-K dated June 27, 2006 (Commission File Number 001-06403) and incorporated by reference herein.*

10w. Winnebago Industries, Inc. Officers' Incentive Compensation Plan for Fiscal 2008 previously filed with the Registrant's Current Report on Form 8-K dated June 26, 2007 (Commission File Number 001-06403) and incorporated by reference herein.*

Exhibit Index
Page Three

10x. Winnebago Industries, Inc. Officers' Incentive Compensation Plan for Fiscal 2009 previously filed with the Registrant's Current Report on Form 8-K dated August 14, 2008 (Commission File Number 001-06403) and incorporated by reference herein.*

10y. Winnebago Industries, Inc. Officers' Incentive Compensation Plan for Fiscal 2010 previously filed with the Registrant's Current Report on Form 8-K dated June 24, 2009 (Commission File Number 001-06403) and incorporated by reference herein.*

10z. Winnebago Industries, Inc. Supplemental Executive Retirement Plan *

10aa. Winnebago Industries, Inc. Officers' Long-Term Incentive Plan, fiscal three-year period 2005, 2006 and 2007 previously filed with the Registrant's Annual Report on Form 10-K for the fiscal year ended August 28, 2004 (Commission File Number 001-06403) and incorporated by reference herein.*

10bb. Winnebago Industries, Inc. Officers' Long-Term Incentive Plan, fiscal three-year period 2006, 2007 and 2008 previously filed with the Registrant's Current Report on Form 8-K dated August 30, 2005 (Commission File Number 001-06403) and incorporated by reference herein.*

10cc. Winnebago Industries, Inc. Officers' Long-Term Incentive Plan, fiscal three-year period 2007, 2008 and 2009 previously filed with the Registrant's Current Report on Form 8-K dated June 27, 2006 (Commission File Number 001-06403) and incorporated by reference herein.*

14.1 Winnebago Industries, Inc. Code of Ethics for CEO and Senior Financial Officers previously filed with the Registrant's Annual Report on Form 10-K for the fiscal year ended August 30, 2003 (Commission File Number 001-06403) and incorporated by reference herein.

23. Consent of Independent Registered Public Accounting Firm.

31.1 Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 dated October 27, 2009.

31.2 Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 dated October 27, 2009.

32.1 Certification by the Chief Executive Officer pursuant to Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 dated October 27, 2009.

32.2 Certification by the Chief Financial Officer pursuant to Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 dated October 27, 2009.

*Management contract or compensation plan or arrangement.

ITEM 6. 11-Year Selected Financial Data [1]

(In thousands, except percent and per share data) (Adjusted for the 2-for-1 stock split on March 5, 2004)	Aug. 29, 2009	Aug. 30, 2008 [2]	Aug. 25, 2007	Aug. 26, 2006
For the Year				
Net revenues	$ 211,519	$ 604,352	$ 870,152	$ 864,403
(Loss) income before taxes	(58,063)	(5,441)	61,409	68,195
Pretax (loss) profit percent of revenue	(27.4)%	(0.9)%	7.1%	7.9%
Provision for (credits) income taxes	20,703	(8,225)	19,845	23,451
Income tax (benefit) rate	35.7%	(151.2)%	32.3%	34.4%
(Loss) income from continuing operations	(78,766)	2,784	41,564	44,744
Income from discontinued operations [4]	- - -	- - -	- - -	- - -
Cum. effect of change in accounting principle	- - -	- - -	- - -	- - -
Net (loss) income	$ (78,766)	$ 2,784	$ 41,564	$ 44,744
(Loss) income per share				
Continuing operations				
Basic	$ (2.71)	$ 0.10	$ 1.33	$ 1.39
Diluted	(2.71)	0.10	1.32	1.37
Discontinued operations				
Basic	- - -	- - -	- - -	- - -
Diluted	- - -	- - -	- - -	- - -
Cum. effect of change in accounting principle				
Basic	- - -	- - -	- - -	- - -
Diluted	- - -	- - -	- - -	- - -
Net (loss) income per share				
Basic	$ (2.71)	$ 0.10	$ 1.33	$ 1.39
Diluted	(2.71)	0.10	1.32	1.37
Weighted average common shares outstanding (in thousands)				
Basic	29,040	29,093	31,162	32,265
Diluted	29,051	29,144	31,415	32,550
Cash dividends paid per share	$ 0.12	$ 0.48	$ 0.40	$ 0.36
Book value per share	3.17	5.98	7.05	7.01
Return on assets (ROA) [5]	(30.0)%	0.8%	11.1%	11.2%
Return on equity (ROE) [6]	(59.2)%	1.5%	19.5%	19.7%
Return on invested capital (ROIC) [7]	(61.1)%	1.7%	26.2%	24.9%
Unit Sales				
Class A	822	3,029	5,031	4,455
Class B	149	140	- - -	- - -
Class C	1,225	3,238	4,438	5,388
Total Motor Homes	2,196	6,407	9,469	9,843
At Year End				
Total assets	$ 220,466	$ 305,455	$ 366,510	$ 384,715
Stockholders' equity	92,331	173,924	208,354	218,322
Market capitalization	337,991	329,956	821,282	884,789
Working capital	79,460	108,548	168,863	187,038
Current ratio	2.6 to 1	3.0 to 1	2.9 to 1	3.3 to 1
Number of employees	1,630	2,250	3,310	3,150
Dealer inventory	1,694	3,551	4,471	4,733

(1) *Certain prior periods' information has been reclassified to conform to the current year-end presentation.*

(2) *The fiscal years ended August 31, 2002 and August 30, 2008 contained 53 weeks; all other fiscal years contained 52 weeks.*

(3) *Includes a noncash after-tax cumulative effect of change in accounting principle of $1.1 million expense or $0.05 per share due to the adoption of SAB No. 101, Revenue Recognition in Financial Statements.*

(4) *Includes discontinued operations of Winnebago Acceptance Corporation for all years presented.*

Aug. 27, 2005	Aug. 28, 2004	Aug. 30, 2003	Aug. 31, 2002 (2)	Aug. 25, 2001 (3)	Aug. 26, 2000	Aug. 28, 1999
$ 991,975	$ 1,114,154	$ 845,210	$ 825,269	$ 671,686	$ 743,729	$ 668,658
100,890	112,234	78,693	81,324	55,754	70,583	62,848
10.2%	10.1%	9.3%	9.9%	8.3%	9.5%	9.4%
35,817	41,593	29,961	28,431	14,258	24,400	21,033
35.5%	37.1%	38.1%	35.0%	25.6%	34.6%	33.5%
65,073	70,641	48,732	52,893	41,496	46,183	41,815
- - -	- - -	1,152	1,778	2,258	2,216	2,445
- - -	- - -	- - -	- - -	(1,050)	- - -	- - -
$ 65,073	$ 70,641	$ 49,884	$ 54,671	$ 42,704	$ 48,399	$ 44,260
$ 1.95	$ 2.06	$ 1.32	$ 1.33	$ 1.00	$ 1.07	$ 0.94
1.92	2.03	1.30	1.30	0.99	1.05	0.93
- - -	- - -	0.03	0.04	0.05	0.05	0.06
- - -	- - -	0.03	0.04	0.05	0.05	0.05
- - -	- - -	- - -	- - -	(0.02)	- - -	- - -
- - -	- - -	- - -	- - -	(0.02)	- - -	- - -
$ 1.95	$ 2.06	$ 1.35	$ 1.37	$ 1.03	$ 1.12	$ 1.00
1.92	2.03	1.33	1.34	1.02	1.10	0.98
33,382	34,214	36,974	39,898	41,470	43,360	44,418
33,812	34,789	37,636	40,768	42,080	44,022	45,074
$ 0.28	$ 0.20	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10
7.15	6.01	5.78	4.81	5.00	4.11	3.35
16.1%	18.3%	14.0%	15.9%	12.9%	16.3%	17.1%
29.7%	34.4%	25.6%	28.2%	22.3%	29.8%	33.3%
30.7%	35.4%	25.5%	29.1%	24.1%	28.2%	32.7%
6,674	8,108	6,705	6,725	5,666	6,819	6,054
- - -	- - -	308	763	703	854	600
3,963	4,408	4,021	4,329	3,410	3,697	4,222
10,637	12,516	11,034	11,817	9,779	11,370	10,876
$ 412,960	$ 394,556	$ 377,462	$ 337,077	$ 351,922	$ 308,686	$ 285,889
235,887	201,875	210,626	179,815	207,464	174,909	149,384
1,073,165	1,071,570	898,010	713,500	581,779	272,733	538,322
197,469	164,175	164,017	144,303	173,677	141,096	123,245
3.2 to 1	2.6 to 1	2.8 to 1	2.6 to 1	3.2 to 1	3.0 to 1	2.5 to 1
3,610	4,220	3,750	3,685	3,325	3,300	3,400
4,794	4,978	3,945	4,000	3,549	3,756	3,638

(5) *ROA - Current period net income divided by average total asset balance using current and previous ending periods.*

(6) *ROE - Current period net income divided by average equity balance using current and previous ending periods.*

(7) *ROIC - Current period net income divided by average invested capital (total assets minus cash, short-term and long-term investments and noninterest liabilities) using current ending periods.*

BOARD OF DIRECTORS

Robert J. Olson (58)
Chairman of the Board,
Chief Executive Officer and President
Winnebago Industries, Inc.

Irvin E. Aal (70) 1,2,4*
Former General Manager
Case Tyler Business Unit of CNH Global

Robert M. Chiusano (58)*** 2,3,4
Former Executive Vice President and
Chief Operating Officer – Commercial Systems
Rockwell Collins, Inc.

Jerry N. Currie (64) 1,4
President and Chief Executive Officer
CURRIES Company and GRAHAM
Manufacturing

Joseph W. England (69) 1,4
Former Senior Vice President
Deere & Company

Lawrence A. Erickson (60) 1*,2
Former Senior Vice President and Chief
Financial Officer
Rockwell Collins, Inc.

John V. Hanson (67) 3*,4
Former Deputy Chairman of the Board
Winnebago Industries, Inc.

Gerald C. Kitch (71) **,2*,3
Former Executive Vice President
Pentair, Inc.

Board Committee/Members
1. Audit
2. Human Resources
3. Nominating and Governance
4. Sales and Product Development
* Committee Chairman
** Lead Independent Board Member
*** Appointed Effective October 1, 2008

OFFICERS

Robert J. Olson (58)
Chairman of the Board,
Chief Executive Officer and President

Raymond M. Beebe (67)
Vice President, General Counsel and
Secretary

Robert J. Gossett (58)
Vice President, Administration

Roger W. Martin (49)
Vice President, Sales and Marketing

Sarah N. Nielsen (36)
Vice President, Chief Financial Officer

William J. O'Leary (60)
Vice President, Product Development

Randy J. Potts (50)
Vice President, Manufacturing

Donald L. Heidemann (37)
Treasurer

Brian J. Hrubes (58)
Controller

SHAREHOLDER INFORMATION

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

Copies of our quarterly financial earnings releases, the annual report on Form 10-K (without exhibits), the quarterly reports on Form 10-Q (without exhibits) and current reports on Form 8-K (without exhibits) as filed by us 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

All news releases issued by us, reports filed by us with the Securities and Exchange Commission (including exhibits) and information on our Corporate Governance Policies and Procedures may also be viewed at the Winnebago Industries' Web Site: http://winnebagoind.com/investor.html. Information contained on Winnebago Industries' Web Site is not incorporated into this Annual Report or other securities filings.

Number of Shareholders of Record
As of October 6, 2009, Winnebago Industries had 3,642 shareholders of record.

Dividends Paid
Winnebago Industries paid a cash dividend of 12 cents a share to shareholders of record in the first quarter of Fiscal 2009. Cash dividend payments were suspended starting with the second quarter of Fiscal 2009.

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

Wells Fargo Shareowner Services
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
Inquiries: www.wellsfargo.com/shareownerservices

Annual Meeting
The Annual Meeting of Shareholders is scheduled to be held on Tuesday, December 15, 2009, at 4:00 p.m. (CST) in Winnebago Industries' South Office Complex Theater, 605 W. Crystal Lake Road, Forest City, Iowa.

Independent Auditors
Deloitte & Touche LLP
400 One Financial Plaza
120 South Sixth Street
Minneapolis, Minnesota 55402-1844
(612) 397-4000

NYSE Annual CEO Certification and Sarbanes-Oxley Section 302 Certifications
We submitted the annual Chief Executive Officer Certification to the New York Stock Exchange (NYSE) as required under the corporate governance rules of the NYSE. We also filed as exhibits to our 2009 Annual Report on Form 10-K, the Chief Executive Officer and Chief Financial Officer certifications required under Section 302 of the Sarbanes-Oxley Act of 2002.

Winnebago Industries is an equal opportunity employer.

The letter to Shareholders contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that forward-looking statements are inherently uncertain. A number of factors could cause actual results to differ materially from these statements. These factors are included under "Item 1A. Risk Factors" in Part 1 of the accompanying Annual Report on Form 10-K.

Exhibit 4b.

[EXECUTION]

LOAN AND SECURITY AGREEMENT

by and among

WINNEBAGO INDUSTRIES, INC.
(as Borrower)

and

THE OTHER LOAN PARTY SIGNATORIES HERETO

BURDALE CAPITAL FINANCE, INC.
(as a Lender and as Agent)

and

THE LENDERS FROM TIME TO TIME HERETO
(as Lenders)

October 13, 2009

TABLE OF CONTENTS

List of Exhibits and Schedules

Exhibits

Schedules

LOAN AND SECURITY AGREEMENT

LOAN AND SECURITY AGREEMENT, dated October 13, 2009, among WINNEBAGO INDUSTRIES, INC., a corporation organized under the laws of the State of Iowa ("**Borrower**"), the other Loan Party signatories hereto, the lenders which are now or which hereafter become a party hereto (each a "**Lender**" and collectively, the "**Lenders**") and BURDALE CAPITAL FINANCE, INC., a corporation organized under the laws of the State of Delaware (in its individual capacity, "**Burdale**"), as administrative agent for Lenders (Burdale, in such capacity, the "**Agent**").

IN CONSIDERATION of the mutual covenants and undertakings herein contained, Loan Parties, Lenders and Agent hereby agree as follows:

1. DEFINITIONS.

1.1 Accounting Terms.

As used in this Agreement, the Note(s), any Other Document, or any certificate, report or other document made or delivered pursuant to this Agreement, accounting terms not defined in Section 1.2 or elsewhere in this Agreement and accounting terms partly defined in Section 1.2 to the extent not defined, shall have the respective meanings given to them under GAAP.

1.2 General Terms.

For purposes of this Agreement the following terms shall have the following meanings:

"Accountants" shall have the meaning set forth in Section 9.7.

"Accounts" shall mean and include as to each Loan Party and each of its Subsidiaries, all of such Loan Party and Subsidiary's "accounts" as defined in the UCC, whether now owned or hereafter acquired including, without limitation all present and future rights of such Loan Party to payment of a monetary obligation, whether or not earned by performance, which is not evidenced by chattel paper or an instrument, (a) for property that has been or is to be sold, leased, licensed, assigned, or otherwise disposed of, (b) for services rendered or to be rendered, (c) for a secondary obligation incurred or to be incurred, or (d) arising out of the use of a credit or charge card or information contained on or for use with the card.

"Advances" shall mean the Revolving Advances (including without limitation the Protective Advances), or any of them as the context implies.

"Advance Rates" shall mean the lending formula percentages set forth in the definition of Borrowing Base.

"Affiliate" of any Person shall mean (a) any Person (other than a Subsidiary) which, directly or indirectly, is in control of, is controlled by, or is under common control with such Person, or (b) any Person who is a director, manager or officer (i) of such Person, (ii) of any Subsidiary of such Person or (iii) of any Person described in clause (a) above. For purposes of this definition, control of a Person shall mean the power, direct or indirect, (A) to vote ten (10%) percent or more of the Capital Stock having ordinary voting power for the election of directors or managers (or other comparable body) of such Person, or (B) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

"Agent" shall have the meaning set forth in the preamble to this Agreement and shall include its successors and assigns.

"Agreement" shall mean this Loan and Security Agreement, as amended, restated, modified and supplemented from time to time.

"Applicable Margin" for each type of Advance shall mean:

(a) prior to the first Applicable Margin Adjustment Date, the applicable percentage per annum specified below:

Type of Advance	Applicable Margin for Base Rate Loans	Applicable Margin for LIBOR Rate Loans
Revolving Advances	3.00%	4.00%

(b) from and after the Applicable Margin Adjustment Date, the Applicable Margin shall be pursuant to a pricing grid, which pricing grid shall be established and in form and substance satisfactory to Agent in all respects. If no pricing grid is established, the Applicable Margin shall be as set forth in clause (a) of this definition of Applicable Margin.

"Applicable Margin Adjustment Date" shall mean the first date of any month following any month that the Borrower has for such month positive EBITDA, calculated on a trailing twelve (12) month basis, so that after giving effect to such positive EBITDA the Borrower has a Fixed Charge Coverage Ratio of not less than 1.1:1.0.

"Asset Coverage Amount" shall mean, at any time, an amount equal to the sum of (a) the Borrowing Base, plus (b) Borrower's cash then on deposit in one or more accounts of Borrower at Bank of Ireland in the United States; plus (c) auction rate securities and Borrower's trade names, the value of which shall be determined by Agent, in each case in Agent's sole discretion.

"Asset Coverage Sublimit" shall mean, at any time, an amount equal to the Asset Coverage Amount divided by 2.25.

"Authority" shall have the meaning set forth in Section 4.19(d).

"Bank Product Agreement" shall mean any agreement for any service or facility extended to any Loan Party or any of its Subsidiaries by a Bank Product Provider including: (a) credit cards, (b) credit card processing services, (c) debit cards, (d) purchase cards, (e) cash management or related services (including the Automated Clearing House processing of electronic funds transfers through the direct Federal Reserve Fedline system), (f) cash management, including controlled disbursement, accounts or services or (g) Hedging Agreements.

"Bank Product Obligations" shall mean all obligations, liabilities, contingent reimbursement obligations, fees, and expenses owing by any Loan Party or its Subsidiaries to a Bank Product Provider pursuant to or evidenced by the Bank Product Agreements and irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, and including all such amounts that any Loan Party is obligated to reimburse to a Bank Product Provider as a result of such Person purchasing participations or executing indemnities or reimbursement obligations with respect to the Bank Products provided to any Loan Party or its Subsidiaries pursuant to the Bank Product Agreements.

"Bank Product Provider" shall mean Burdale and its Affiliates.

"Bankruptcy Code" shall mean Title 11 of the United States Code, as amended.

"Base Rate" shall mean, for any day, a variable rate of interest per annum equal to the highest of (a) the "prime rate" announced from time to time by JPMorgan Chase Bank (or any successor to the foregoing or, if such rate ceases to be so published, as quoted from such other generally available and recognizable source as Agent may select in its sole discretion) as its "prime rate", subject to each increase or decrease in such prime rate, effective as of the day any such change occurs (with the understanding that any such rate may merely be a reference rate and may not necessarily represent the lowest or best rate actually charged to any customer by such bank), (b) the Federal Funds Effective Rate (as defined below) from time to time plus one-half of one (0.50) percentage point, (c) LIBOR for a one month Interest Period on such day plus one half of one (0.50%) percentage point and (d) four and one quarter (4.25%) percent. The term "Federal Funds Effective Rate" shall mean, for any period, a fluctuating interest rate per annum equal, for each day during such period, to the weighted average of the rates on overnight Federal Funds transactions with member banks of the Federal Reserve System arranged by Federal Funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not published for any day that is a Business Day, the average of the quotations for such day on such transactions received by Agent from three Federal Funds brokers of recognized standing selected by Agent.

"Base Rate Loan" shall mean any Advance that bears interest based upon the Base Rate.

"Benefited Lender" shall have the meaning set forth in Section 2.13(f).

"Blocked Accounts" shall have the meaning set forth in Section 4.15(h).

"Borrower" shall have the meaning set forth in the preamble to this Agreement and shall extend to all permitted successors and assigns of such Persons.

"Borrower's Account" shall have the meaning set forth in Section 2.8.

"Borrowing Base" shall mean, at any time, the amount equal to:

(a) eighty-five (85%)percent of the Eligible Accounts; plus

(b) the amount equal to the sum of (i) the lesser of (A) sixty-five (65%) of the Eligible Inventory consisting of raw material parts, (B) eighty-five (85%) percent times the applicable Net Liquidation Percentage times the Value of such Eligible Inventory, and (C) $4,000,000, plus (ii) the lesser of (A) sixty-five (65%) of the Eligible Inventory consisting of finished goods, and (B) eighty-five (85%) percent times the applicable Net Liquidation Percentage times the Value of such Eligible Inventory, plus (iii) the lesser of (A) sixty (60%) of Eligible Inventory consisting of chassis, and (B) eighty-five (85%) percent times the applicable Net Liquidation Percentage times the Value of such Eligible Inventory; minus

(c) Reserves.

"Borrowing Base Certificate" shall mean a certificate, in form and substance acceptable to Agent, duly completed and executed by a Responsible Officer of Borrower.

"Burdale" shall have the meaning set forth in the preamble to this Agreement and shall include its successors and assigns.

“Business Day” shall mean any day other than a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by law to close and, if the applicable Business Day relates to any LIBOR Rate Loan, a day on which dealings are carried on in the London interbank market.

“Capital Expenditures” shall mean, without duplication, all expenditures (including deposits) for, or contracts for expenditures with respect to any fixed assets or improvements, or for replacements, substitutions or additions thereto, which have a useful life of more than one year, including the direct or indirect acquisition of such assets by way of increased product or service charges, offset items or otherwise, as determined in accordance GAAP consistently applied.

“Capital Lease” shall mean any lease of any property (whether real, personal or mixed) that, in conformity with GAAP, should be accounted for as a capital lease.

“Capital Stock” shall mean, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated) of such Person’s capital stock or partnership, limited liability company or other equity interests at any time outstanding, and any and all rights, warrants or options exchangeable for or convertible into such capital stock or other interests (but excluding any debt security that is exchangeable for or convertible into such capital stock or other equity interests).

“Cash Equivalents” shall mean: (a) marketable direct obligations issued or unconditionally guaranteed by the United States Government or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within six (6) months from the date of acquisition thereof; (b) commercial paper maturing no more than six (6) months from the date issued and, at the time of acquisition, having a rating of at least A-1 from Standard &Poor’s Corporation or at least P-1 from Moody’s Investors Service, Inc.; (c) certificates of deposit or bankers’ acceptances maturing within six (6) months from the date of issuance thereof issued by, or overnight reverse repurchase agreements from, any commercial bank organized under the laws of the United States of America or any state thereof or the District of Columbia having combined capital and surplus of not less than $500,000,000 and whose debt obligations, or those of a holding company of which it is a Subsidiary, are rated not less than A (or the equivalent rating) by a nationally recognized investment rating agency and not subject to setoff rights in favor of such bank; and (d) money market funds with direct obligations from state or municipal entities (tax exempt funds).

“Cash Interest Expense” shall mean, without duplication, for any period, Interest Expense (excluding the following non-cash components of Interest Expense: (a) the amortization of fees and costs with respect to the transactions contemplated by this Agreement which have been capitalized as transaction costs, and (b) interest paid in kind).

“CERCLA” shall mean the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. §§9601 et seq.

“Change of Control” shall mean the occurrence of any event (whether in one or more transactions) which results in (a) the transfer (in one transaction or a series of transactions) of all or substantially all of the assets of Borrower or any Guarantor to any Person or group (as such term is used in Section 13(d)(3) of the Exchange Act); (b) the liquidation or dissolution of Borrower or any Guarantor or the adoption of a plan by the stockholders of Borrower or any Guarantor relating to the dissolution or liquidation of Borrower or any Guarantor, or (c) the acquisition by any Person or group (as such term is used in Section 13(d)(3) of the Exchange Act) of more than thirty-five (35%) percent of beneficial ownership, directly or indirectly, of the voting power of the total outstanding Capital Stock of Borrower or the Board of Directors of Borrower.

“Change in Management” shall mean Sarah Nielsen and Robert Olson ceasing for any reason to hold a position as either an officer or member of the Board of Directors of Borrower and a replacement therefore

reasonably satisfactory to the Agent has not been elected within 120 days of such cessation unless Ms. Nielsen or Mr. Olson shall resume performing such functions within such 120-day period.

"Charges" shall mean all taxes, charges, fees, imposts, levies or other assessments, including, without limitation, all net income, gross income, gross receipts, sales, use, ad valorem, value added, transfer, franchise, profits, inventory, capital stock, license, withholding, payroll, employment, social security, unemployment, excise, severance, stamp, occupation and property taxes, custom duties, fees, assessments, Liens, claims and charges of any kind whatsoever, together with any interest and any penalties, additions to tax or additional amounts, imposed by any taxing or other authority, domestic or foreign (including, without limitation, the PBGC or any environmental agency or superfund), upon the Collateral, any Loan Party or any Affiliate of any Loan Party.

"Closing Date" shall mean October 13, 2009.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time and the regulations promulgated thereunder.

"Collateral" shall mean and include all tangible and intangible property of each Loan Party, all personal and real property of each Loan Party, all movable and immovable property of each Loan Party, in each case whether now owned or hereafter acquired and wherever located, including, but not limited to, the following of each Loan Party:

(a) all Accounts and other Receivables;

(b) all certificated securities;

(c) all chattel paper, including electronic chattel paper;

(d) all Computer Hardware and Software and all rights with respect thereto, including, any and all licenses, options, warranties, service contracts, program services, test rights, maintenance rights, supporting information, improvement rights, renewal rights and indemnifications, and any substitutions, replacements, additions or model conversions of any of the foregoing;

(e) all Contract Rights;

(f) all commercial tort claims, (including, without limitation any commercial tort claims from time to time described on Schedule 5.8(b)(iii) (as such schedule 5.8(b)(iii) may from time to time be updated));

(g) all deposit accounts;

(h) all documents;

(i) all financial assets;

(j) all General Intangibles, including payment intangibles and software;

(k) all goods (including all Equipment and Inventory), and all embedded software, accessions, additions, attachments, improvements, substitutions and replacements thereto and therefor;

(l) all instruments;

(m) all Intellectual Property;

(n) all Investment Property;

(o) all of the Capital Stock issued by each Loan Party and each of their Subsidiaries;

(p) all leasehold interests;

(q) all cash, cash equivalents or other money;

(r) all letter of credit rights;

(s) all security entitlements;

(t) all supporting obligations;

(u) all certificated and uncertificated securities;

(v) all Real Property and Fixtures

(w) all of each Loan Party's right, title and interest in and to (i) all of its respective goods and other property including, but not limited to, all merchandise returned or rejected by Customers, relating to or securing any of the Receivables; (ii) all of each Loan Party's rights as a consignor, a consignee, an unpaid vendor, mechanic, artisan, or other lienor, including stoppage in transit, setoff, compensation, detinue, replevin, reclamation and repurchase; (iii) all supporting obligations and all additional amounts due to any Loan Party from any Customer relating to the Receivables; (iv) all other property of any kind whatsoever of each Loan Party, including, but not limited to, warranty claims, relating to any goods; (v) all of each Loan Party's Contract Rights, rights of payment which have been earned under a Contract Right, letter of credit rights (whether or not the letter of credit is evidenced by a writing), instruments (including promissory notes), documents, chattel paper (whether tangible or electronic), warehouse receipts, deposit accounts, money and securities; (vi) if and when obtained by any Loan Party, all real, immovable, movable and personal property of third parties in which such Loan Party has been granted a Lien; and (vii) any other goods, movable or personal property or real or immovable property of any kind or description, wherever located, now or hereafter owned or acquired by any Loan Party; and

(x) together with all books, records, writings, data bases, information and other property relating to, used or useful in connection with, or evidencing, embodying, incorporating or referring to any of the foregoing, and all proceeds, products, offspring, rents, issues, profits and returns of and from any of the foregoing.

"Collateral Access Agreement" shall mean an agreement in writing, in form and substance satisfactory to Agent, from any lessor of premises to any Loan Party, or any other Person to whom any Collateral is consigned or who has custody, control or possession of any such Collateral or is otherwise the owner or operator of any premises on which any of such Collateral is located, in favor of Agent with respect to the Collateral at such premises or otherwise in the custody, control or possession of such lessor, consignee or other Person.

"COMALA" shall mean Agent's proprietary software and system for electronic reporting by Borrower and other Loan Parties to Agent of Collateral and financial information.

"Commitment" shall mean, with respect to each Lender, its Revolver Commitment and, with respect to all Lenders, their Revolver Commitments in each case as such amounts are set forth beside such Lender's name under the applicable heading on Schedule C-1 or in the Commitment Transfer Supplement pursuant to which such Lender became a Lender hereunder, as such amounts may be reduced or increased from time to time pursuant to assignments made in accordance with the provisions of this Agreement.

"Commitment Percentage"

(a) with respect to a Lender's obligation to make Revolving Advances and participate in Letters of Credit and right to receive payments of principal, interest and fees with respect thereto, (i) prior to the Revolver Commitments being terminated or reduced to zero, the percentage obtained by dividing (y) such Lender's Revolver Commitment, by (z) the aggregate Revolver Commitments of all Lenders, and (ii) from and after the time that the Revolver Commitments have been terminated or reduced to zero, the percentage obtained by dividing (y) the outstanding principal amount of such Lender's Revolving Advances and ratable portion in Letters of Credit by (z) the outstanding principal amount of all Revolving Advances made by the Lenders and all Letters of Credit, and

(b) with respect to all other matters as to a particular Lender (including the indemnification obligations arising under Section 14.7), the percentage obtained by dividing (i) such Lender's Revolver Commitment, by (ii) the aggregate amount of Revolver Commitments of all Lenders; provided, however, that, in the event the Revolver Commitments have been terminated or reduced to zero, Commitment Percentage under this clause shall be the percentage obtained by dividing (A) the outstanding principal amount of such Lender's Advances plus such Lender's participation interest in the outstanding Letters of Credit, by (B) the outstanding principal amount of all Advances plus the aggregate amount of outstanding Letters of Credit.

"Commitment Transfer Supplement" shall mean a document in the form of Exhibit 16.3, properly completed and otherwise in form and substance satisfactory to Agent by which a Purchasing Lender purchases and assumes all or a portion of Advances made by a Lender and/or all or a portion of the Commitments of a Lender.

"Compliance Certificate" shall mean the Compliance Certificate executed and delivered by a Responsible Officer of Borrower pursuant to Sections 9.7, 9.8 and 9.9, in the form of Exhibit B appended hereto.

"Computer Hardware and Software" shall mean all of each Loan Party and each of its Subsidiary's rights (including rights as licensee and lessee) with respect to (a) computer and other electronic data processing hardware, including all integrated computer systems, central processing units, memory units, display terminals, printers, computer elements, card readers, tape drives, hard and soft disk drives, cables, electrical supply hardware, generators, power equalizers, accessories, peripheral devices and other related computer hardware; (b) all software and all software programs designed for use on the computers and electronic data processing hardware described in clause (a) above, including all operating system software, utilities and application programs in whatsoever form (source code and object code in magnetic tape, disk or hard copy format or any other listings whatsoever); (c) any firmware associated with any of the foregoing; and (d) any documentation for hardware, software and firmware described in clauses (a), (b) and (c) above, including flow charts, logic diagrams, manuals, specifications, training materials, charts and pseudo codes.

"Consents" shall mean all filings and all licenses, permits, consents, approvals, authorizations, qualifications and orders of Governmental Bodies and other third parties, domestic or foreign, necessary to carry on any Loan Party's business or to permit the effectuation and performance of this Agreement, the Other Documents and the other Transactions, including, without limitation, any Consents required under all applicable federal, state or other applicable law.

"Contra Claims" see definition of Eligible Accounts.

"Contract Right" shall mean any right of each Loan Party or any of their Subsidiaries to payment under a contract for the sale or lease of goods or the rendering of services, which right is at the time not yet earned by performance.

"Controlled Affiliate" of any Person shall mean any Person which, directly or indirectly, is in control of, is controlled by, or is under common control with such Person. For purposes of this definition, control of a Person shall mean (A) the power, direct or indirect, to vote fifty-one (51%) percent or more of the Capital Stock having ordinary voting power for the election of directors or managers (or other comparable body) of such Person, and (B) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

"Controlled Group" shall mean all members of a Controlled Group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with any Loan Party, are treated as a single employer under Section 414 of the Code.

"Currency Due" shall have the meaning set forth in Section 16.5.

"Customer" shall mean and include the account debtor with respect to any Receivable and/or the prospective purchaser of goods, services or both with respect to any contract or Contract Right, and/or any party who enters into or proposes to enter into any contract or other arrangement with any Loan Party, pursuant to which such Loan Party is to deliver any personal property or perform any services.

"Customs" shall mean the United States of America Customs Department.

"Default" shall mean an event which, with the giving of notice or passage of time or both, would constitute an Event of Default.

"Default Rate" shall have the meaning set forth in Section 3.1.

"Defaulting Lender" shall have the meaning set forth in Section 2.16(a).

"Depository Accounts" shall have the meaning set forth in Section 4.15(h).

"Dilution" shall mean, as of any date of determination, a percentage, based upon the experience of the immediately prior thirty (30) consecutive days, that is the result of dividing the amount of (a) bad debt write-downs, discounts, advertising allowances, credits, or other dilutive items with respect to Borrower's Accounts during such period, by (b) Borrower's billings with respect to Accounts during such period.

"Dilution Reserve" shall mean, as of any date of determination, an amount sufficient to reduce the Advance Rate against Eligible Accounts by one (1) percentage point for each percentage point by which Dilution is in excess of five (5%) percent.

"Disposition" shall have the meaning set forth in Section 4.3.

"Dollar" and the sign "$" shall mean lawful money of the United States of America.

"Dollar Equivalent" shall mean, at any time, (a) as to any amount denominated in Dollars, the amount thereof at such time, and (b) as to any amount denominated in a currency other than Dollars, the equivalent

amount in Dollars as determined by Agent at such time that such amount could be converted into Dollars by Agent according to prevailing exchange rates selected by Agent.

"Early Termination Date" shall have the meaning set forth in Section 13.1.

"Early Termination Fee" shall have the meaning set forth in Section 13.1.

"EBITDA" shall mean for any period, without duplication, the total of the following for Loan Parties and their Subsidiaries on a consolidated basis, each calculated for such period: (a) Net Income; plus (b) (without duplication), to the extent included in the calculation of Net Income, the sum of (i) non-cash equity based compensation paid to employees or directors in accordance with GAAP, (ii) income and franchise taxes paid or accrued, (iii) Interest Expense, net of interest income, paid or accrued and (iv) amortization and depreciation; less (c) (without duplication), to the extent included in the calculation of Net Income, the sum of (i) the income of any Person (other than a Loan Party or a Subsidiary of any Loan Party) in which any Loan Party or a Subsidiary of any Loan Party has an ownership interest except to the extent such income is received by any Loan Party or such Subsidiary in a cash distribution during such period, (ii) gains or losses from sales or other dispositions of assets (other than sales of Inventory in the normal course of business) and (iii) the greater of (A) $0 and (B) the sum of extraordinary or non-recurring gains less extraordinary or non-recurring losses.

"Eligible Accounts" shall mean and include each Account of Borrower arising in the ordinary course of Borrower's business and which Agent, in its sole credit judgment shall deem to be an Eligible Account, based on such considerations as Agent may from time to time deem appropriate in its sole credit judgment. In addition, without limiting the foregoing, in no event shall an Account be an Eligible Account if:

(a) (i) it does not arise from the actual and bona fide sale and delivery of goods or rendition of services by Borrower in the ordinary course of business of Borrower, which transactions are completed in accordance with the terms and provisions contained in any agreement binding on Borrower or the other party or parties thereto, and (ii) if such Account arises from the sale of motor homes, Borrower has not issued an MCO to the Customer with respect thereto;

(b) (i) solely in the case of Motor Home Accounts, it is due or unpaid more than thirty (30) days after the original invoice date, and (ii) solely in the case of Parts and Service Accounts, it is due or unpaid more than ninety (90) days after the original invoice date;

(c) it is owed by a Customer who has Accounts unpaid more than (i) solely in the case of Motor Home Accounts, thirty (30) days after the original invoice date, and (ii) solely in the case of Parts and Service Accounts, ninety (90) days after the original invoice date; and, in each case, which unpaid Accounts constitute more than twenty five (25%) percent of the total Accounts of such Customer. Such percentage may, in Agent's good faith credit judgment, reasonably exercised, be increased or decreased from time to time;

(d) it is not subject to the first priority, valid and perfected Lien of Agent;

(e) it is subject to a Lien in favor of any Person other than Agent, except Permitted Encumbrances (but without limiting the right of Agent to establish any Reserves with respect to amounts secured by such Lien in favor of any Person even if permitted herein);

(f) any covenant, representation or warranty contained in this Agreement with respect to such Account has been breached;

(g) the Customer shall (i) apply for, suffer, or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, administrator or liquidator of itself or of all or a substantial part of its property or call a meeting of its creditors, (ii) admit in writing its inability, or be generally unable, to pay its debts as they become due or cease operations of its present business, (iii) make a general assignment for the benefit of creditors, (iv) commence a voluntary case under any state, federal or other bankruptcy or insolvency laws (as now or hereafter in effect), or enter into discussions with its creditors existing at any one time with respect to rescheduling any of its Indebtedness, (v) be adjudicated a bankrupt or insolvent, (vi) file a petition seeking to take advantage of any other law providing for the relief of debtors, (vii) acquiesce to, or fail to have dismissed, any petition which is filed against it in any involuntary case under such bankruptcy or insolvency laws, or (viii) take any action for the purpose of effecting any of the foregoing or which is indicative of insolvency;

(h) the sale is to a Customer located or incorporated (or other analogous term) outside the United States of America or Canada, unless the sale is on letter of credit, guaranty or acceptance terms, in each case acceptable to Agent in its sole discretion;

(i) the sale to the Customer is on a bill-and-hold, guaranteed sale, sale-and-return, sale on approval, consignment or any other repurchase, return or contingent or conditional basis or is evidenced by chattel paper;

(j) the Customer is the United States of America, any state or any department, agency or instrumentality of any of them, unless Borrower assigns its right to payment of such Account to Agent pursuant to the Assignment of Claims Act of 1940, as amended (31 U.S.C. Sub-Section 3727 et seq. and 41 U.S.C. Sub-Section 15 et seq.) or has otherwise complied with other applicable statutes or ordinances;

(k) the goods giving rise to such Account have not been shipped and delivered to and accepted by the Customer or the services giving rise to such Account have not been performed by Borrower and accepted by the Customer (such as advanced billings) or the Account otherwise does not represent a final sale;

(l) the Accounts of the Customer exceed a credit limit determined by Agent, in its good faith credit judgment, reasonably exercised, to the extent such Account exceeds such limit;

(m) the Account is subject to any offset, deduction, defense, dispute, or counterclaim, the Customer is also a creditor or supplier of Borrower or the Account is contingent in any respect or for any reason (each such offset, deduction, defense, dispute, counterclaim or contingency, a “Contra Claim”);

(n) Borrower has made any agreement with any Customer for any deduction therefrom, except for discounts or allowances made in the ordinary course of business for prompt payment, all of which discounts or allowances are reflected in the calculation of the face value of each respective invoice related thereto;

(o) any return, rejection or repossession of the Inventory has occurred the sale of which gave rise to such Account or such Account relates to a Customer whose obligation to pay is in any respect, conditional or subject to any such right of return, rejection, repossession or similar rights;

(p) such Account is not payable to Borrower;

(q) in the case of any single Customer and its Affiliates, such Accounts do not constitute more than twenty five (25%) of all otherwise Eligible Accounts (but the portion of the Accounts not in excess of such percentage may be deemed Eligible Accounts), except that, with respect to Motor Home Accounts, the foregoing percentage limitation shall not apply at any time with respect to any such Customer and its

Affiliates whose then outstanding Accounts are not unpaid more than fifteen (15) days after the original invoice date. Such percentage may, in Agent's sole discretion, be increased or decreased from time to time;

(r) such Account consists of progress billings (such that the obligation of the Customer with respect to such Account is conditioned upon Borrower's satisfactory completion of any further performance under the agreement giving rise thereto), bill and hold invoices or retainage invoices, except as to bill and hold invoices, if Agent shall have received an agreement in writing from the Customer, in form and substance satisfactory to Agent, confirming the unconditional obligation of the Customer to take the goods related thereto and pay such invoice;

(s) the Customer or any officer or employee of the Customer with respect to such Account is an officer, employee, agent or other Affiliate of Borrower or any other Loan Party or any Subsidiary of any Loan Party;

(t) there are proceedings or actions which are threatened or pending against the Customer with respect to such Account which might result in any Material Adverse Effect with respect to such Customer; or

(u) such Account is not payable in Dollars.

The criteria for Eligible Accounts set forth above may only be changed and any new criteria for Eligible Accounts may only be established by Agent in good faith based on either: (i) an event, condition or other circumstance arising after the date hereof, or (ii) an event, condition or other circumstance existing on the date hereof to the extent Agent has no written notice thereof from Borrower prior to the date hereof, in either case under clause (i) or (ii) which adversely affects or could reasonably be expected to adversely affect the Accounts in the good faith determination of Agent. Any Accounts which are not Eligible Accounts shall nevertheless be part of the Collateral.

"Eligible Inventory" shall mean Inventory consisting of finished goods held for resale in the ordinary course of the business of Borrower, chassis to the extent such chassis are not ineligible under clause (b) below and other raw materials for such finished goods, in each case which Agent, in its sole credit judgment, shall deem to be Eligible Inventory, based on such considerations as Agent may from time to time deem appropriate in its sole credit judgment. Without limiting the foregoing, in no event shall Inventory be Eligible Inventory if such Inventory:

(a) is work-in-process;

(b) is a chassis for which Borrower (a) has not paid the purchase price therefor in full to the applicable vendor thereof, or (b) is not in possession of an MCO or MSO (as the case may be) issued by the applicable vendor thereof;

(c) is spare parts for equipment;

(d) is packaging and shipping materials;

(e) is supplies used or consumed in Borrower's business;

(f) is not located at premises owned and controlled by Borrower; except, that, Inventory at premises leased and controlled by Borrower or Inventory at a warehouse owned and operated by a third Person on behalf of Borrower, in each case that otherwise satisfies the criteria for Eligible Inventory, may be considered Eligible Inventory if (i) Agent has received and accepted a Collateral Access Agreement from the owner and lessor or operator of such premises, as the case may be, duly authorized, executed and delivered by

such owner and lessor or operator, or (ii) Agent shall have established such Reserves in respect of amounts at any time due or to become due to the owner and lessor or operator thereof as Agent shall determine;

(g) is not subject to the first priority, valid and perfected Lien of Agent;

(h) is subject to a Lien in favor of any Person other than Agent, except Permitted Encumbrances (but without limiting the right of Agent to establish any Reserves with respect to amounts secured by such Lien in favor of any Person even if permitted herein);

(i) is not beneficially and legally owned solely by Borrower;

(j) is bill and hold goods;

(k) is unserviceable, obsolete or Inventory in a poor condition;

(l) is returned, damaged and/or defective Inventory;

(m) is purchased or sold on consignment; or

(n) is not subject to an appraisal in accordance with the requirements of Agent; or

(o) is located outside the continental United States of America.

The criteria for Eligible Inventory set forth above may only be changed and any new criteria for Eligible Inventory may only be established by Agent in good faith based on either: (i) an event, condition or other circumstance arising after the date hereof, or (ii) an event, condition or other circumstance existing on the date hereof to the extent Agent has no written notice thereof from Borrower prior to the date hereof, in either case under clause (i) or (ii) which adversely affects or could reasonably be expected to adversely affect the Inventory in the good faith determination of Agent. Any Inventory which is not Eligible Inventory shall nevertheless be part of the Collateral.

“Environmental Complaint” shall have the meaning set forth in Section 4.19(d).

“Environmental Laws” shall mean all federal, state, local and other environmental, land use, zoning, health, chemical use, safety and sanitation laws, statutes, ordinances and codes relating to the protection of the environment and/or governing the use, storage, treatment, generation, transportation, processing, handling, production or disposal of Hazardous Substances and the rules, regulations, policies, formal agency, interpretations, decisions, orders and directives of federal, state, local and other Governmental Body with respect thereto.

“Environmental Reports” shall mean all such documents as are listed on Schedule 5.7.

“Equipment” shall mean and include as to each Loan Party and each of its Subsidiaries all of such Loan Party and Subsidiary’s, whether now owned or hereafter acquired and wherever located equipment, machinery, apparatus, motor vehicles, fittings, furniture, furnishings, fixtures, parts, accessories, and all other goods (other than Inventory) and all replacements and substitutions therefor or accessions thereto.

“ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time and the rules and regulations promulgated thereunder.

“Event of Default” shall mean the occurrence of any of the events set forth in Section 10.

"Excess Availability" shall mean the amount, as determined by Agent, calculated at any date, equal to: (a) the lesser of: (i) the Borrowing Base and (ii) the Maximum Revolving Advance Amount less Reserves, minus (b) the sum of: (i) the amount of all then outstanding and unpaid Revolving Advances plus the amount of all then outstanding Letters of Credit, plus (ii) the aggregate amount of all then outstanding and unpaid trade payables and other obligations of the Loan Parties which are outstanding more than ninety (90)days past invoice date as of the end of the immediately preceding month or at Agent's option, as of a more recent date based on such reports as Agent may from time to time specify (other than trade payables or other obligations being contested or disputed by the Loan Parties in good faith), plus (iii) without duplication, the amount of checks issued by the Loan Parties to pay trade payables and other obligations which are more than ninety (90)days past invoice date as of the end of the immediately preceding month or at Agent's option, as of a more recent date based on such reports as Agent may from time to time specify (other than trade payables or other obligations being contested or disputed by Borrower in good faith), but not yet sent.

"Exchange Act" shall mean the Securities Exchange Act of 1934, together with all rules, regulations and interpretations thereunder or related thereto.

"Extraordinary Receipts" shall mean any cash received by any Loan Party or any of their respective Subsidiaries consisting of (a) proceeds of judgments, proceeds of settlements or other consideration of any kind in connection with any cause of action, (b) indemnity payments (other than to the extent such indemnity payments are (i) immediately payable to a Person that is not an Affiliate of a Loan Party or any of their respective Subsidiaries, or (ii) received by a Loan Party or any of their respective Subsidiaries as reimbursement for any payment previously made to such Person), (c) any purchase price adjustment (other than a working capital adjustment) received in connection with any purchase or other acquisition agreement, (d) tax refunds, (e) pension plan reversions, (f) proceeds of insurance and (g) at any time that an Event of Default shall exist, at the sole discretion of Agent, any other cash received by any Loan Party or any of their respective Subsidiaries not in the ordinary course of business.

"Federal Funds Rate" shall mean, for any day, the rate per annum (rounded upward to the nearest 1/100th of 1%) equal to the weighted average of the rates on overnight Federal Funds transactions with members of the Federal Reserve System arranged by Federal Funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided, that, if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate quoted to Agent on such day on such transactions as determined by Agent in a commercially reasonable manner.

"Fee Letter" shall mean the Fee Letter, dated as of the date hereof, among Borrower and Agent, as amended, restated, modified and supplemented from time to time.

"Fixed Charge Coverage Ratio" shall mean, for any period, the ratio of (a) EBITDA for each period set forth below minus all cash Capital Expenditures made during each such period, to (b) Fixed Charges.

"Fixed Charges" shall mean, as to the Loan Parties and their Subsidiaries determined on a consolidated basis, with respect to any period, the sum of, without duplication, (a) all Cash Interest Expense during such period, plus (b) all regularly scheduled (as determined at the beginning of the respective period) principal payments of Money Borrowed and Indebtedness with respect to Capital Leases made or required to be made during such period (and without duplicating items in (a) and (b) of this definition, the interest component with respect to Indebtedness under Capital Leases), plus (c) all taxes paid or required to be paid during such period in cash, plus (d) all cash dividends or other cash distributions made or required to be made on account of Capital Stock (other than those made to a Loan Party or any of their Subsidiaries) and all repurchases or redemptions of Capital Stock (other than those made to a Loan Party or any of their Subsidiaries) made or required to be made during such period.

"GAAP" shall mean generally accepted accounting principles in the United States of America in effect from time to time, as may be amended from time to time by the Financial Accounting Standards Board; except, that, if there occurs after the date of this Agreement any change in GAAP that affects in any respect the calculation of any covenant contained in Section 6.8 hereof, Agent and Borrower shall negotiate in good faith amendments to the provisions of this Agreement that relate to the calculation of such covenants with the intent of having the respective positions of Agent, Lenders and Borrower, after such change in GAAP conform as nearly as possible to their respective positions as of the date of this Agreement and, until any such amendments have been agreed upon, the covenants in Section 6.8 hereof shall be calculated on the basis of such principles in effect prior to such change and consistent with those used in the preparation of the most recent audited financial statements delivered to Agent prior to the date of such change.

"General Intangibles" shall mean and include as to each Loan Party and each of its Subsidiaries, all of such Loan Party and Subsidiary's general intangibles, whether now owned or hereafter acquired including, without limitation, all payment intangibles, choses in action, commercial tort claims, causes of action, corporate or other business records, inventions, designs, patents, patent applications, equipment formulations, manufacturing procedures, quality control procedures, trademarks, service marks, trade secrets, goodwill, copyrights, design rights, registrations, licenses, franchises, customer lists, tax refunds, tax refund claims, computer programs and computer software, all claims under guaranties, Liens or other security held by or granted to such Loan Party or Subsidiary to secure payment of any of the Receivables by a Customer, all rights of indemnification and all other intangible property of every kind and nature (other than Receivables).

"Governmental Body" shall mean any nation or government, any state or other political subdivision thereof or any entity exercising the legislative, judicial, regulatory or administrative functions of or pertaining to a government.

"Guarantor" or "Guarantors" shall mean each Subsidiary of Borrower that becomes a guarantor of any of the Obligations after the Closing Date pursuant to Section 7.12(a) or otherwise.

"Guaranty" shall mean the guaranty set forth in Section 15 of this Agreement and any other guaranty of the Obligations of Borrower now or hereafter executed by a Guarantor in favor of Agent for its benefit and for the ratable benefit of Lenders.

"Hazardous Discharge" shall have the meaning set forth in Section 4.19(d).

"Hazardous Substance" shall mean, without limitation, any flammable explosives, radon, radioactive materials, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum and petroleum products, methane, hazardous materials, Hazardous Wastes, hazardous or Toxic Substances or related materials as defined in CERCLA, the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801, et seq.), RCRA, Articles 15 and 27 of the New York State Environmental Conservation Law or any other applicable Environmental Law and in the regulations adopted pursuant thereto.

"Hazardous Wastes" shall mean all waste materials subject to regulation under CERCLA, RCRA or applicable state or other law, and any other applicable Federal, state or other laws now in force or hereafter enacted relating to hazardous waste disposal.

"Hedging Agreements" shall mean an agreement between Borrower or any Guarantor and any financial institution that is a rate swap agreement, basis swap, forward rate agreement, commodity swap, interest rate option, forward foreign exchange agreement, spot foreign exchange agreement, rate cap agreement rate, floor agreement, rate collar agreement, currency swap agreement, cross-currency rate swap agreement, currency option, any other similar agreement (including any option to enter into any of the foregoing or a master agreement for any of the foregoing together with all supplements thereto) for the

purpose of protecting against fluctuations in or managing exposure with respect to interest or exchange rates, currency valuations or commodity prices.

"Impacted Lender" shall mean any Lender that fails to promptly provide Agent or Borrower, upon such Person's written request, reasonably satisfactory assurance that such Lender will not become, a Defaulting Lender."

"Indebtedness" of a Person at a particular date shall mean (a) all indebtedness, debt and similar monetary obligations of such Person whether direct or guaranteed; (b) that portion of obligations with respect to Capital Leases that is properly classified as a liability on a balance sheet in conformity with GAAP; (c) notes payable and drafts accepted representing extensions of credit; (d) any obligation owed for all or any part of the deferred purchase price of property or services if the purchase price is due more than six (6) months from the date the obligation is incurred or is evidenced by a note or similar written instrument; (e) all indebtedness secured by any Lien on any property or asset owned or held by that Person regardless of whether the indebtedness secured thereby shall have been assumed by that Person or is non-recourse to the credit of that Person; (f) any contractual obligation, contingent or otherwise, of such Person to pay or be liable for the payment of any indebtedness described in this definition of another Person, including, without limitation, any such indebtedness, directly or indirectly guaranteed, or any agreement to purchase, repurchase, or otherwise acquire such indebtedness, obligation or liability or any security therefor, or to provide funds for the payment or discharge thereof, or to maintain solvency, assets, level of income, or other financial condition; (g) all reimbursement obligations and other liabilities of such Person with respect to surety bonds (whether bid, performance or otherwise), letters of credit, banker's acceptances, drafts or similar documents or instruments issued for such Person's account; (h) all obligations, liabilities and indebtedness of such Person (marked to market) arising under Hedging Agreements; and (i) the principal and interest portions of all rental obligations of such Person under any synthetic lease or similar off-balance sheet financing where such transaction is considered to be borrowed money for tax purposes but is classified as an operating lease in accordance with GAAP, in each case whether such liabilities are present or future, actual or contingent and whether owned jointly or severally.

"Intellectual Property" shall mean all trade secrets and other proprietary information; trademarks, service marks, business names, Internet domain names, designs, logos, trade dress, slogans, indicia and other source and/or business identifiers, and the goodwill of the business relating thereto and all registrations or applications for registrations which have heretofore been or may hereafter be issued thereon throughout the world; copyrights (including copyrights for computer programs and software) and copyright registrations or applications for registrations which have heretofore been or may hereafter be issued throughout the world and all tangible property embodying the copyrights; unpatented inventions (whether or not patentable); patent applications and patents; industrial designs, industrial design applications and registered industrial designs; license agreements related to any of the foregoing and income therefrom; books, records, writings, computer tapes or disks, flow diagrams, specification sheets, source codes, object codes and other physical manifestations, embodiments or incorporations of any of the foregoing; the right to sue for all infringements of any of the foregoing; and all common law and other rights throughout the world in and to all of the foregoing.

"Interest Expense" shall mean, for any period, as to any Person, as determined in accordance with GAAP, the total interest expense of such Person, whether paid or accrued during such period but without duplication (including the interest component of Capital Leases for such period), including, without limitation, discounts in connection with the sale of any Accounts or other Receivables that are sold for purposes other than collection.

"Interest Period" shall mean the period provided for any LIBOR Rate Loan pursuant to Section 2.2(b).

"Interest Rate" shall mean the Revolving Interest Rate.

"Inventory" shall mean and include as to each Loan Party and each Subsidiary of each Loan Party, all of such Loan Party and Subsidiary's now owned or hereafter acquired goods, merchandise and other personal property, wherever located, to be furnished under any contract of service or held for sale or lease, all raw materials, work in process, finished goods and materials and supplies of any kind, nature or description which are or might be used or consumed in such Loan Party or Subsidiary's business or used in selling or furnishing such goods, merchandise and other personal property, all other inventory of such Loan Party or Subsidiary, and all documents of title or other documents representing them.

"Investment Property" shall mean any "investment property" as such term is defined in Section 9-115 of the UCC now owned or hereafter acquired by any Loan Party or any of its Subsidiaries, wherever located, including (a) all securities, whether certificated or uncertificated, including stocks, bonds, interests in limited liability companies, partnership interests, treasuries, certificates of deposit, and mutual fund shares; (b) all securities entitlements of any Loan Party or Subsidiary, including the rights of any Loan Party to any securities account and the financial assets held by a securities intermediary in such securities account and any free credit balance or other money owing by any securities intermediary with respect to that account; (c) all securities accounts of any Loan Party or Subsidiary; (d) all commodity contracts of any Loan Party or Subsidiary; and (e) all commodity accounts held by any Loan Party or Subsidiary.

"Issuer" shall mean any Person who issues a Letter of Credit and/or accepts a draft pursuant to the terms thereof (it being agreed that so long as Burdale shall be Agent, then the Issuer shall be The Governor and Company of the Bank of Ireland and/or such other Person selected by Burdale in its sole discretion; provided, however, that, in the event that Burdale is neither Agent nor a Lender, the "Issuer" with respect to all subsequently issued Letters of Credit shall be a Person selected by Borrower and acceptable to the Required Lenders, the Agent and such Person).

"Lender" and "Lenders" shall have the meaning ascribed to such term in the preamble to this Agreement and shall include each Person which becomes a transferee, successor or assign of any Lender.

"Lender Default" shall have the meaning set forth in Section 2.16(a).

"Lender-Related Distress Event" shall mean, with respect to any Lender or any Person that directly or indirectly controls such Lender (each a "Distressed Person"), a voluntary or involuntary case with respect to such Distressed Person under the Bankruptcy Code or any similar bankruptcy or insolvency laws of its jurisdiction of formation, or a custodian, conservator, receiver or similar official is appointed for such Distressed Person or any substantial party of such Distressed Person's assets, or such Distressed Person or any Person that directly or indirectly controls such Distressed Person is subject to a forced liquidation, merger, sale or other change of control supported in whole or in party by guaranties or other support (including, without limitation, the nationalization or assumption of ownership or operating control by) the U.S. government or other Governmental Body, or such Distressed Person makes a general assignment for the benefit of creditors or is otherwise adjudicated as, or determined by any Governmental Body having regulatory authority over such Distressed Person or its assets to be, insolvent, bankrupt, or deficient in meeting any capital adequacy or liquidity standard of any such Governmental Body. For purposes of this definition, control of a Person shall have the same meaning as provided in the definition of Affiliate.

"Letter of Credit Application" shall have the meaning set forth in Section 2.10.

"Letter of Credit Fees" shall have the meaning set forth in Section 3.2(a).

"Letters of Credit" shall have the meaning set forth in Section 2.9.

"LIBOR" shall mean, for each Interest Period, the offered rate per annum, as conclusively determined by Agent, for deposits of Dollars for the applicable Interest Period that appears on Reuters Screen LIBOR01 Page (or on any successor or substitute page of such service, or any successor to or substitute for such service, providing rate quotations comparable to those currently provided on such page of such service, as determined by Agent in its sole discretion from time to time for purposes of providing quotations of interest rates applicable to eurodollar deposits in Dollars in the London interbank market) as of 11:00 A.M. (London, England time) two (2) Business Days prior to the first day in such Interest Period. If no such offered rate exists, such rate will be the rate of interest per annum, as determined by Agent (rounded upwards, if necessary, to the nearest 1/16 of 1%) at which deposits of Dollars in immediately available funds are offered at 11:00 A.M. (London, England time) two (2) Business Days prior to the first day in such Interest Period by major financial institutions reasonably satisfactory to Agent in the London interbank market for such Interest Period for the applicable principal amount on such date of determination; provided in no instance shall LIBOR be less than two (2%) percent per annum.

"LIBOR Rate Loan" shall mean an Advance that bears interest based on LIBOR.

"Lien" shall mean any mortgage, deed of trust, pledge, hypothecation, assignment, security interest, lien (whether statutory or otherwise), charge, claim or encumbrance, or preference, priority or other security agreement or preferential arrangement held or asserted in respect of any asset of any kind or nature whatsoever including, without limitation, any conditional sale or other title retention agreement, any lease having substantially the same economic effect as any of the foregoing, and the filing of, or agreement to give, any financing statement under the UCC or comparable law of any jurisdiction. Any reference to the Lien of Agent shall be construed in the broadest sense possible and shall in each cash include a security interest and other Lien as the context implies.

"Liquidity" means, on any date of determination, the sum of (a) immediately available and unrestricted cash of the Loan Parties, including but not limited to cash of the Loan Parties on deposit in deposit accounts in the United States at the Bank of Ireland subject to control agreements in favor of the Agent in the manner described in Section 4.15(h), (b) Cash Equivalents subject to an investment property control agreement in favor of Agent; and (c) Excess Availability.

"Loan Party" shall mean, individually, Borrower and each Guarantor, and "Loan Parties" shall mean, collectively, Borrower and the Guarantors.

"Material Adverse Effect" shall mean a material adverse effect on (a) the condition, operations, assets, business or prospects of Borrower and/or the Loan Parties and their Subsidiaries taken as a whole, (b) any Loan Party's ability to pay the Obligations or to comply with this Agreement or any Other Document in accordance with the terms hereof or thereof, (c) the value of the Collateral, or Agent's Liens on the Collateral or the priority of any such Lien or (d) the Agent's ability to realize on the Collateral or otherwise enforce the terms of this Agreement or any of the Other Documents.

"Maximum Credit" shall mean $20,000,000 (subject to adjustment as provided pursuant to the terms of Section 2.4 of this Agreement).

"Maximum Revolving Advance Amount" shall mean an amount equal to, on any date of determination, the lesser of (a) Maximum Revolving Advance Amount Sublimit, and (b) the Asset Coverage Sublimit.

"Maximum Revolving Advance Amount Sublimit" shall mean, as of the date hereof, $12,500,000. After the date hereof, the Maximum Revolving Advance Amount Sublimit may be increased, upon the written request of Borrower and in Agent and Lenders sole discretion based upon Borrower's order backlog and

inventory turnover tests and/or other financial and operational metrics tests established by Agent, to an amount not to exceed the Maximum Credit provided that as of the date of such increase, no Event of Default exists. Any increase to the Maximum Revolving Advance Amount Sublimit shall be effective upon receipt by Borrower of written notice from Agent that the Maximum Revolving Advance Amount Sublimit has been increased. Agent and Lenders shall be under no obligation or commitment to increase the Maximum Revolving Advance Amount Sublimit to an amount in excess of the amount as in effect on the date hereof.

"MCO" shall mean a manufacturer's certificate of origin.

"Money Borrowed" shall mean (a) Indebtedness arising from the lending of money by any Person to any Loan Party or any of their respective Subsidiaries, (b) Indebtedness, whether or not in any such case arising from the lending by any Person of money to any Loan Party or any of their respective Subsidiaries, (i) which is represented by notes payable or drafts accepted that evidence extensions of credit, (ii) which constitutes obligations evidenced by bonds, debentures, notes or similar instruments, or (iii) upon which interest charges are customarily paid (other than accounts payable) or that was issued or assumed as full or partial payment for property, (c) reimbursement obligations with respect to letters of credit or guaranties of letters of credit, and (d) Indebtedness of any Loan Party or any of their respective Subsidiaries under any guaranty of obligations that would constitute Indebtedness for Money Borrowed under clauses (a), (b) or (c) hereof, if owed directly by any Loan Party or any of their respective Subsidiaries.

"Motor Home Accounts" shall mean Accounts arising from Borrower's sale of finished goods consisting of motor homes.

"MSO" shall mean a manufacturers statement of origin.

"Multiemployer Plan" shall mean a "multiemployer plan" as defined in Sections 3(37) and 4001(a)(3) of ERISA.

"Net Income" shall mean, for any period, the aggregate income (or loss) of the Loan Parties and their Subsidiaries for such period, all computed and calculated in accordance with GAAP on a consolidated basis.

"Net Liquidation Percentage" shall mean the percentage of the book value of Eligible Inventory that is estimated to be recoverable in an orderly liquidation of such Eligible Inventory, net of all associated costs and expenses of such liquidation, such percentage to be as determined from time to time by an appraisal company selected by Agent and pursuant to an appraisal report acceptable to Agent (which report Agent is expressly permitted to rely).

"Non-Funding Lender" shall mean any Lender (a) that has failed to fund any payments required to be made by it under this Agreement or under any Other Document, (b) that has given verbal or written notice to Borrower, the Agent or any other Lender or has otherwise publicly announced that such Lender believes it will fail to fund all payments required to be made by it or fund all purchases of participations required to be funded by it under this Agreement and the Other Documents, (c) as to which the Agent has a good faith belief that such Lender has defaulted in fulfilling its obligations (as a lender, agent or letter of credit issuer) under one or more other syndicated credit facilities or (d) with respect to which one or more Lender-Related Distress Events has occurred with respect to such Person or any Person that directly or indirectly controls such Lender and Agent has determined that such Lender may become a Non-Funding Lender. For purposes of this definition, control of a Person shall have the same meaning as provided in the definition of Affiliate.

"Note" or "Notes" shall mean, individually or collectively, the Revolving Credit Notes.

"Notice of Conversion" shall mean a notice duly executed by a Responsible Officer of Borrower appropriately completed and in substantially the form of Exhibit A.

"Obligations" shall mean and include (a) any and all of each Loan Party's Indebtedness and/or liabilities pursuant to or evidenced by this Agreement or any Other Documents to Agent, Lenders, any Issuer or to any Person that directly or indirectly controls or is controlled by or is under common control with Agent, any Lender or any Issuer of every kind, nature and description, direct or indirect, secured or unsecured, joint, several, joint and several, absolute or contingent, due or to become due, now existing or hereafter arising, contractual or tortious, liquidated or unliquidated, regardless of how such indebtedness or liabilities arise (including all interest accruing after the commencement of any bankruptcy or similar proceeding whether or not enforceable in such proceeding) and all obligations of any Loan Party to Agent, Lenders or any Issuer to perform acts or refrain from taking any action under this Agreement or any Other Documents, and (b) for purposes only of Section 5.1 (and other Lien grants made by the Loan Parties in the Other Documents to secure the Obligations) only and subject to the priority in right of payment set forth in Section 11.2, all Bank Product Obligations; provided, that, (i) as to any such Bank Product Obligations arising under or pursuant to a Hedge Agreement, the same shall only be included within the Obligations if upon Agent's request, Agent shall have entered into an agreement, in form and substance satisfactory to Agent, with the Bank Product Provider that is a counterparty to such Hedge Agreement, as acknowledged and agreed to by Borrower and any other Loan Party, providing for the delivery to Agent by such counterparty of information with respect to the amount of such obligations and providing for the other rights of Agent and such Bank Product Provider in connection with such arrangements, (ii) any Bank Product Provider, other than Burdale and its Affiliates, shall have delivered written notice to Agent that (A) such Bank Product Provider has entered into a transaction to provide Bank Products to Borrower and any other Loan Party and (B) the Bank Product Obligations arising pursuant to such Bank Products provided to Borrower and any other Loan Party constitute Obligations entitled to the benefits of the security interest of Agent granted hereunder, and Agent shall have accepted such notice in writing and (C) in no event shall any Bank Product Provider acting in such capacity to whom such obligations, liabilities or indebtedness are owing be deemed a Lender for purposes hereof except with respect to the Lien granted in favor of Agent for the benefit of Lenders and any indemnity contained herein and in no event shall the approval of any such Person in its capacity as Bank Product Provider be required in connection with the release or termination of any security interest or other Lien of Agent

"Original Term" shall have the meaning set forth in Section 13.1.

"Other Documents" shall mean any Note, the Questionnaire, any Guaranty, any Collateral Access Agreement and any and all other agreements, instruments and documents, including, without limitation, guaranties, pledges, security agreements, mortgages, deeds of trust, debentures, other collateral documents, subordination agreements, intercreditor agreements, powers of attorney, consents, and all other writings heretofore, now or hereafter executed and/or delivered by any Loan Party to Agent or any Lender in respect of the transactions contemplated by this Agreement, in each case, as such agreements, instruments and documents are amended, restated, modified or supplemented from time to time.

"Participant" shall mean each Person who shall be granted the right by any Lender to participate in any of the Advances or Commitments of such Lender and who shall have entered into a participation agreement in form and substance satisfactory to such Lender.

"Payment Account" shall mean Agent's account no. 957-358261 maintained at JPMorgan Chase Bank, N.A. (Swift no. CHASUS33), ABA no. 021000021) or such other account of Agent, if any, which Agent may designate by notice to Borrower and to each Lender to be the Payment Account.

"Parts and Service Accounts" shall mean Accounts arising from either (a) Borrower's business consisting of the sale of parts Inventory with respect to motor homes, or (b) Borrower's business consisting of the servicing of motor homes.

"PBGC" shall mean the Pension Benefit Guaranty Corporation.

"Permitted Encumbrances" shall mean (a) Liens in favor of Agent for the benefit of each Secured Party, which, in each case, secure Obligations; (b) Liens for taxes, assessments or other governmental charges ("Tax Lien") not delinquent or being contested in good faith and by appropriate proceedings and with respect to which proper reserves have been taken by Loan Parties; provided, that, the Tax Lien shall have no effect on the priority of the Liens in favor of Agent or the value of the Collateral in which Agent has such a Lien and a stay of enforcement of any such Tax Lien shall be in effect; (c) deposits or pledges to secure obligations under worker's compensation, social security or similar laws, or under unemployment insurance, in each case made in the ordinary course of business and excluding deposits or pledges under ERISA; (d) deposits or pledges to secure bids, tenders, contracts (other than contracts for the payment of money), leases, statutory obligations, surety and appeal bonds and other obligations of like nature arising in the ordinary course of any Loan Party's business; (e) judgment Liens that do not constitute an Event of Default under Section 10.5 and mechanics', workers', materialmen's or other like Liens arising in the ordinary course of any Loan Party's business with respect to obligations which are not due or which are being contested in good faith by the applicable Loan Party or Subsidiary of a Loan Party for so long as such proceedings result in a stay of enforcement of such Lien; (f) Liens placed upon fixed assets hereafter acquired to secure a portion of the purchase price thereof; provided, that, (i) any such Lien shall not encumber any other property of the Loan Parties and (ii) the aggregate amount secured by such Liens shall not exceed the applicable amount provided for in Section 7.8(b); and (g) Liens disclosed on Schedule 7.2.

"Person" shall mean any individual, sole proprietorship, partnership, corporation, company, business trust, joint stock company, trust, unincorporated organization, association, limited liability company, institution, public benefit corporation, joint venture, entity or government (whether Federal, state, county, city, municipal or otherwise, including any instrumentality, division, agency, body or department thereof).

"Plan" shall mean any employee benefit plan within the meaning of Section 3(3) of ERISA, maintained for employees of Loan Parties or any member of the Controlled Group or any such Plan to which any Loan Party or any member of the Controlled Group is required to contribute on behalf of any of its employees.

"Protective Advances" shall have the meaning set forth in Section 2.12.

"Purchasing Lender" shall have the meaning set forth in Section 16.3(c).

"Qualified Assignee" shall mean (a) any Lender, any Affiliate of any Lender and, with respect to any Lender that is an investment fund that invests in commercial loans, any other investment fund that invests in commercial loans and that is managed or advised by the same investment advisor as such Lender or by a Controlled Affiliate of such investment advisor; (b) any commercial bank, savings and loan association or savings bank or any other entity which is an "accredited investor" (as defined in Regulation D under the Securities Act) which extends credit or buys loans as one of its businesses, including insurance companies, mutual funds, lease financing companies and commercial finance companies, in each case, which has a rating of BBB or higher from S&P and a rating of Baa2 or higher from Moody's at the date that it becomes a Lender and which, through its applicable lending office, is capable of lending to Borrower; and (c) any other Person consented to by Agent in its sole discretion during the continuance of an Event of Default; provided, that, no Person proposed to become a Lender after the Closing Date and determined by Agent to be acting in the capacity of a vulture fund or distressed debt purchaser or to be a competitor of any Loan Party shall be a

Qualified Assignee unless consented to by Agent in its sole discretion, and no Person or Affiliate of such Person proposed to become a Lender after the Closing Date and that holds any subordinated Indebtedness or Capital Stock issued by any Loan Party shall be a Qualified Assignee unless consented to by Agent in its sole discretion.

"Questionnaire" shall mean the Documentation Information Questionnaire and the responses thereto provided by Loan Parties and delivered to Agent on the Closing Date.

"Real Property" shall mean all of each Loan Party and each of their Subsidiary's right, title and interest in and to the owned and leased premises identified on Schedule R-1.

"RCRA" shall mean the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 et seq., as same may be amended from time to time.

"Receivables" shall mean and include, as to each Loan Party and each Subsidiary of each Loan Party, all of such Loan Party and Subsidiary's Accounts, Contract Rights, instruments (including promissory notes and instruments evidencing indebtedness owed to Loan Parties and their Subsidiaries by their Affiliates), documents, chattel paper (whether tangible or electronic), General Intangibles relating to Accounts, drafts and acceptances, and all other forms of obligations owing to such Loan Party and Subsidiary arising out of or in connection with the sale, lease or other disposition of Inventory or the rendition of services, all guarantees and other security therefor, whether secured or unsecured, now existing or hereafter created, and whether or not specifically sold or assigned to Agent hereunder.

"Release" shall have the meaning set forth in Section 5.7(c).

"Reportable Event" shall mean a reportable event described in Section 4043(b) of ERISA or the regulations promulgated thereunder.

"Required Lenders" shall mean Lenders having Commitment Percentages (calculated under clause (a) of the definition of Commitment Percentages) the aggregate amount of which equals or exceeds sixty-six and two-thirds ($66\ ^{2}/_{3}\%$).

"Reserves" shall mean such reserves as Agent may from time to time establish in its sole credit judgment, including, without limitation, reserves for (a) matters that could adversely affect the Collateral, its value or the amount that Agent and the Lenders might receive from the sale or other disposition thereof or the ability of Agent to realize thereon, (b) sums that the Loan Parties are required to pay under any provision of this Agreement or any Other Document, (c) amounts owing by any Loan Party to any Person to the extent secured by a Lien on, or trust over, any of the Collateral (such as Liens or trusts in favor of landlords, warehousemen, carriers, mechanics, materialmen, laborers, or suppliers, or Liens or trusts for ad valorem, income, payroll, excise, sales, pension plan obligations or other taxes), (d) an amount equal to the aggregate outstanding Letters of Credit at any time issued hereunder, (e) amounts believed by the Agent to be necessary to provide for possible inaccuracies, in any report or in any information provided to the Agent pursuant to this Agreement and (f) Dilution Reserves.

"Responsible Officer" shall mean with respect to any Person, such Person's chief executive officer, president, chief financial officer or other officer having substantially the same authority and responsibility with respect to the matters at hand (or having substantially the same knowledge of the contents of the certificate, document or other document being delivered).

"Restricted Accounts" shall mean deposit accounts or other accounts (a) established and used (and at all times will be used) solely for the purpose of paying current payroll obligations of the Loan Parties (and

which do not (and will not at any time) contain any deposits other than those necessary to fund current payroll), in each case in the ordinary course of business, (b) maintained (and at all times will be maintained) solely in connection with an employee benefit plan, but solely to the extent that all funds on deposit therein are solely held for the benefit of, and owned by, employees (and will continue to be so held and owned) pursuant to such plan, and (c) used in the ordinary course of business for petty cash, the balance of which shall not exceed $10,000 aggregate at any time; provided, that, without limiting the foregoing, in order for any such deposit account or other account to constitute a "Restricted Account", such deposit or other account must be expressly designated as a "Restricted Account" on Schedule 5.25 (which designation shall constitute a representation and warranty by each Loan Party that such deposit account or other account satisfies the criteria set forth in this definition to constitute a "Restricted Account").

"Revolving Advances" shall mean Advances made pursuant to Section 2.1 (and shall also include Protective Advances to the extent the context implies such).

"Revolver Commitment" shall mean, with respect to each Lender, its Revolver Commitment, and, with respect to all Lenders, their Revolver Commitments, in each case as such amounts are set forth beside such Lender's name under the applicable heading on Schedule C-1 or in the Commitment Transfer Supplement pursuant to which such Lender became a Lender hereunder, as such amounts may be reduced or increased from time to time pursuant to assignments made in accordance with the provisions of this Agreement.

"Revolving Credit Note" shall have the meaning set forth in Section 2.1.

"Revolving Interest Rate" shall mean an interest rate per annum equal to (a) the sum of the Base Rate plus the Applicable Margin per annum with respect to Base Rate Loans that are Revolving Advances and (b) the sum of LIBOR plus the Applicable Margin per annum with respect to LIBOR Rate Loans that are Revolving Advances.

"Secured Party" shall mean Agent, the Lenders, Issuer and Bank Products Provider.

"Settlement Date" shall mean the Closing Date and thereafter every Business Day designated by Agent as a "Settlement Date" by notice from Agent to each Lender, but not less frequently than weekly.

"Solvent" shall mean, at any time with respect to any Person, that at such time such Person (a) is able to pay its debts as they mature and has (and has a reasonable basis to believe it will continue to have) sufficient capital (and not unreasonably small capital) to carry on its business consistent with its practices as of the date hereof, and (b) the assets and properties of such Person at a fair valuation (and including as assets for this purpose at a fair valuation all rights of subrogation, contribution or indemnification arising pursuant to any guarantees given by such Person) are greater than the Indebtedness of such Person, and including subordinated and contingent liabilities computed at the amount which, such Person has a reasonable basis to believe, represents an amount which can reasonably be expected to become an actual or matured liability (and including as to contingent liabilities arising pursuant to any guarantee the face amount of such liability as reduced to reflect the probability of it becoming a matured liability).

"Subsidiary" shall mean a corporation or other entity of whose shares of stock or other ownership interests having ordinary voting power (other than stock or other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the directors of such corporation, or other Persons performing similar functions for such entity, are owned, directly or indirectly, by such Person.

"Term" shall mean the period commencing on the Closing Date and ending on the Termination Date.

"Termination Date" shall have the meaning set forth in Section 13.1.

"Termination Event" shall mean (a) a Reportable Event with respect to any Plan or Multiemployer Plan; (b) the withdrawal of any Loan Party or any of their Subsidiaries or any member of the Controlled Group from a Plan or Multiemployer Plan during a plan year in which such entity was a "substantial employer" as defined in Section 4001(a)(2) of ERISA; (c) the providing of notice of intent to terminate a Plan in a distress termination described in Section 4041(c) of ERISA; (d) the institution by the PBGC of proceedings to terminate a Plan or Multiemployer Plan; (e) any event or condition (i) which might constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan or Multiemployer Plan, or (ii) that may result in termination of a Multiemployer Plan pursuant to Section 4041A of ERISA; or (f) the partial or complete withdrawal within the meaning of Sections 4203 and 4205 of ERISA, of any Loan Party, any Subsidiary thereof or any member of the Controlled Group from a Multiemployer Plan.

"Toxic Substance" shall mean and include any material present on the Real Property or the leasehold interests which has been shown to have significant adverse effect on human health or which is subject to regulation under the Toxic Substances Control Act (TSCA), 15 U.S.C. §§ 2601 et seq., applicable state or other law, or any other applicable Federal, state or other laws now in force or hereafter enacted relating to toxic substances. "Toxic Substance" includes but is not limited to asbestos, polychlorinated biphenyls (PCBs) and lead-based paints.

"Transactions" shall have the meaning set forth in Section 5.5(a).

"Transferee" shall have the meaning set forth in Section 16.3.

"UCC" shall mean the Uniform Commercial Code as in effect in the State of New York from time to time.

"US Loan Party" means a Loan Party organized, incorporated or otherwise formed under the laws of the United States or any state thereof or the District of Columbia.

"US Subsidiary" shall mean a Subsidiary organized, incorporated or otherwise formed under the laws of the United States or any state thereof or the District of Columbia.

"Value" shall mean, as determined by Agent in good faith, with respect to Inventory, the lower of (a) cost computed on a first-in first-out basis in accordance with GAAP or (b) market value; provided, that, for purposes of the calculation of the Borrowing Base, (i) the Value of the Inventory shall not include: (A) the portion of the value of Inventory equal to the profit earned by any Affiliate on the sale thereof to Borrower or (B) write-ups or write-downs in value with respect to currency exchange rates and (ii) notwithstanding anything to the contrary contained herein, the cost of the Inventory shall be computed in the same manner and consistent with the most recent appraisal of the Inventory received and accepted by Agent for the purposes of this Agreement (which appraisal must expressly permit the Agent to rely thereon).

"Waterfall Event" shall mean the occurrence of (a) a failure by Borrower to repay all of the Obligations as of the end of the Term or after the Obligations have been accelerated, or (b) an Event of Default and the election by the Agent or the Required Lenders to require that payments and proceeds of Collateral be applied pursuant to Section 11.2(b).

"Week" shall mean the time period commencing with the opening of business on a Monday and ending on the end of business the following Sunday.

1.3 Uniform Commercial Code Terms.

All terms used herein and defined in the UCC, including, the terms account debtor, certificated security, chattel paper, commercial tort claim, deposit account, document, electronic chattel paper, equipment, financial asset, fixtures, goods, health-care-insurance receivable, inventory, instrument, investment property, letter-of-credit rights, payment intangibles, proceeds, security, security entitlement, software, supporting obligations and uncertificated security, shall have the meaning given therein unless otherwise defined herein or unless the context provides otherwise.

1.4 Certain Matters of Construction.

The terms “herein”, “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular section, paragraph or subdivision. Each reference to a Section, an Exhibit or a Schedule shall be deemed to refer to a Section, an Exhibit or a Schedule, as applicable, of this Agreement unless otherwise specified. The terms “including” and other words of similar import refer to “including, but not limited” unless otherwise specified. Each reference to a Section, an Exhibit or a Schedule shall be deemed to refer to a Section, an Exhibit or a Schedule, as applicable, of this Agreement unless otherwise specified. Any pronoun used shall be deemed to cover all genders. Wherever appropriate in the context, terms used herein in the singular also include the plural and vice versa. All references to statutes (including the UCC) and related regulations shall include any amendments of same and any successor statutes and regulations. Unless otherwise provided, all references to any instruments or agreements, including, without limitation, references to this Agreement or any of the Other Documents, shall include any and all modifications or amendments thereto and any and all extensions or renewals thereof to the extent not prohibited by this Agreement or any Other Document. The amount outstanding under any Letter of Credit shall mean, at any date of determination, (a) the maximum aggregate amount available for drawing thereunder under any and all circumstances, plus (b) the aggregate amount of all unreimbursed payments and disbursements under such Letter of Credit. Unless otherwise provided Dollar ($) baskets set forth in the representations and warranty, covenants and event of default provisions of this Agreement (an other similar baskets) are calculated as of each date of measurement by the Dollar Equivalents thereof as of such date of measurement. Once an Event of Default occurs, such Event of Default shall remain in existence and be continuing unless waived in writing by the applicable Lenders and other Persons in accordance with Section 17.2.

2. ADVANCES, PAYMENTS.

2.1 Revolving Advances.

(a) Revolving Advances. Subject to the terms and conditions set forth in this Agreement (including, without limitation, Sections 2.1(b) and 8), each Lender, severally and not jointly, agrees to make Revolving Advances according to its Commitment Percentage thereof to Borrower from the Closing Date until the Termination Date. Revolving Advances shall be funded by Agent or Lenders (as applicable) in Dollars and shall be repaid in Dollars. To the extent required by a Lender, the Revolving Advances made by such Lender shall be evidenced by a promissory note (each, a “**Revolving Credit Note**”).

(b) Revolving Advance Limitations/Protective Advances and Overadvances. The aggregate amount of the Revolving Advances and the Letters of Credit outstanding at any time shall not (i) exceed the lesser of (A) the Maximum Credit or (B) the Maximum Revolving Advance Amount or (ii) except as provided in Section 2.12 with respect to Protective Advances and in Section 16.2(d) with respect to overadvances, cause Excess Availability to be less than $0 (it being understood that it shall be an Event of Default if at any time Excess Availability is less than $0).

2.2 Procedure for Borrowing.

(a) Borrower shall notify Agent of the request by Borrower to incur a Revolving Advance hereunder. Such notice shall be required to be delivered by Borrower to Agent on or prior to 11:00 a.m. (New York time) (i) on the Business Day of the date of such requested borrowing with respect to Base Rate Loans and (ii) three (3) Business Days prior to the date of such requested borrowing with respect to LIBOR Rate Loans. Each such notice shall include (A) the amount of such proposed borrowing (which amount with respect to (1) LIBOR Rate Loans shall be in a minimum amount of $1,000,000 and in integral multiples of $500,000 in excess thereof and (2) with respect to Base Rate Loans shall be in a minimum amount of $10,000), (B) the date of such proposed borrowing (which must be a Business Day) and (C) whether such borrowing is to be initially a LIBOR Rate Loan (and if so, the duration of the first Interest Period therefor) or a Base Rate Loan. Additionally, any amount required to be paid as interest, fees, charges or other Obligations under this Agreement or any Other Document, at the election of Agent, shall be deemed a request by Borrower for a Revolving Advance as of the date such payment is due, in the amount required to pay in full or in part such interest, fee, charge or other Obligation under this Agreement or any Other Document and such deemed request shall be irrevocable.

(b) Interest Periods for LIBOR Rate Loans shall be for no less than three (3) months. At the election of Agent or Required Lenders, no LIBOR Rate Loan shall be made available to Borrower during the continuance of a Default or an Event of Default. After giving effect to each LIBOR Rate Loan (or any conversion to a LIBOR Rate Loan), there shall not be outstanding more than four (4) LIBOR Rate Loans in the aggregate.

(c) Each Interest Period of a LIBOR Rate Loan shall commence on the date such LIBOR Rate Loan is made and shall end on such date as Borrower may elect as set forth in (a)(iv) above; provided, that, the exact length of each Interest Period shall be determined in accordance with the practice of the interbank market for offshore Dollar deposits and no Interest Period shall end after the Termination Date (in no event shall an Interest Period for any such loan pertain to amounts than are greater than the amounts of such loans that are permitted to be outstanding during such Interest Period).

(d) Borrower shall elect the initial Interest Period applicable to a LIBOR Rate Loan by its notice of borrowing given to Agent pursuant to Section 2.2(a) or by its Notice of Conversion given to Agent pursuant to Section 2.2(e), as the case may be. Borrower shall elect the duration of each succeeding Interest Period by giving irrevocable written notice to Agent of such duration not less than three (3) Business Days prior to the last day of the then current Interest Period applicable to such LIBOR Rate Loan; provided, that, at the election of Agent or Required Lenders, no loan shall be converted to a LIBOR Rate Loan if an Event of Default shall have occurred and be continuing. If Agent does not receive timely notice of the Interest Period elected by Borrower, Borrower shall be deemed to have elected to convert to a Base Rate Loan subject to Section 2.2(e).

(e) Borrower may, on the last Business Day of the then current Interest Period applicable to any outstanding LIBOR Rate Loan, or on any Business Day with respect to Base Rate Loans, convert any such loan into a loan of another type in the same aggregate principal amount; provided, that, any conversion of a LIBOR Rate Loan shall be made only on the last Business Day of the then current Interest Period applicable to such LIBOR Rate Loan; provided, further, that, at the election of Agent or Required Lenders, no loan shall be converted to a LIBOR Rate Loan if an Event of Default shall have occurred and be continuing. If Borrower desires to convert a loan, Borrower shall give Agent a Notice of Conversion not less than three (3) Business Days' prior to a conversion from a Base Rate Loan to a LIBOR Rate Loan or one (1) Business Day prior to a conversion from a LIBOR Rate Loan to a Base Rate Loan, specifying the date of such conversion, the loans to be converted and if the conversion is from a Base Rate Loan to a LIBOR Rate Loan,

the duration of the first Interest Period therefor. After giving effect to each such conversion, there shall not be outstanding more than the number of LIBOR Rate Loans permitted by Section 2.2(b).

(f) At the option of Borrower and upon three (3) Business Days' prior written notice, Borrower may prepay the LIBOR Rate Loans in whole at any time or in part from time to time, without premium or penalty (except as otherwise expressly provided in this Agreement), but with accrued interest on the principal being prepaid to the date of such repayment. Borrower shall specify the date of prepayment of Advances which are LIBOR Rate Loans and the amount of such prepayment. In the event that any prepayment of a LIBOR Rate Loan is required or permitted on a date other than the last Business Day of the then current Interest Period with respect thereto, Borrower and each other Loan Party shall indemnify Agent and Lenders therefor in accordance with Section 2.2(g).

(g) Each Loan Party shall indemnify Agent and Lenders and hold Agent and Lenders harmless from and against any and all losses or expenses that Agent and Lenders may sustain or incur as a consequence of any prepayment, conversion of or any default by Borrower in the payment of the principal of or interest on any LIBOR Rate Loan or failure by Borrower to complete a borrowing of, a prepayment of or conversion of or to a LIBOR Rate Loan after notice thereof has been given, including, but not limited to, any interest payable by Agent or Lenders to lenders of funds obtained by any of them in order to make or maintain their respective LIBOR Rate Loans hereunder. A certificate as to any additional amounts payable pursuant to the foregoing sentence submitted by Agent (or the applicable Lenders) to Borrower and Agent shall be conclusive absent manifest error.

(h) Notwithstanding any other provision hereof, if any applicable law, treaty, regulation or directive, or any change therein or in the interpretation or application thereof, shall make it unlawful for any Lender (for purposes of this Section 2.2(h), the term "Lender" shall include any Lender and the office or branch where any Lender or any corporation or bank controlling such Lender makes or maintains any LIBOR Rate Loans) to make or maintain its LIBOR Rate Loans, the obligation of Lenders to make LIBOR Rate Loans hereunder shall forthwith be cancelled and Borrower shall, if any affected LIBOR Rate Loans are then outstanding, promptly upon notice from Agent, either pay all such affected LIBOR Rate Loans or convert such affected LIBOR Rate Loans into Base Rate Loans. If any such payment or conversion of any LIBOR Rate Loan is made on a day that is not the last day of the Interest Period applicable to such LIBOR Rate Loan, Borrower shall pay Agent, upon Agent's notice, such amount or amounts as may be necessary to compensate Lenders for any loss or expense sustained or incurred by Lenders in respect of such LIBOR Rate Loan as a result of such payment or conversion, including (but not limited to) any interest or other amounts payable by Lenders to lenders of funds obtained by Lenders in order to make or maintain such LIBOR Rate Loan. A certificate as to any additional amounts payable pursuant to the foregoing sentence submitted by Agent (or the applicable Lenders) to Borrower and Agent shall be conclusive absent manifest error.

2.3 Disbursement of Advance Proceeds.

All Advances shall be disbursed from whichever office or other place Agent or Lenders, as applicable, may designate from time to time. During the Term, Borrower may request, repay and reborrow Revolving Advances, all in accordance with the terms and conditions of this Agreement. The proceeds of each Revolving Advance requested by Borrower (or Agent on behalf of Borrower) or deemed to have been requested by Borrower (or Agent on behalf of Borrower) under Section 2.2(a) shall, subject to the terms and conditions of this Agreement with respect to requested Revolving Advances, be made available to Borrower on the Business Day so requested by way of credit to Borrower's operating account number 41320 at Wells Fargo Bank, N.A. or such other account and/or bank as Borrower may designate following written notification to Agent, in immediately available federal funds or other immediately available funds or, with respect to Revolving Advances deemed to have been requested by Borrower, be disbursed to Agent to be applied to the outstanding Obligations giving rise to such deemed request.

2.4 Increase in Maximum Credit.

(a) Borrower may, at any time, deliver a written request to Agent to increase the Maximum Credit, provided, that, (i) any such increase shall be subject to the consent of Agent and satisfaction of each of the conditions set forth in Section 2.4(c) below, (ii) any such written request shall specify the amount of the increase in the Maximum Credit that Borrower is requesting; (iii) in no event shall more than two such written requests be delivered to Agent during the term of this Agreement, (iv) the aggregate amount of any and all such increases in the Maximum Credit shall not cause the Maximum Credit to exceed $50,000,000, (v) if such request, as consented to by Agent under clause (i) above, is to increase the Maximum Credit to an amount less than $50,000,000, such request shall be permitted if and only if such request is to increase the Maximum Credit to an amount not to exceed $35,000,000, and (vi) any such request shall be irrevocable. Under no circumstances shall Borrower be permitted to increase the Maximum Credit under this Section to an amount greater than $35,000,000 but less than $50,000,000.

(b) Upon the receipt by Agent of any such written request, Agent shall notify each of the Lenders of such request and each Lender shall have the option (but not the obligation) to increase the amount of its Commitment by an amount up to its Commitment Percentage of the amount of the increase in the Maximum Credit requested by Borrower as set forth in the notice from Agent to such Lender. Each Lender shall notify Agent within ten (10) days after the receipt of such notice from Agent whether it is willing to so increase its Commitment, and if so, the amount of such increase; provided, that, (i) the minimum increase in the Commitments of each such Lender providing the additional Commitments shall equal or exceed $5,000,000, and (ii) no Lender shall be obligated to provide such increase in its Commitment and the determination to increase the Commitment of a Lender shall be within the sole and absolute discretion of such Lender. If the aggregate amount of the increases in the Commitments received from the Lenders does not equal or exceed the amount of the increase in the Maximum Credit requested by Borrower, Agent or Borrower may seek additional increases from Lenders or Commitments from such Qualified Assignees as it may determine, after, in the case of the Borrower, consultation with Agent. In the event Lenders (or Lenders and any such Qualified Assignees, as the case may be) have committed in writing to provide increases in their Commitments or new Commitments in an aggregate amount in excess of the increase in the Maximum Credit requested by Borrower or permitted hereunder, Agent shall then have the right to allocate such commitments, first to Lenders and then to Qualified Assignees, in such amounts and manner as Agent may determine, after consultation with Borrower.

(c) The Maximum Credit shall be increased by the amount of the increase in Commitments from Lenders or new Commitments from Qualified Assignees, in each case selected in accordance with Section 2.4(b) above, for which Agent has received Commitment Transfer Supplements on the date requested by Borrower for the increase or such other date as Agent and Borrower may agree (but subject to the satisfaction of the conditions set forth below), whether or not the aggregate amount of the increase in Commitments and new Commitments, as the case may be, equal or exceed the amount of the increase in the Maximum Credit requested by Borrower in accordance with the terms hereof, effective on the date that Agent notifies Borrower that each of the following conditions have been satisfied (such date being the "**Maximum Credit Increase Effective Date**"):

(i) Agent shall have received from each Lender or Qualified Assignee that is providing an additional Commitment as part of the increase in the Maximum Credit, an Commitment Transfer Supplement duly executed by such Lender or Qualified Assignee and Borrower;

(ii) the conditions precedent to the making of Loans set forth in Section 8.2 shall be satisfied as of the date of the increase in the Maximum Credit, both before and after giving effect to such increase;

(iii) Agent shall have received an opinion of counsel to Borrower in form and substance and from counsel reasonably satisfactory to Agent and Lenders addressing such matters as Agent may reasonably request (including an opinion as to no defaults or violations under other Indebtedness);

(iv) such increase in the Maximum Credit on the date of the effectiveness thereof shall not violate any term or provisions of any applicable law, regulation or order or decree of any court or other Governmental Body and shall not be enjoined, temporarily, preliminarily or permanently;

(v) there shall have been paid to each Lender and Qualified Assignee, in each case, providing an additional Commitment in connection with such increase in the Maximum Credit all fees and expenses due and payable to such Person on or before the effectiveness of such increase, including, without limitation, all such fees payable pursuant to the Fee Letter; and

(vi) there shall have been paid to Agent, for the account of the Agent and Lenders (in accordance with any agreement among them) all fees and expenses (including reasonable fees and expenses of counsel) due and payable pursuant to any of the Other Documents on or before the effectiveness of such increase to the extent relating to such increase.

(d) As of a Maximum Credit Increase Effective Date, each reference to the term Maximum Credit herein, and in any of the Other Documents shall be deemed amended to mean the amount of the Maximum Credit specified in the written notice from Agent to Borrower of the increase in the Maximum Credit.

2.5 [Reserved].

2.6 Repayment of Advances.

(a) The Revolving Advances shall be due and payable in full on the Termination Date subject to earlier prepayment as herein provided.

(b) Borrower recognizes that the amounts evidenced by checks, notes, drafts or any other items of payment relating to and/or proceeds of Collateral may not be collectible by Agent on the date received. In consideration of Agent's consideration (subject to the last sentence of this clause (b)) to conditionally credit Borrower's Account as of the Business Day on which Agent receives those items of payment, Borrower agrees that, in computing the charges under this Agreement, all items of payment shall be deemed applied by Agent on account of the applicable Obligations two (2) Business Days after confirmation to Agent by the Blocked Account bank or Depository Account bank, as provided for in Section 4.15(h), that such items of payment have been collected in good funds and finally credited to Agent's account. Without limiting the above provisions of this clause (b), Agent is not, however, required to credit Borrower's Account for the amount of any item of payment which is unsatisfactory to Agent and Agent may charge Borrower's Account for the amount of any item of payment which is returned to Agent unpaid.

(c) All payments (including prepayments) of principal, interest and other amounts payable hereunder and under each Other Document shall be made to Agent at the Payment Account not later than 12:00 p.m. (New York time) on the due date therefor (or, if such due date is not a Business Day, on the next Business Day) in lawful money of the United States of America in funds immediately available to Agent. Any payment received by Agent subsequent to 12:00 p.m. (New York time) on any Business Day (regardless of whether such payment is due on such Business Day) shall be deemed received by Agent, and shall be applied to the applicable Obligations intended to be paid thereby, on the next Business Day. Agent shall have the right to effectuate payment on any and all Obligations due and owing hereunder by charging Borrower's Account or by making Revolving Advances as provided in Section 2.2.

(d) Borrower shall pay principal, interest, and all other amounts payable hereunder and under each Other Document without any deduction whatsoever, including, but not limited to, any deduction for any setoff or counterclaim.

(e) If, notwithstanding the terms of this Agreement or any Other Document, Agent or any Lender receives any payment from or on behalf of Borrower or any other Loan Party in a currency other than the Currency Due, Agent or such Lender may convert the payment (including the monetary proceeds of realization upon any Collateral and any funds then held in a cash collateral account) into the Currency Due at exchange rate selected by Agent or such lender in the manner contemplated by Section 16.5 and Borrower shall reimburse Agent and Lenders on demand for all costs they incur with respect thereto. To the extent permitted by law, the obligation shall be satisfied only to the extent of the amount actually received by Agent upon such conversion.

2.7 Repayment of Excess Advances.

If for any reason Excess Availability at any time is less than $0 or the balance of any or all of the outstanding Advances and Letters of Credit at any time is otherwise in excess of any applicable limitation set forth in this Agreement, such excess amount shall be immediately due and payable without the necessity of any demand, at the Payment Account.

2.8 Statement of Account.

Agent shall maintain, in accordance with its customary procedures, a loan account (the "**Borrower's Account**") in the name of Borrower in which shall be recorded the date and amount of each Advance made by Lenders and the date and amount of each payment in respect thereof; provided, however, that, the failure by Agent to record the date or amount of any Advance or any other item shall not adversely affect Agent or any Lender under this Agreement or any Other Document or diminish any obligation of any Loan Party under this Agreement or any Other Document. Each month, Agent shall send to Borrower a statement showing the accounting for the Advances made, payments made or credited in respect thereof, and certain other transactions between Lenders and Borrower, during such month. The monthly statements shall be deemed correct and binding upon Borrower in the absence of manifest error and shall constitute an account stated between Lenders and Borrower unless Agent receives a written statement of Borrower's specific exceptions thereto within thirty (30) days after such statement is received by Borrower. The records of Agent with respect to Borrower's Account shall be conclusive evidence absent manifest error of the amounts of Advances and other charges thereto and of payments applicable thereto.

2.9 Letters of Credit.

Subject to the terms and conditions hereof, Agent shall issue or cause the issuance of letters of credit (collectively, "**Letters of Credit**") by the Issuer on behalf of Borrower; provided, however, that, Agent will not be required to issue or cause to be issued any Letters of Credit to the extent that the face amount of such Letters of Credit would cause Excess Availability to be less than $0. The maximum amount of outstanding Letters of Credit shall not exceed $5,000,000 in the aggregate at any time. All outstanding reimbursement obligations and disbursements or payments related to Letters of Credit shall be deemed to be Base Rate Loans consisting of Revolving Advances and shall bear interest at the Revolving Interest Rate for Base Rate Loans. Notwithstanding anything to the contrary contained in this Agreement, in the event that there is a Defaulting Lender, Issuer shall not be required to issue any Letter of Credit, or increase or extend or otherwise amend any Letter of Credit, unless Issuer has entered into arrangements reasonably satisfactory to it and Borrower with respect to the participation in Letters of Credit by such Defaulting Lender. Issuer and Agent may require that Borrower provide cash collateral to them to hold on behalf of them, on terms and conditions satisfactory

to them, in an amount equal to such Defaulting Lender's Commitment Percentage of any Letter of Credit Obligations.

2.10 Issuance of Letters of Credit.

(a) Borrower may request Agent to issue or cause the issuance of a Letter of Credit by delivering to Agent Issuer's standard form of letter of credit application and, if requested, letter of credit security agreement (collectively, the "**Letter of Credit Application**") and any draft, if applicable, completed to the satisfaction of Agent, together with such other certificates, documents and other papers and information as Agent or Issuer may reasonably request.

(b) Each Letter of Credit shall, among other things, (i) provide for the payment of sight drafts or acceptances of issuance drafts when presented for honor thereunder in accordance with the terms thereof and when accompanied by the documents described therein, (ii) be denominated in Dollars and (iii) have an expiry date not later than one (1) year after such Letter of Credit's date of issuance, and in no event having an expiry date later than the Termination Date unless Loan Parties provide cash collateral equal to not less than one hundred five percent (105%) of the face amount thereof to be held by Agent pursuant to a cash collateral agreement in form and substance satisfactory to Agent.

(c) Agent shall use its reasonable efforts to notify Lenders of the request by Borrower for a Letter of Credit hereunder, but any failure to so notify Lenders shall not reduce any liability or any obligation of the Lenders hereunder or any rights of Agent hereunder.

2.11 Requirements for Issuance of Letters of Credit.

(a) In connection with the issuance of any Letter of Credit, Borrower shall indemnify, save and hold Agent, each Lender and each Issuer harmless from any loss, cost, expense or liability, including, without limitation, payments made by Agent, any Lender or any Issuer and expenses and reasonable attorneys' fees incurred by Agent, any Lender or any Issuer arising out of, or in connection with, any Letter of Credit. Borrower shall be bound by Agent's or Issuer's regulations and good faith interpretations of any Letter of Credit, although this interpretation may be different from Borrower's own interpretation; and, neither Agent, nor any Lender, nor any Issuer shall be liable for any error, negligence, or mistakes, whether of omission or commission, in following Borrower's instructions or those contained in any Letter of Credit or of any modifications, amendments or supplements thereto or in issuing or paying any Letter of Credit except for Agent's, any Lender's, or any Issuer's willful misconduct.

(b) Borrower shall authorize and direct any Issuer of a Letter of Credit to deliver to Agent all related payment/acceptance advices, to deliver to Agent all instruments, documents, and other writings and property received by the Issuer pursuant to the Letter of Credit and to accept and rely upon Agent's instructions and agreements with respect to all matters arising in connection with the Letter of Credit or the application therefor.

(c) In connection with all Letters of Credit issued or caused to be issued by Agent under this Agreement, Borrower hereby appoints Agent, or its designee, as its attorney, with full power and authority (i) to sign and/or endorse Borrower's name upon any warehouse or other receipts, Letter of Credit Applications and acceptances; (ii) to sign Borrower's name on bills of lading; (iii) to clear Inventory through Customs in the name of Borrower or Agent or Agent's designee, and to sign and deliver to Customs officials powers of attorney in the name of Borrower for such purpose; and (iv) to complete in Borrower's name or Agent's, or in the name of Agent's designee, any order, sale or transaction, obtain the necessary documents in connection therewith, and collect the proceeds thereof. Neither Agent nor its attorneys will be liable for any acts or omissions nor for any error of judgment or mistakes of fact or law, except for Agent's or its attorney's

willful misconduct. This power, being coupled with an interest, is irrevocable as long as any Letters of Credit remain outstanding.

(d) Each Lender, according to its Commitment Percentage, shall to the extent of the aggregate amount of all unreimbursed reimbursement obligations arising from disbursements made or obligations incurred with respect to the Letters of Credit be deemed to have irrevocably purchased an undivided participation in (i) each such unreimbursed reimbursement obligation, (ii) Agent's credit support enhancement provided to the Issuer of any Letter of Credit and (iii) each Revolving Advance made as a consequence of the issuance of a Letter of Credit and all disbursements thereunder. In the event that at the time a disbursement is made the unpaid balance of Revolving Advances exceeds or would exceed, with the making of such disbursement, the amount permitted under Section 2.1, and such disbursement is not reimbursed by Borrower within two (2) Business Days, upon Agent's demand each Lender shall pay to Agent such Lender's Commitment Percentage of such unreimbursed disbursement together with such Lender's Commitment Percentage of Agent's unreimbursed costs and expenses relating to such unreimbursed disbursement. Upon receipt by Agent of a repayment from Borrower of any amount disbursed by Agent for which Agent had already been reimbursed by Lenders, Agent shall deliver to each Lender that Lender's proportionate share of such repayment. Each Lender's participation commitment shall continue until the last to occur of any of the following events: (A) Agent ceases to be obligated to issue or cause to be issued Letters of Credit hereunder; (B) no Letters of Credit issued hereunder remains outstanding and uncancelled or (C) Agent, Issuer and all Persons (other than Borrower) have been fully reimbursed for all payments made under or relating to Letters of Credit.

2.12 Additional Payments/Protective Advances.

Any sums expended (a) by Agent or any Lender due to any Loan Party's failure to perform or comply with its Obligations under this Agreement or any Other Document, or (b) by Agent to protect the Collateral or enhance the likelihood of repayment of the Obligations or any portion thereof (as determined by Agent in its sole discretion) may, at the sole discretion of Agent, be charged to Borrower's Account as a Revolving Advance (regardless of whether or not the conditions specified in this Agreement for the making of a Revolving Advance have been satisfied, including, without limitation, Sections 2.1 or 8.2) and added to the Obligations, and each Lender shall be obligated in connection therewith as if such conditions had been satisfied (including, without limitation, to fund its Commitment Percentage of such Revolving Advances). Such sums charged to Borrower's Account as a Revolving Advance (collectively, "**Protective Advances**"), plus the amount of intentional over-Advances made pursuant to Section 16.2(d), shall not exceed ten (10%) of the Maximum Revolving Advance Amount without the consent of each of the Lenders.

2.13 Manner of Borrowing and Payment.

(a) Each borrowing of Advances shall be advanced according to the applicable Commitment Percentages of Lenders.

(b) All proceeds of Collateral, together with each payment (including each prepayment) by Borrower on account of the principal of the Advances, shall be applied to the Advances pro rata according to the applicable Commitment Percentages of Lenders. Except as expressly provided herein, all payments (including prepayments) to be made by Borrower on account of principal, interest and fees shall be made in Dollars without setoff or counterclaim and shall be made to Agent on behalf of the Agent and the Lenders to the Payment Account, in each case on or prior to the time specified in Section 2.6(c) in immediately available funds.

(c) Notwithstanding anything to the contrary contained in Sections 2.13(a) and 2.13(b) or any other provision of this Agreement, commencing with the first Business Day following the Closing Date,

each or any borrowing of Advances may, in the sole discretion of Agent, be advanced by Agent (on behalf of the Lenders) and each payment by Borrower on account of Advances shall be applied first to those Advances advanced by Agent (any such Advance provided by the Agent may (at the discretion of the Agent) accrue interest as a Base Rate Loan, regardless of whether or not Borrower requested such Advance be a LIBOR Rate Loan, until the Agent is reimbursed for such Advance). Alternatively, Agent may request that each Lender (and each Lender shall) on or before 1:00 p.m. (New York time) on the requested borrowing date, transfer in immediately available funds to Agent such Lender's Commitment Percentage of such requested borrowing. On each Settlement Date commencing with the first Settlement Date following the Closing Date, Agent and Lenders shall make certain payments as follows: (i) if a Lender's balance of the Advances (including Protective Advances) exceeds such Lender's Commitment Percentage of the Advances (including Protective Advances) as of a Settlement Date, then Agent shall transfer in immediately available funds to a deposit account of such Lender (as such Lender may designate in writing to Agent) an amount such that each such Lender shall, upon receipt of such amount, have as of the Settlement Date, its Commitment Percentage of the Advances (including Protective Advances) and (ii) if a Lender's balance of the Advances (including Protective Advances) is less than such Lender's Commitment Percentage of the Advances (including Protective Advances) as of a Settlement Date, such Lender shall transfer in immediately available funds to the Agent an amount such that each such Lender shall, upon transfer of such amount, have as of the Settlement Date, its Commitment Percentage of the Advances (including Protective Advances).

(d) A Lender shall be entitled to earn interest at the applicable Interest Rate on outstanding Advances which such Lender has funded for the periods in which such Advance was so funded by such Lender. Agent shall be entitled to earn interest at the applicable Interest Rate on outstanding Advances (including Protective Advances) which Agent has funded for the periods in which such Advance (including Protective Advances) was so funded by Agent.

(e) Promptly following each Settlement Date, Agent shall submit to each Lender a certificate with respect to payments received and Advances made during the Week immediately preceding such Settlement Date. Such certificate of Agent shall be conclusive in the absence of manifest error.

(f) If any Lender or Participant (a "**Benefited Lender**") shall at any time receive any payment of all or part of its Advances, or interest thereon, or receive any Collateral in respect thereof (whether voluntarily or involuntarily or by set-off) in a greater proportion than any such payment to and Collateral received by any other Lender, if any, in respect of such other Lender's Advances, or interest thereon, and such greater proportionate payment or receipt of Collateral is not expressly permitted hereunder, such Benefited Lender shall purchase for cash from the other Lenders a participation in such portion of each such other Lender's Advances, or shall provide such other Lender with the benefits of any such Collateral, or the proceeds thereof, as shall be necessary to cause such Benefited Lender to share the excess payment or benefits of such Collateral or proceeds ratably with each of Lenders according to their Commitment Percentages thereof; provided, however, that, if all or any portion of such excess payment or benefits is thereafter recovered from such Benefited Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest. Each Lender so purchasing a portion of another Lender's Advances may exercise all rights of payment (including, without limitation, rights of set-off) with respect to such portion as fully as if such Lender were the direct holder of such portion.

(g) Unless Agent shall have been notified in writing, prior to the making of any Advance, by any Lender that such Lender will not make the amount which would constitute its applicable Commitment Percentage of the Advances available to Agent, Agent may (but shall not be obligated to) assume that such Lender shall make (and such Lender unconditionally shall be obligated to make) such amount available to Agent on or prior to the next Settlement Date and, in reliance upon such assumption, make available to Borrower a corresponding amount. Agent will promptly notify Borrower of its receipt of any such notice from a Lender. If such amount is made available to Agent on a date after such next Settlement Date, such

Lender shall pay to Agent on demand an amount equal to the product of (i) the daily average Federal Funds Rate (computed on the basis of a year of 360 days) during such period as quoted by Agent, times (ii) such amount, times (iii) the number of days from and including such Settlement Date to the date on which such amount becomes immediately available to Agent. A certificate of Agent submitted to any Lender with respect to any amounts owing under this paragraph (g) shall be conclusive, in the absence of manifest error. If such amount is not in fact made available to Agent by such Lender within three (3) Business Days after such Settlement Date, Agent shall be entitled to recover such an amount, with interest thereon at the rate per annum then applicable to such Advance hereunder, on demand from Borrower; provided, however, that, Agent's right to such recovery shall not prejudice or otherwise adversely affect Borrower's rights (if any) against such Lender.

2.14 Mandatory Prepayments.

Notwithstanding the following, within one (1) Business Day of the date of receipt by any Loan Party or any of its Subsidiaries of any Extraordinary Receipts, Borrower shall prepay the outstanding amount of the Advances in an amount equal to 100% of such Extraordinary Receipts, net of any reasonable expenses incurred in collecting such Extraordinary Receipts, subject to Borrower's ability to reborrow Revolving Advances in accordance with the terms hereof; except that during a Waterfall Event, the order of application to the Obligations shall be made pursuant to Section 11.2 rather than as is provided in this Section 2.14.

2.15 Use of Proceeds.

Borrower shall use the initial proceeds of the Advances and Letters of Credit hereunder only for: (a) payments on the Closing Date to each of the Persons listed in the disbursement direction letter furnished by Borrower to Agent on or about the Closing Date and (b) costs, expenses and fees incurred on or prior to the Closing Date in connection with the preparation, negotiation, execution and delivery of this Agreement and the Other Documents. All other Advances made or Letters of Credit provided to or for the benefit of Borrower pursuant to the provisions hereof shall be used by Borrower only for general operating, working capital and other proper corporate purposes of Borrower not otherwise prohibited by the terms hereof (provided, that, without the prior written consent of Agent, any such uses of Advance proceeds must be for current cash needs of Borrower and not for future cash expenditures or to pre-fund future cash expenditures of Borrower). Further, none of the proceeds will be used, directly or indirectly, for the purpose of purchasing or carrying any margin security or for the purposes of reducing or retiring any Indebtedness which was originally incurred to purchase or carry any margin security or for any other purpose which might cause any of the Advances to be considered a "purpose credit" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System, as amended.

2.16 Defaulting Lender/Impacted Lender.

(a) Notwithstanding anything to the contrary contained herein, in the event any Lender (i) has refused (if the refusal constitutes a breach by such Lender of its obligations under this Agreement) to make available its portion of any Advance or (ii) notifies either Agent or Borrower that it does not intend to make available its portion of any Advance (if the actual refusal would constitute a breach by such Lender of its obligations under this Agreement) (each, a "**Lender Default**"), all rights and obligations hereunder of such Lender (a "**Defaulting Lender**") as to which a Lender Default is in effect and of the other parties hereto shall be modified to the extent of the express provisions of this Section 2.16 while such Lender Default remains in effect.

(b) The obligations of each Lender to make Advances shall continue to be based on their respective Commitment Percentages, and no Commitment Percentage of any Lender or any pro rata share of any Advances required to be advanced by any Lender shall be increased as a result of a Lender Default.

Amounts received in respect of the Obligations owing to the Lenders shall be applied to reduce the applicable Obligations owing to each Lender that is not a Defaulting Lender prior to any such amounts being applied to reduce the Obligations owing to such Defaulting Lender to the extent that the aggregate amount of outstanding Obligations owing to such Defaulting Lender is less than what it would have been if such Lender Default did not occur.

(c) A Defaulting Lender shall not be entitled to give instructions to Agent or to approve, disapprove, consent to or vote on any matters relating to this Agreement and the Other Documents. All amendments, waivers and other modifications of this Agreement and the Other Documents may be made without regard to any Defaulting Lender and, solely for the purposes of the definition of "Required Lenders", no Defaulting Lender shall be deemed to be a Lender or to have either Advances outstanding or Commitments.

(d) Other than as expressly set forth in this Section 2.16, the rights and obligations of a Defaulting Lender (including the obligation to indemnify Agent) and the other parties hereto shall remain unchanged. Nothing in this Section 2.16 shall be deemed to release any Defaulting Lender from its obligations under this Agreement and the Other Documents, shall alter such obligations, shall operate as a waiver of any default by such Defaulting Lender hereunder, or shall prejudice any rights which Borrower, Agent or any Lender may have against any Defaulting Lender as a result of any default by such Defaulting Lender hereunder.

(e) In the event a Defaulting Lender retroactively cures to the satisfaction of Agent the breach which caused a Lender to become a Defaulting Lender, then, from and after the date on which such cure has been so effected, such Defaulting Lender shall no longer be a Defaulting Lender and shall be treated as a Lender that is not a Defaulting Lender under this Agreement.

(f) Agent may replace a Defaulting Lender or an Impacted Lender in accordance with Section 16(d).

3. INTEREST AND FEES.

3.1 Interest.

Interest on Advances shall be payable to Agent for the benefit of Lenders in arrears on the first day of each month with respect to Base Rate Loans and, with respect to LIBOR Rate Loans, in arrears at the earlier of each date that is three months following date of the commencement of such Interest Period and at the end of such Interest Period. Interest charges shall be computed on the actual principal amount of Advances outstanding at a rate per annum equal to the applicable Interest Rate. Concurrent with any increase or decrease in the Base Rate, the Interest Rate for Base Rate Loans shall be similarly changed without notice or demand of any kind by an amount equal to the amount of such change in the Base Rate. At the election of Agent or the Required Lenders, upon and after the occurrence of an Event of Default, and during the continuation thereof, the outstanding Advances and all other Obligations shall bear interest at the applicable Interest Rate plus two (2) percentage points per annum (as applicable, the "**Default Rate**"). At the election of Agent or the Required Lenders, such Default Rate shall be applied retroactively to commence on the date of the first occurrence of the event giving rise to such Event of Default.

3.2 Letter of Credit Fees; Cash Collateral.

(a) Borrower shall pay (i) to Agent, for the benefit of Lenders according to their applicable Commitment Percentages, fees for each Letter of Credit for the period from and excluding the date of issuance of same to and including the date of expiration or termination, equal to the average daily face

amount of each outstanding Letter of Credit multiplied by three and one half (3.50%) per annum, such fees to be calculated on the basis of a 360-day year for the actual number of days elapsed and to be payable monthly in arrears on the first day of each month and for so long as any Letter of Credit remains outstanding, and (ii) to Agent for the benefit of the Issuer, any and all fees and expenses as agreed upon by the Issuer and Borrower in connection with any Letter of Credit, including, without limitation, in connection with the opening, amendment or renewal of any such Letter of Credit and shall reimburse Agent for any and all fees and expenses, if any, paid by Agent to the Issuer (all of the foregoing fees described in clauses (i) and (ii) above, the "**Letter of Credit Fees**"). Any such charge in effect at the time of a particular transaction shall be the charge for that transaction, notwithstanding any subsequent change in the Issuer's prevailing charges for that type of transaction. At the election of Agent or the Required Lenders, upon the occurrence of an Event of Default, and during the continuation thereof, Agent may, and at the direction of the Required Lenders Agent shall, increase the Letter of Credit Fees by two (2) percentage points per annum. At the election of Agent or the Required Lenders, such increased Letter of Credit Fee shall be applied retroactively to commence on the first date of the occurrence of the event giving rise to such Event of Default. All Letter of Credit Fees payable hereunder shall be deemed earned in full on the date when the same are due and payable hereunder and shall not be subject to rebate or proration upon the termination of this Agreement for any reason.

(b) (i) At the election of Agent or the Required Lenders, at any time when a Default or an Event of Default has occurred and is continuing and (ii) on the Termination Date, Borrower will cause cash to be deposited and maintained in a non-interest bearing account with Agent, as cash collateral, in an amount equal to one hundred and five percent (105%) of the outstanding Letters of Credit and, if requested by Agent, Bank Product Obligations, and Borrower hereby irrevocably authorizes Agent, in its discretion, on Borrower's behalf and in Borrower's or Agent's name, to open such an account and to make and maintain deposits therein, or in an account opened by Borrower, in the amounts required to be made by Borrower, out of the proceeds of Receivables or other Collateral or out of any other funds of Borrower coming into Agent or any Lender's possession at any time. Borrower may not withdraw amounts credited to any such account except upon payment and performance in full of all Obligations and all Letters of Credit and, if applicable, Bank Product Obligations, have expired or been cancelled.

3.3 Loan Fees.

(a) Unused Line Fee. If, for any month during the Term, the average daily unpaid balance of the Revolving Advances and Letters of Credit for each day of such month does not equal the Maximum Credit, then Borrower shall pay to Agent, for the ratable benefit of Lenders according to their Commitment Percentages, a fee at a rate equal to one and one quarter (1.25%) on the amount by which the Maximum Credit exceeds such average daily unpaid balance. Such fee shall be payable to Agent in arrears on the first day of each month, commencing November 1, 2009.

(b) Other Fees. Borrower shall pay to Agent, for Agent's own account (and not for the account of any Lender), the other fees and amounts set forth in the Fee Letter in the amounts and at the times specified therein.

3.4 Collateral Monitoring Fees and Expenses.

Borrower shall pay to Agent, for Agent's own account (and not for the account of any Lender), on the first day of each month following any month in which Agent performs any collateral monitoring - namely any field examination, collateral analysis or other business analysis, the need for which is to be determined by Agent and which monitoring is undertaken by Agent or for Agent's benefit at any time in Agent's sole discretion, all costs and expenses associated with such collateral monitoring.

3.5 Computation of Interest and Fees.

Interest and fees hereunder shall be computed on the basis of a year of 360 days and for the actual number of days elapsed, except that interest on Base Rate Loans shall be computed on the basis of a year of 365 or 366 days, as applicable, and for the actual number of days elapsed. If any payment to be made hereunder becomes due and payable on a day other than a Business Day, the due date thereof shall be extended to the next succeeding Business Day and interest thereon shall be payable at the applicable Interest Rate for Base Rate Loans during such extension.

3.6 Maximum Charges.

In no event whatsoever shall interest and other charges charged hereunder exceed the highest rate permissible under law. In the event interest and other charges as computed hereunder would otherwise exceed the highest rate permitted under law, such excess amount shall be first applied to any unpaid principal balance owed by Borrower, and if the then remaining excess amount is greater than the previously unpaid principal balance, Lenders shall promptly refund such excess amount to Borrower and the provisions hereof shall be deemed amended to provide for such permissible rate.

3.7 Increased Costs.

In the event that any applicable law, treaty or governmental regulation, or any change therein or in the interpretation or application thereof, or compliance by any Lender (for purposes of this Section 3.7, the term "Lender" shall include Agent or any Lender and any corporation or bank controlling Agent or any Lender or any Subsidiary of Agent or any Lender) and the office or branch where any Lender makes or maintains any LIBOR Rate Loans with any request or directive (whether or not having the force of law) from any central bank or other financial, monetary or other authority, shall:

(a) subject any Lender to any tax of any kind whatsoever with respect to this Agreement or any Other Document or change the basis of taxation of payments to any Lender of principal, fees, interest or any other amount payable hereunder or under any Other Documents (except for changes in the rate of tax on the overall net income of any Lender by the jurisdiction in which it maintains its principal office);

(b) impose, modify or hold applicable any reserve, special deposit, assessment or similar requirement against assets held by, or deposits in or for the account of, advances or loans by, or other credit extended by, any office of any Lender, including (without limitation) pursuant to Regulation D of the Board of Governors of the Federal Reserve System; or

(c) impose on any Lender any other condition with respect to this Agreement or any Other Document;

and the result of any of the foregoing is to increase the cost to any Lender of making, renewing or maintaining its Advances hereunder or to reduce the amount of any payment (whether of principal, interest or otherwise) in respect of any of the Advances or the Lender's overall capital, then, in any case Borrower shall promptly pay such Lender, upon its demand, such additional amount as will compensate such Lender for such additional cost or such reduction, as the case may be. Such Lender shall certify the amount of such additional cost or reduced amount to Borrower and Agent, and such certification shall be conclusive absent manifest error.

3.8 Basis For Determining Interest Rate Inadequate or Unfair.

In the event that Agent or any Lender shall have determined that:

(a) reasonable means do not exist for ascertaining LIBOR applicable pursuant to Section 2.2 for any Interest Period; or

(b) Dollar deposits in the relevant amount and for the relevant maturity are not available to Agent or such Lender in the London interbank market, with respect to an outstanding LIBOR Rate Loan, a proposed LIBOR Rate Loan, or a proposed conversion of a Base Rate Loan into a LIBOR Rate Loan; or

(c) the LIBOR for any requested Interest Period with respect to a proposed LIBOR Rate Loan does not adequately and fairly reflect the cost to Agent or any Lender of funding such LIBOR Rate Loan,

then Agent, on behalf of itself or at the direction of such Lender, shall give Borrower prompt written, telephonic or telegraphic notice of such determination. If such notice is given, (i) any such requested LIBOR Rate Loan shall be made as a Base Rate Loan, unless Borrower shall notify Agent no later than 10:00 a.m. (New York time) two (2) Business Days prior to the date of such proposed borrowing, that its request for such borrowing (A) shall be cancelled, (B) shall be made as a LIBOR Rate Loan with a different Interest Period for which LIBOR can be ascertained (if such notice is given solely with respect to clause (a) above), (C) shall be made as a LIBOR Rate Loan with a different Interest Period which is available in the London interbank market to Agent or such Lender (if such notice is given solely with respect to clause (b) above) or (D) shall be made as a LIBOR Rate Loan with a different Interest Period which does adequately and fairly reflect the cost to Agent or such Lender (if such notice is given solely with respect to clause (c) above), and (ii) any Base Rate Loan or LIBOR Rate Loan which was to have been continued as or converted to an affected type of LIBOR Rate Loan shall be continued as or converted into a Base Rate Loan, or, if Borrower shall notify Agent, no later than 10:00 a.m. (New York time) two (2) Business Days prior to the proposed conversion, such Base Rate Loan or LIBOR Rate Loan, (A) shall be continued or converted as a LIBOR Rate Loan with a different Interest Period for which LIBOR can be ascertained (if such notice is given solely with respect to clause (a) above), (B) shall be continued or converted as a LIBOR Rate Loan with a different Interest Period which is available in the London interbank market to Agent or such Lender (if such notice is given solely with respect to clause (b) above) or (C) shall be continued or converted as a LIBOR Rate Loan with a different Interest Period which does adequately and fairly reflect the cost to Agent or such Lender (if such notice is given solely with respect to clause (c) above), and (iii) any outstanding affected LIBOR Rate Loans shall be converted into a Base Rate Loan, or, if Borrower shall notify Agent, no later than 10:00 a.m. (New York time) two (2) Business Days prior to the last Business Day of the then current Interest Period applicable to such affected LIBOR Rate Loan, shall be converted into (A) a LIBOR Rate Loan with a different Interest Period for which LIBOR can be ascertained (if such notice is given solely with respect to clause (a) above), (B) a LIBOR Rate Loan with a different Interest Period which is available in the London interbank market to Agent or such Lender (if such notice is given solely with respect to clause (b) above) or (C) a LIBOR Rate Loan with a different Interest Period which does adequately and fairly reflect the cost to Agent or such Lender (if such notice is given solely with respect to clause (c) above). Until such notice has been withdrawn, Lenders shall have no obligation to make an affected type of LIBOR Rate Loan or maintain outstanding affected LIBOR Rate Loans and Borrower shall have no right to convert a Base Rate Loan or an unaffected type of LIBOR Rate Loan into an affected type of LIBOR Rate Loan.

3.9 Capital Adequacy.

(a) In the event that any Lender (for purposes of this Section 3.9, the term “Lender” shall include Agent or any Lender and any corporation or bank controlling Agent or any Lender) shall have

determined that any applicable law, rule, regulation or guideline regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any Governmental Body, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender and the office or branch where any Lender (as so defined) makes or maintains any LIBOR Rate Loans with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on any Lender's capital as a consequence of its obligations hereunder to a level below that which such Lender could have achieved but for such adoption, change or compliance (taking into consideration each Lender's policies with respect to capital adequacy), then, from time to time, Borrower shall pay upon demand to such Lender such additional amount or amounts as will compensate such Lender for such reduction. In determining such amount or amounts, such Lender may use any reasonable averaging or attribution methods. The protection of this Section 3.9 shall be available to each Lender regardless of any possible contention of invalidity or inapplicability with respect to the applicable law, regulation or condition.

(b) A certificate of such Lender setting forth such amount or amounts as shall be necessary to compensate such Lender with respect to Section 3.9(a) when delivered to Borrower and Agent shall be conclusive absent manifest error.

3.10 Withholding Taxes.

Except as otherwise required by law and subject to Section 16.3 hereof, each payment by Borrower or the Guarantors under this Agreement or the Other Documents shall be made without withholding or deduction for or on account of any present or future taxes (other than income taxes or similar levies on or incurred by the recipient) imposed by or within the jurisdictions in which Borrower or Guarantors are domiciled, any jurisdiction from which Borrower or Guarantors make any payment, or (in each case) any political subdivision or taxing authority thereof or therein. If any such withholding or deduction is so required, Borrower or Guarantors, as applicable, shall promptly upon becoming aware that such withholding or deduction is necessary, notify the Agent and shall make the withholding or deduction, pay the amount withheld to the appropriate Governmental Body before penalties attach thereto or interest accrues thereon and forthwith pay such additional amount as may be necessary to ensure that the net amount actually received by Agent and each Lender free and clear of such taxes (including such taxes on such additional amount) is equal to the amount which that Agent or such Lender (as the case may be) would have received had such withholding or deduction not been made; provided, that, the lenders have complied with Section 16.3(f) hereof. Within thirty (30) days of paying any amount withheld or deducted on account of tax, Borrower shall deliver to the Agent evidence (reasonably satisfactory to the Agent) that the appropriate payment has been paid to the relevant tax authority. If the Agent or any Lender pays any amount in respect of any such taxes, penalties or interest, Borrower and Guarantors shall reimburse the Agent or such Lender for that payment on demand in the currency in which such payment was made, unless any such taxes, penalties or interest are imposed as a result of any Lender's failure to comply with Section 16.3(f) hereof. If Borrower or Guarantors pay any such taxes, penalties or interest, it shall deliver official tax receipts evidencing that payment or certified copies thereof to the Agent or Lender on whose account such withholding was made (with a copy to the Agent if not the recipient of the original) on or before the thirtieth day after payment.

4. GRANT OF SECURITY INTEREST; COLLATERAL COVENANTS.

4.1 Security Interest in the Collateral.

To secure the prompt payment and performance of all of the Obligations to the Secured Parties, each Loan Party hereby assigns, pledges and grants to Agent, for the ratable benefit of each Secured Party, a continuing Lien in and to all of its Collateral, whether now owned or existing or hereafter acquired or arising and wheresoever located. Each Loan Party shall mark its books and records as may be necessary or

appropriate to evidence, protect and perfect Agent's Lien and shall cause its financial statements, where applicable, to reflect such Lien.

4.2 Perfection of Security Interest.

(a) Each Loan Party shall take all action that may be necessary or desirable, or that Agent may request, so as at all times to maintain the validity, perfection, enforceability and priority of Agent's Lien in the Collateral.

(b) Agent may at any time and from time to time file in accordance with Section 9-509 of the UCC, financing statements and amendments thereto that describe the Collateral as "all assets" or similar language of the applicable Loan Party and which contain any other information required by the UCC for the sufficiency or filing office acceptance of any financing statements, continuation statements or amendments. Each Loan Party agrees to furnish any such information to Agent promptly upon request.

(c) Each Loan Party shall, at any time and from time to time, take such steps as Agent may request (i) to obtain an acknowledgment, in form and substance satisfactory to Agent, of any bailee having possession of any of the Collateral, stating that the bailee holds such Collateral for Agent, (ii) to obtain "control" of any letter-of-credit rights, deposit accounts or electronic chattel paper (as such terms are defined in the UCC with corresponding provisions thereof defining what constitutes "control" for such items of Collateral), with any agreements establishing control to be in form and substance reasonably satisfactory to Agent, and (iii) otherwise to insure the continued perfection and priority of Agent's Liens in any of the Collateral for the benefit of the Lenders and of its rights therein. If any Loan Party shall at any time, acquire a "commercial tort claim" (as such term is defined in the UCC) in excess of $100,000, such Loan Party shall promptly notify Agent thereof in writing (which notice shall be deemed to be an update of Schedule 5.8(b)(iii)), therein providing a reasonable description and summary thereof, and upon delivery thereof to Agent, such Loan Party shall be deemed to thereby have granted to Agent, for the ratable benefit of each Secured Party (and each Loan Party hereby grants to Agent, for the ratable benefit of each Secured Party) a Lien in and to each such commercial tort claim and all proceeds thereof, all upon the terms of and governed by this Agreement to secure the prompt payment and performance of all of the Obligations.

(d) Each Loan Party hereby confirms and ratifies all UCC financing statements filed by Agent with respect to such Loan Party on or prior to the date of the Agreement.

(e) All charges, expenses and fees Agent may incur in doing any of the foregoing, and any taxes relating thereto, shall be charged to Borrower's Account as a Revolving Advance and added to the Obligations, or, at Agent's option, shall be paid by Loan Parties to Agent immediately upon demand.

4.3 Disposition of Collateral/Assets.

No Loan Party or any of their Subsidiaries shall, directly or indirectly, without the prior written consent of Agent, sell, assign, lease, transfer, abandon or otherwise dispose of any of its assets or properties (including, without limitation, the Collateral) to any other Person (each, a "**Disposition**"), except (a) the sale of Inventory in the ordinary course of business, and (b) provided no Default or Event of Default shall have occurred and be continuing, the Disposition of Collateral (x) consisting of Equipment having a fair market value not to exceed $500,000 in the aggregate in any fiscal year or (y) consisting of Real Property having a fair market value not to exceed $1,500,000 in the aggregate in any fiscal year, so long as, in each case, (i) at least seventy-five (75%) percent of the consideration payable on account thereof shall consist of cash and/or Cash Equivalents, (ii) all of the proceeds from such Disposition are utilized to acquire replacement Collateral consisting of Equipment, (iii) the fair market value of the acquired Collateral is equal to or greater than the fair market value of the Collateral or other assets or property which was Disposed of, (iv) the acquired

Collateral is purchased by the applicable Loan Party within one hundred eighty (180) days after the consummation of the Disposition of the Collateral, (v) the acquired Collateral shall be deemed to be acceptable Collateral by Agent in its reasonable discretion, (vi) the acquired Collateral shall be subject to Agent's first priority Lien, and (vii) the proceeds of such Disposition shall be applied in accordance with Section 2.13.

4.4 Preservation of Collateral.

Following the occurrence of a Default or Event of Default, in addition to the rights and remedies set forth in Section 11.1, Agent: (a) may at any time take such steps as Agent deems necessary to protect Agent's Lien in and to preserve the Collateral, including, without limitation, the hiring of such security guards or the placing of other security protection measures as Agent may deem appropriate; (b) may employ and maintain at any Loan Party's premises a custodian who shall have full authority to do all acts necessary to protect Agent's interests in the Collateral; (c) may lease warehouse facilities to which Agent may move all or part of the Collateral; (d) may use any Loan Party's owned or leased lifts, hoists, trucks and other facilities or equipment for handling or removing the Collateral; (e) shall have, and is hereby granted, a right of ingress and egress to the places where the Collateral is located, and may proceed over and through any Loan Party's owned or leased property; and (f) shall have a non-exclusive, royalty-free, license to use each Loan Party's Intellectual Property for the purposes of the completion, processing and sale of such Loan Party's Inventory and other assets. Each Loan Party shall cooperate fully with all of Agent's efforts to preserve the Collateral and will take such actions to preserve the Collateral as Agent may direct. All of Agent's expenses of preserving the Collateral, including, without limitation, any expenses relating to any actions by Agent described in this Section 4.4, may, at the election of the Agent, be charged to Borrower's Account and added to the Obligations.

4.5 Ownership and Location of Collateral.

(a) At the time the Collateral becomes subject to Agent's Lien, each Loan Party shall be the sole owner of and fully authorized and able to sell, transfer, pledge and/or grant a first priority Lien in each and every item of its respective Collateral to Agent; and, except for Permitted Encumbrances, the Collateral shall be free and clear of all Liens and encumbrances whatsoever.

(b) Each Loan Party's books and records, Equipment, Inventory and all other assets (other than motor vehicles) shall be located as set forth on Schedule 4.5 (as such schedule may from time to time be updated in accordance with Section 7.19) and shall not be removed from such location(s) without the prior written consent of Agent, except with respect to the sale of Inventory in the ordinary course of business and the sale of Equipment to the extent permitted in Section 4.3.

4.6 Defense of Agent's and Lenders' Interests.

Until the occurrence of the Termination Date and the payment and performance in full of all of the Obligations, Agent's Liens in the Collateral shall continue in full force and effect. For so long as Agent's Liens in the Collateral continue in full force and effect, no Loan Party shall, without Agent's prior written consent, pledge, assign, transfer, create, charge or suffer to exist a Lien upon any part of the Collateral, except for Permitted Encumbrances. Each Loan Party shall defend Agent's Liens in the Collateral against any and all Persons whatsoever. At any time following demand by Agent for payment of all Obligations in accordance with Section 11.1, in addition to and not in limitation of Agent's rights and remedies set forth in Section 11.1: (a) Agent shall have the right to take possession of the indicia of the Collateral and the Collateral, (b) Loan Parties shall, upon Agent's demand, assemble the Collateral in the best manner possible and make it available to Agent at a place reasonably convenient to Agent, and (c) each Loan Party shall, and Agent may, at its option, instruct all suppliers, carriers, forwarders, warehouses or others receiving or holding

cash, checks, Inventory, documents or instruments of such Loan Party to deliver same to Agent and/or subject to Agent's order and if they shall come into any Loan Party's possession, all such Collateral shall be held by such Loan Party in trust as Agent's trustee, and such Loan Party will immediately deliver such Collateral to Agent in their original form, together with any necessary endorsement.

4.7 Books and Records.

Each Loan Party shall, and shall cause each of its Subsidiaries to, (a) keep proper books of record and account in which full, true and correct entries will be made of all dealings or transactions of or in relation to its business and affairs; (b) set up on its books accruals with respect to all taxes, assessments, charges, levies and claims; and (c) on a reasonably current basis set up on its books, from its earnings, allowances against doubtful Receivables, advances and investments and all other proper accruals (including without limitation by reason of enumeration, accruals for premiums, if any, due on required payments and accruals for depreciation, obsolescence, or amortization of properties), which should be set aside from such earnings in connection with its business. All determinations pursuant to this subsection shall be made in accordance with, or as required by, GAAP consistently applied in the opinion of such independent public accountant as shall then be regularly engaged by Loan Parties.

4.8 Financial Disclosure.

Each Loan Party hereby irrevocably authorizes and directs all Accountants and auditors employed by such Loan Party at any time during the Term to exhibit and deliver to Agent and each Lender copies of any of the Loan Party's financial statements, trial balances or other accounting records of any sort in the Accountant's or auditor's possession, and to disclose to Agent and each Lender any information such Accountants may have concerning such Loan Party's financial status and business operations. Each Loan Party hereby authorizes all federal, state and municipal authorities to furnish to Agent and each Lender copies of reports or examinations relating to such Loan Party, whether made by such Loan Party or otherwise. Notwithstanding the foregoing authorization, so long as no Default or Event if Default is in existence, Agent and each Lender will attempt to obtain such information or materials directly from such Loan Party prior to obtaining such information or materials from such Accountants, auditors or such authorities.

4.9 Compliance with Laws.

Each Loan Party shall, and shall cause each of its Subsidiaries to, comply in all respects with all acts, rules, regulations and orders of any Governmental Body applicable to its respective Collateral or any part thereof or to the operation of such Person's business the non-compliance with which could reasonably be expected to have a Material Adverse Effect. Each Loan Party may, however, contest or dispute any acts, rules, regulations, orders and directions of those bodies or officials in any reasonable manner; provided, that, any related Lien is inchoate or stayed and, at Agent's option, sufficient Reserves are established to the satisfaction of Agent to protect Agent's Lien in the Collateral. The Collateral at all times shall be maintained in accordance with the requirements of all insurance carriers which provide insurance with respect to the Collateral so that such insurance shall remain in full force and effect.

4.10 Inspection of Premises/Appraisals.

At any time during the existence of an Event of Default, and otherwise at all reasonable times during normal business hours, Agent and each Lender shall have the right (a) to audit, check, inspect and make abstracts and copies from each Loan Party's books, records, audits, correspondence and all other papers relating to the Collateral and the operation of each Loan Party's business and (b) to enter, or to have their agents enter, upon any of Loan Party's premises at any time during business hours and at any other reasonable time, and from time to time, for the purpose of inspecting the Collateral (and/or with respect to Agent (and

Persons designated by Agent) appraising the Collateral) and any and all records pertaining thereto and the operation of such Loan Party's business. From time to time as determined by Agent, Agent shall have the right to conduct appraisals (or have other Persons selected by Agent conduct appraisals) of the Inventory, Equipment, Real Property and other Collateral (it being understood that it is the intention of Agent that Inventory appraisals shall be conducted at least semi-annually, provided that the foregoing shall not be deemed to limit the Agent's right to conduct additional appraisals as Agent deems necessary in its discretion).

4.11 Insurance.

Each Loan Party shall bear the full risk of any loss of any nature whatsoever with respect to the Collateral. At each Loan Party's own cost and expense, each Loan Party shall, and shall cause each of its Subsidiaries to, maintain insurance in amounts, types and with carriers in each case acceptable to Agent. Without limiting the foregoing, each Loan Party shall, and shall cause each of its Subsidiaries to, (a) keep all its insurable properties insured against the hazards of fire, flood, sprinkler leakage, those hazards covered by extended coverage insurance and such other hazards, and for such amounts, not less than as is customary in the case of companies engaged in businesses similar to such Loan Party's business, including, without limitation, business interruption insurance; (b) maintain liability insurance against claims for personal injury, death or property damage suffered by others; and (c) maintain all such worker's compensation or similar insurance as may be required under the laws of any state or jurisdiction in which Loan Party is engaged in business. Each Loan Party shall (i) furnish Agent with copies of all policies and evidence of the maintenance of such policies required hereby upon the request of Agent and (ii) cause all such policies to include appropriate loss payable endorsements, and/or additional insured endorsements, in form and substance satisfactory to Agent, providing with respect to loss payable endorsements that (A) all proceeds thereunder shall be payable to Agent and applied against the obligations in accordance with the terms of this Agreement, (B) no such insurance shall be affected by any act or neglect of the insured or owner of the property described in such policy, and (C) that such policy and loss payable clauses may not be cancelled, amended or terminated unless at least thirty (30) days' prior written notice is given to Agent. If any insurance losses are paid by check, draft or other instrument payable to any Loan Party and Agent jointly, Agent may endorse such Loan Party's name thereon and do such other things as Agent may deem advisable to reduce the same to cash and apply the same in accordance with this Agreement.

4.12 Failure to Pay Insurance.

If any Loan Party fails to obtain insurance as hereinabove provided, or to keep the same in force, Agent, at its option, may obtain such insurance and pay the premium therefor for Borrower's Account, and charge Borrower's Account therefor and such expenses so paid shall be part of the Obligations.

4.13 Payment of Taxes.

Each Loan Party will, and will cause each of its Subsidiaries to, pay, when due, all taxes, assessments and other Charges lawfully levied or assessed upon such Person or any of the Collateral including, without limitation, real and personal property taxes, assessments and charges and all franchise, income, employment, social security benefits, withholding, and sales taxes. If any tax by any Governmental Body is or may be imposed on or as a result of any transaction between any such Person and Agent or any Lender with respect to which Agent or any Lender may be required to withhold or pay or if any taxes, assessments, or other Charges remain unpaid after the date fixed for their payment, or if any claim shall be made which, in Agent's or any Lender's opinion, may possibly create a valid Lien on the Collateral, Agent may without notice to Loan Parties pay such taxes, assessments or other Charges and each Loan Party hereby indemnifies and holds Agent and each Lender harmless in respect thereof. The amount of any payment by Agent under this Section 4.13 may, at the election of Agent, be charged to Borrower's Account and added to the Obligations and, until Loan Parties shall furnish Agent with an indemnity therefor (or supply Agent with evidence satisfactory to

Agent that due provision for the payment thereof has been made), Agent may hold without interest any balance standing to Loan Parties' credit and Agent shall retain its Lien in any and all Collateral held by Agent.

4.14 Payment of Leasehold Obligations.

Each Loan Party shall at all times pay, when and as due, its rental obligations under all leases under which it is a tenant, and shall otherwise comply, in all material respects, with all other terms of such leases and keep them in full force and effect and, at Agent's request will provide evidence of having done so.

4.15 Accounts and other Receivables.

(a) Nature of Accounts. Each of the Accounts that Borrower reports as being an Eligible Account or requests be treated as an Eligible Account shall (i) be a bona fide and valid Account representing a bona fide Indebtedness incurred by the Customer therein named, for a fixed sum as set forth in the invoice relating thereto (provided immaterial or unintentional invoice errors shall not be deemed to be a breach hereof) with respect to an absolute sale or lease and delivery of Inventory upon stated terms of Borrower, or work, labor or services theretofore rendered by Borrower as of the date each Account is created, (ii) be due and owing in accordance with the invoice evidencing such Accounts without dispute, setoff or counterclaim, except as may be stated on the Accounts schedules delivered by Loan Parties to Agent and (iii) satisfy each of the criteria set forth in the definition of "Eligible Accounts" set forth in this Agreement to qualify as an Eligible Account.

(b) Solvency of Customers. Each Customer, to the best of each Loan Party's knowledge, as of the date each Account (that Borrower reports as being an Eligible Account or requests be treated as an Eligible Account) is created, is and will be Solvent and able to pay all Accounts on which the Customer is obligated in full when due or with respect to such Customers of any Loan Party who are not Solvent such Loan Party has set up on its books and in its financial records bad debt reserves adequate to cover such Accounts.

(c) Locations of Chief Executive Office. Each Loan Party's chief executive office is located at the addresses set forth on Schedule 4.15(c) (as such schedule may from time to time be updated in accordance with Section 7.19). Until written notice is given to Agent by Borrower of any other office at which any Loan Party keeps its records pertaining to Accounts and the other Receivables, all such records shall be kept at such executive office.

(d) Collection of Accounts and other Receivables. Until any Loan Party's authority to do so is terminated by Agent (which notice of termination Agent may give at any time following the occurrence and during the continuance of an Event of Default), each Loan Party will, at such Loan Party's sole cost and expense, collect all amounts received on Accounts and other Receivables. From and after the occurrence and during the continuance of an Event of Default, upon Agent's demand, each Loan Party shall deliver to Agent, in original form and on the date of receipt thereof, all checks, drafts, notes, money orders, acceptances, cash and other evidences of Indebtedness at any time received by Loan Parties.

(e) Notification of Assignment of Accounts and other Receivables; Verification. Whether or not a Default or Event of Default exists, Agent shall have the right (i) to send notice of the assignment of, and Agent's Lien in, the Accounts and other Receivables to any and all Customers, any other Person obligated on such Accounts and other Receivables or any third party holding or otherwise concerned with any of the Collateral (which notice may include a direction by Agent to make all payments thereon to an account designated by Agent) and (ii) at any time, in the name of Agent, any designee of Agent or Borrower or any other Loan Party, to verify the validity, amount or any other matter relating to any Accounts and other

Receivables of Borrower or any other Loan Party by mail, telephone or otherwise. Each Loan Party shall cooperate fully with Agent in an effort to facilitate and promptly conclude any such verification process. Following the occurrence and during the continuance of any Event of Default, at its option, Agent shall have the exclusive right to collect the Accounts and other Receivables, take possession of the Collateral, or both. Agent's actual collection expenses, including, but not limited to, stationery and postage, telephone and telecopy, secretarial and clerical expenses and the salaries of any collection personnel used for collection, may be charged to Borrower's Account and added to the Obligations.

(f) Power of Agent to Act on Loan Parties' Behalf. Agent shall have the right to receive, endorse, assign and/or deliver in the name of Agent or any Loan Party any and all checks, drafts and other instruments for the payment of money relating to the Accounts and other Receivables, and each Loan Party hereby waives notice of presentment, protest and non-payment of any instrument so endorsed. Each Loan Party hereby constitutes Agent or Agent's designee as such Loan Party's attorney with power (i) to endorse such Loan Party's name upon any notes, acceptances, checks, drafts, money orders or other evidences of payment or Collateral; (ii) to sign such Loan Party's name on any invoice or bill of lading relating to any of the Accounts and other Receivables, drafts against Customers, assignments and verifications of Accounts and other Receivables; (iii) to send verifications of Accounts and other Receivables to any Customer or Person; (iv) to sign such Loan Party's name on all financing statements or any other documents or instruments deemed necessary or appropriate by Agent to preserve, protect, or perfect Agent's interest in the Collateral and to file same; (v) after the occurrence of a Default or an Event of Default, to demand payment of the Accounts and other Receivables; (vi) after the occurrence of a Default or an Event of Default, to enforce payment of the Accounts and other Receivables by legal proceedings or otherwise; (vii) after the occurrence of a Default or an Event of Default, to exercise all of Loan Parties' rights and remedies with respect to the collection of the Accounts, Receivables and any other Collateral; (viii) after the occurrence of a Default or an Event of Default, to settle, adjust, compromise, extend or renew the Accounts and other Receivables; (ix) after the occurrence of a Default or an Event of Default, to settle, adjust or compromise any legal proceedings brought to collect Accounts and other Receivables; (x) after the occurrence of a Default or an Event of Default, to prepare, file and sign such Loan Party's name on a proof of claim in bankruptcy or similar document against any Customer or any other Person obligated with respect to an Account or other Receivable; (xi) to prepare, file and sign such Loan Party's name on any notice of Lien, assignment or satisfaction of Lien or similar document in connection with the Accounts and other Receivables; and (xii) to do all other acts and things necessary to carry out this Agreement. All acts of said attorney or designee are hereby ratified and approved, and said attorney or designee shall not be liable for any acts of omission or commission nor for any error of judgment or mistake of fact or of law, unless done maliciously or with gross (not mere) negligence, as determined pursuant to a final, non-appealable order of a court of competent jurisdiction; this power being coupled with an interest is irrevocable while any of the Obligations remain unpaid and this Agreement has not been terminated. Agent shall have the right at any time following the occurrence of an Event of Default or Default, to change the address for delivery of mail addressed to any Loan Party to such address as Agent may designate and to receive, open and dispose of all mail addressed to any Loan Party.

(g) No Liability. Neither Agent nor any Lender shall, under any circumstances or in any event whatsoever, have any liability for any error or omission or delay of any kind occurring in the settlement, collection or payment of any of the Accounts, other Receivables or any instrument received in payment thereof, or for any damage resulting therefrom. Following the occurrence and at any time during the continuance of a Default or Event of Default, Agent may, without notice or consent from any Loan Party, sue upon or otherwise collect, extend the time of payment of, compromise or settle for cash, credit or upon any terms any of the Accounts, other Receivables or any other securities, instruments or insurance applicable thereto and/or release any obligor thereof. Agent is authorized and empowered to accept following the occurrence of an Event of Default or Default the return of the goods represented by any of the Accounts and

other Receivables, without notice to or consent by any Loan Party, all without discharging or in any way affecting any Loan Party's liability hereunder.

(h) Establishment of a Lockbox Account, Dominion Account; Cash Dominion. As of the Closing Date and at all times thereafter, each Loan Party shall establish and maintain a lockbox account, dominion account or such other "blocked account" (collectively, the "**Blocked Accounts**") with such banks selected by each such Loan Party and acceptable to Agent. As of the Closing Date and at all times thereafter, all proceeds of Collateral and all other cash and Cash Equivalents of each such Loan Party (other than amounts properly on deposit in Restricted Accounts) shall at all times be deposited by each Loan Party in the Blocked Accounts, and the Loan Parties shall (as agent and trustee for the Agent) cause each of their Customers and all other applicable Persons to at all times send payments on all Accounts and other Receivables of the Loan Parties into the Blocked Accounts. If, for any reason any Customer makes payments on any Account or other Receivable directly to any Loan Party, such Loan Party shall collect (as agent and trustee for the Agent) all such amounts and immediately pay all such amounts into a Blocked Account; provided, however, that, until such payment into a Blocked Account all moneys so received will be held upon trust for the Agent. Each Loan Party shall ensure that all of its Customers are instructed to make all payments into a Blocked Account. The Blocked Accounts, and any other deposit accounts or securities accounts of any Loan Party (other than Restricted Accounts) shall be governed by "control" or other agreements in form and substance acceptable to Agent satisfactory to, among other things, establish Agent's perfection and rights in such Blocked Accounts or other accounts under the UCC and other applicable law. All invoices for sales of Inventory or services by the Loan Parties shall contain the address of the Blocked Accounts as the address for remittance of payment. The "control" agreement covering the Blocked Accounts and any other deposit accounts and securities accounts (other than Restricted Accounts) shall provide that such bank or other institution shall comply with the instructions given by Agent with respect to the Blocked Accounts and any other deposit accounts and securities accounts (other than Restricted Accounts) and funds therein without further consent by Loan Parties, that the proceeds of Collateral and other funds deposited into such Blocked Accounts and any other deposit accounts and securities accounts (other than Restricted Accounts) shall be transferred on a daily basis by such bank or other institution to the Payment Account or such other account as may be designated by Agent (provided, that, the "control agreements" covering disbursement accounts that are solely used by the Loan Parties for making disbursements in the ordinary course of business and which at no time have funds in an aggregate amount of more than $200,000 as of the any two (2) consecutive Business Day period shall be subject to a "springing" dominion control agreement which, unless directed otherwise by the Agent, shall not require such daily transfers to the Agent) and that such bank or other institution shall waive any offset rights against the funds so deposited into such Blocked Accounts and any other deposit accounts and securities accounts (other than Restricted Accounts), subject to exceptions to such waiver of offset rights as shall be acceptable to Agent. Neither Agent nor any Lender assumes any responsibility for any Blocked Account arrangement, including without limitation, any claim of accord and satisfaction or release with respect to deposits accepted by any bank thereunder. Alternatively, upon the occurrence of a Default or Event of Default, Agent may establish depository accounts (collectively, the "**Depository Accounts**") in the name of Agent at a bank or banks for the deposit of such funds and Loan Parties shall deposit all proceeds of Collateral or cause same to be deposited, in kind, in such Depository Accounts of Agent in lieu of depositing same to the Blocked Accounts.

(i) Adjustments. No Loan Party will, without Agent's consent, compromise or adjust any Accounts or other Receivables (or extend the time for payment thereof) or accept any returns of merchandise or grant any additional discounts, allowances or credits thereon except for those compromises, adjustments, returns, discounts, credits and allowances as have been heretofore customary in the business of such Loan Party, as previously disclosed to Agent.

4.16 Inventory.

All Inventory held for sale or lease by any Loan Party, has been and will be produced by such Loan Party in accordance with the Federal Fair Labor Standards Act of 1938, as amended, and all rules, regulations and orders thereunder.

4.17 Maintenance of Equipment.

All Equipment shall be maintained in good operating condition and repair (reasonable wear and tear excepted) and all necessary replacements of and repairs thereto shall be made so that the value and operating efficiency of such Equipment shall be maintained and preserved. No Loan Party shall use or operate any Equipment in violation of any law, statute, ordinance, code, rule or regulation. No Loan Party shall sell or otherwise Dispose of any Equipment, except to the extent set forth in Section 4.3.

4.18 Exculpation of Liability.

Nothing herein contained shall be construed to constitute Agent or any Lender as any Loan Party's agent for any purpose whatsoever, nor shall Agent or any Lender be responsible or liable for any shortage, discrepancy, damage, loss or destruction of any part of the Collateral wherever the same may be located and regardless of the cause thereof. Neither Agent nor any Lender, whether by anything herein or in any assignment or otherwise, assumes any of Loan Party's obligations under any contract or agreement to which it is a party, and neither Agent nor any Lender shall be responsible in any way for the performance by Loan Party of any of the terms and conditions thereof.

4.19 Environmental Matters.

(a) Loan Parties shall ensure that the Real Property remains in compliance with all Environmental Laws and they shall not place or permit to be placed any Hazardous Substances on any Real Property except as not prohibited by applicable law or appropriate Governmental Body.

(b) Loan Parties shall establish and maintain a system to assure and monitor continued compliance with all applicable Environmental Laws which system shall include periodic reviews of such compliance.

(c) Loan Parties shall (i) employ in connection with the use of the Real Property appropriate technology necessary to maintain compliance with any applicable Environmental Laws and (ii) dispose of any and all Hazardous Waste generated at the Real Property only at facilities and with carriers that maintain valid permits under RCRA and any other applicable Environmental Laws. Loan Parties shall use their best efforts to obtain certificates of disposal, such as hazardous waste manifest receipts, from all treatment, transport, storage or disposal facilities or operators employed by Loan Parties in connection with the transport or disposal of any Hazardous Waste generated at the Real Property.

(d) In the event any Loan Party obtains, gives or receives notice of any Release or threat of Release of a reportable quantity of any Hazardous Substances at the Real Property (any such event being hereinafter referred to as a "**Hazardous Discharge**") or receives any notice of violation, request for information or notification that it is potentially responsible for investigation or cleanup of environmental conditions at the Real Property, demand letter or complaint, order, citation, or other written notice with regard to any Hazardous Discharge or violation of Environmental Laws affecting the Real Property or any Loan Party's interest therein (any of the foregoing is referred to herein as an "**Environmental Complaint**") from any Person, including any state agency responsible in whole or in part for environmental matters in the state in which the Real Property is located or the United States Environmental Protection Agency (any such Person

hereinafter the "**Authority**"), then Borrower shall, within five (5) Business Days, give written notice of same to Agent detailing facts and circumstances of which any Loan Party is aware giving rise to the Hazardous Discharge or Environmental Complaint. Such information is to be provided to allow Agent to protect its Lien in the Real Property and is not intended to create nor shall it create any obligation upon Agent or any Lender with respect thereto.

(e) Loan Parties shall promptly forward to Agent copies of any request for information, notification of potential liability, demand letter relating to potential responsibility with respect to the investigation or cleanup of Hazardous Substances at any other site owned, operated or used by any Loan Party to dispose of Hazardous Substances and shall continue to forward copies of correspondence between any Loan Party and the Authority regarding such claims to Agent until the claim is settled. Loan Parties shall promptly forward to Agent copies of all documents and reports concerning a Hazardous Discharge at the Real Property that any Loan Party is required to file under any Environmental Laws. Such information is to be provided solely to allow Agent to protect Agent's Lien in the Real Property and the Collateral.

(f) Loan Parties shall respond promptly to any Hazardous Discharge or Environmental Complaint and take all necessary action in order to safeguard the health of any Person and to avoid subjecting the Collateral or Real Property to any Lien. If any Loan Party shall fail to respond promptly to any Hazardous Discharge or Environmental Complaint or any Loan Party shall fail to comply with any of the requirements of any Environmental Laws, Agent on behalf of Lenders may, but without the obligation to do so, for the sole purpose of protecting Agent's interest in Collateral: (i) give such notices or (ii) enter onto the Real Property (or authorize third parties to enter onto the Real Property) and take such actions as Agent (or such third parties as directed by Agent) deem reasonably necessary or advisable, to clean up, remove, mitigate or otherwise deal with any such Hazardous Discharge or Environmental Complaint. All reasonable costs and expenses incurred by Agent and Lenders (or such third parties) in the exercise of any such rights, including any sums paid in connection with any judicial or administrative investigation or proceedings, fines and penalties, together with interest thereon from the date expended at the Default Rate for Base Rate Loans constituting Revolving Advances shall be paid upon demand by Loan Parties, and until paid shall be added to and become a part of the Obligations secured by the Liens created by the terms of this Agreement or any other agreement between Agent, any Lender and any Loan Party.

(g) Promptly upon the written request of Agent from time to time, Loan Parties shall provide Agent, at Loan Parties' expense, with an environmental site assessment or environmental audit report prepared by an environmental engineering firm acceptable in the reasonable opinion of Agent, to assess with a reasonable degree of certainty the existence of a Hazardous Discharge and the potential costs in connection with abatement, cleanup and removal of any Hazardous Substances found on, under, at or within the Real Property. Any report or investigation of such Hazardous Discharge proposed and acceptable to an appropriate Authority that is charged to oversee the clean-up of such Hazardous Discharge shall be acceptable to Agent. If such estimates, individually or in the aggregate, exceed $100,000, Agent shall have the right to require Loan Parties to post a bond, letter of credit or other security reasonably satisfactory to Agent to secure payment of these costs and expenses.

(h) Loan Parties shall defend and indemnify Agent and Lenders and hold Agent, Lenders and their respective employees, agents, directors and officers harmless from and against all loss, liability, damage and expense, claims, costs, fines and penalties, including attorney's fees, suffered or incurred by Agent or Lenders under or on account of any Environmental Laws, including, without limitation, the assertion of any Lien thereunder, with respect to any Hazardous Discharge, the presence of any Hazardous Substances affecting the Real Property, whether or not the same originates or emerges from the Real Property or any contiguous real estate, including any loss of value of the Real Property as a result of the foregoing except to the extent such loss, liability, damage and expense is attributable to any Hazardous Discharge resulting from actions on the part of Agent or any Lender. Loan Parties' obligations under this Section 4.19 shall arise upon

the discovery of the presence of any Hazardous Substances at the Real Property, whether or not any federal, state, or local environmental agency has taken or threatened any action in connection with the presence of any Hazardous Substances. Loan Parties' obligation and the indemnifications hereunder shall survive the termination of this Agreement.

(i) For purposes of Sections 4.19 and 5.7, all references to Real Property shall be deemed to include all of Loan Parties' and their respective Subsidiaries' right, title and interest in and to their respective owned and leased premises.

4.20 Financing Statements.

As of the Closing Date, except for the financing statements filed by Agent and the other financing statements described on Schedule 7.2 (if any), no financing statement covering any of the Collateral or any proceeds thereof is on file in any public office.

5. REPRESENTATIONS AND WARRANTIES.

Each Loan Party represents and warrants as follows:

5.1 Authority, Etc.

Each Loan Party has full power, authority and legal right to enter into this Agreement and the Other Documents and to perform all its respective Obligations hereunder and thereunder. The execution, delivery and performance of this Agreement and of the Other Documents (a) are within such Loan Party's limited liability company, partnership or corporate powers, as applicable, have been duly authorized, are not in contravention of law or the terms of such Loan Party's certificate of formation, limited liability company agreement, certificate of incorporation, by-laws, partnership agreement or other applicable documents relating to such Loan Party's formation and governance or to the conduct of such Loan Party's business or of any material agreement or undertaking to which such Loan Party is a party or by which such Loan Party is bound, and (b) will not conflict with nor result in any breach in any of the provisions of or constitute a default under or result in the creation of any Lien except Permitted Encumbrances upon any asset of such Loan Party under the provisions of any agreement or instrument to which such Loan Party or its property is a party or by which it may be bound. The execution, delivery, and performance by each Loan Party of this Agreement and the Other Documents to which such Loan Party is a party and the consummation of the transactions contemplated by this Agreement and the Other Documents do not and will not require any registration with, Consent, or approval of, or notice to, or other action with or by, any Government Body, other than Consents or approvals that have been obtained and that are still in force and effect and except for filings and recordings with respect to the Collateral to be made, or otherwise delivered to the Agent for filing or recordation, as of the Closing Date. This Agreement and each Other Document has been duly executed and delivered by each Loan Party that is a party thereto and is the legally valid and binding obligation of such Loan Party, enforceable against such Loan Party in accordance with its respective terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or limiting creditors' rights generally.

5.2 Formation and Qualification.

(a) Each Loan Party is duly formed or incorporated and in good standing under the laws of the states and other jurisdictions listed on Schedule 5.2(a) (as such schedule may from time to time be updated in accordance with Section 7.19) and each Loan Party is qualified to do business and is in good standing in the states and other jurisdictions listed on Schedule 5.2(a) (as such schedule may from time to time be updated in accordance with Section 7.19) which constitute all states and other jurisdictions in which

qualification and good standing are necessary for such Loan Party to conduct its business and own its property and where the failure to so qualify could reasonably be expected to have a Material Adverse Effect. The exact State organizational number of each Loan Party is set forth on Schedule 5.2(a) (as such schedule may from time to time be updated in accordance with Section 7.19). Each Loan Party has delivered to Agent true and complete copies of its certificate of formation, limited liability company agreement, certificate of incorporation, by-laws, partnership agreement or other applicable documents relating to such Loan Party's formation and governance, as the case may be, and will promptly notify Agent of any amendment or changes thereto.

(b) The only Subsidiaries of each Loan Party are listed on Schedule 5.2(b) (as such schedule may from time to time be updated in accordance with Section 7.12(a)).

5.3 Survival of Representations and Warranties.

All representations and warranties of such Loan Party contained in this Agreement and the Other Documents shall be true at the time of such Loan Party's execution of this Agreement and the Other Documents, and shall survive the execution, delivery and acceptance thereof by the parties thereto and the closing of the transactions described therein or related thereto.

5.4 Tax Returns.

Each Loan Party's federal tax identification number is set forth on Schedule 5.4. Each Loan Party and each of its Subsidiaries has (a) filed all federal, state, local and other tax returns and other reports each is required by law to file and (b) paid all taxes, assessments, fees and other governmental charges that are due and payable. The provision for taxes on the books of each Loan Party and each of its Subsidiaries are adequate for all years not closed by applicable statutes, and for its current fiscal year, and no Loan Party nor any of its Subsidiaries has any knowledge of any deficiency or additional assessment in connection therewith not provided for on its books.

5.5 Financial Statements.

(a) The (i) monthly cash flow projections of the Loan Parties and their Subsidiaries on a consolidated basis and their through the end of Borrower's fiscal year ending August 31, 2010, and (ii) projected balance sheets, income statements, statements of cash flow and Excess Availability as of the Closing Date through the end of Borrower's fiscal year ending August 31, 2011, copies of which have been delivered to Agent and were prepared by a Responsible Officer of Borrower, are based on underlying assumptions which provide a reasonable basis for the projections contained therein and reflect Loan Parties' judgment based on present circumstances of the most likely set of conditions and course of action for the projected period.

(b) The consolidated balance sheets of the Loan Parties, their Subsidiaries and such other Persons described therein as of May 30, 2009, and the related statements of income, changes in stockholder's equity, and changes in cash flow for the period ended on such date, copies of which have been delivered to Agent, have been prepared in accordance with GAAP, consistently applied (except for changes in application in which such accountants concur and present fairly the financial position of the Loan Parties and their Subsidiaries at such date and the results of their operations for such period). Since May 30, 2009, there has been no change in the condition, financial or otherwise, of Borrower, or the Loan Parties and their Subsidiaries taken as a whole, as shown on the consolidated balance sheet as of such date and no change in the aggregate value of machinery, Equipment and Real Property owned by Loan Parties and their Subsidiaries, except changes in the ordinary course of business, none of which individually or in the aggregate has been materially adverse.

5.6 Corporate Name.

The exact legal name of each Loan Party is set forth in the first paragraph to this Agreement (or, if such Loan Party is not listed in such first paragraph, such exact legal name is set forth on Schedule 5.6 (as such schedule may from time to time be updated in accordance with Section 7.19)). No Loan Party has been known by any other corporate, limited liability company or partnership name in the past five years and no Loan Party sells Inventory or has submitted tax returns under any other name except as set forth on Schedule 5.6 (as such schedule may from time to time be updated in accordance with Section 7.19), nor has any Loan Party been the surviving corporation of a merger or consolidation or acquired all or substantially all of the assets of any Person or has acquired any assets of any Person outside the ordinary course of business during the preceding five (5) years except as set forth on Schedule 5.6 (as such schedule may from time to time be updated in accordance with Section 7.19).

5.7 O.S.H.A. and Environmental Compliance.

(a) Each Loan Party and each of their Subsidiaries has duly complied with, and its facilities, business, assets, property, leaseholds and Equipment are in compliance in all material respects with, the provisions of the Federal Occupational Safety and Health Act, the Environmental Protection Act, RCRA and all other Environmental Laws; there have been no outstanding citations, notices or orders of non-compliance issued to any Loan Party or any of their Subsidiaries or relating to its business, assets, property, leaseholds or Equipment under any such laws, rules or regulations, except as set forth on Schedule 5.7.

(b) Each Loan Party and each of their Subsidiaries has been issued all required federal, state and local licenses, certificates or permits relating to all applicable Environmental Laws, except as set forth on Schedule 5.7.

(c) (i) There are no visible signs of releases, spills, discharges, leaks or disposal (each, a "**Release**") of Hazardous Substances at, upon, under or within any Real Property or any premises leased by any Loan Party or any of their Subsidiaries; (ii) there are no underground storage tanks or polychlorinated biphenyls on the Real Property or any premises leased by any Loan Party or any of their Subsidiaries; (iii) neither the Real Property nor any premises leased by any Loan Party or any of their Subsidiaries has ever been used as a treatment, storage or disposal facility of Hazardous Waste; and (iv) no Hazardous Substances are present on the Real Property or any premises leased by any Loan Party or any of their Subsidiaries, excepting such quantities as are handled in accordance with all applicable manufacturer's instructions and governmental regulations and in proper storage containers and as are necessary for the operation of the commercial business of any Loan Party or any of their Subsidiaries or of their respective tenants, in each case except as set forth on Schedule 5.7.

5.8 Solvency; No Litigation, Violation, Indebtedness or Default.

(a) After giving effect to the Transactions, each Loan Party is Solvent.

(b) No Loan Party nor any of their Subsidiaries has (i) except as disclosed in Schedule 5.8(b)(i), any pending (or, to the knowledge of any Loan Party, threatened) litigation, arbitration, actions or proceedings which involve the possibility of having a Material Adverse Effect, (ii) except as disclosed in Schedule 5.8(b)(ii) and in Schedule 5.8(b)(i), as of the Closing Date, any pending (or, to the knowledge of any Loan Party, threatened) litigation, arbitration, actions or proceedings which involve the possibility of having liability in excess of $375,000, (iii) except as disclosed in Schedule 5.8(b)(iii) (as such schedule may from time to time be updated by Borrower providing written notice to Agent of any new commercial tort claims), any commercial tort claims and (iv) except as disclosed in Schedule 5.8(b)(iv), as of the Closing Date, any Money Borrowed other than the Obligations.

(c) No Loan Party nor any of their Subsidiaries is in violation of any applicable statute, regulation or ordinance in any respect which could reasonably be expected to have a Material Adverse Effect, nor is any Loan Party or any of their Subsidiaries in violation of any order of any court or Governmental Body which could reasonably be expected to have a Material Adverse Effect.

(d) No Loan Party, no Subsidiary of a Loan Party, nor any member of the Controlled Group maintains or contributes to any Plan other than those listed on Schedule 5.8(d). No Plan has incurred any "accumulated funding deficiency," as defined in Section 302(a)(2) of ERISA and Section 412(a) of the Code, whether or not waived, and each Loan Party, each such Subsidiary and each member of the Controlled Group has met all applicable minimum funding requirements under Section 302 of ERISA in respect of each Plan. Each Plan which is intended to be a qualified plan under Section 401(a) of the Code as currently in effect has been determined by the Internal Revenue Service to be qualified under Section 401(a) of the Code and the trust related thereto is exempt from federal income tax under Section 501(a) of the Code. No Loan Party, no Subsidiary of a Loan Party, nor any member of the Controlled Group has incurred any liability to the PBGC other than for the payment of premiums, and there are no premium payments which have become due which are unpaid. No Plan has been terminated by the plan administrator thereof nor by the PBGC, and there is no occurrence which could reasonably be expected to cause the PBGC to institute proceedings under Title IV of ERISA to terminate any Plan. The current value of the assets of each Plan exceeds the present value of the accrued benefits and other liabilities of such Plan and no Loan Party, no Subsidiary of a Loan Party, nor any member of the Controlled Group knows of any facts or circumstances which could reasonably be expected to materially change the value of such assets and accrued benefits and other liabilities. No Loan Party, no Subsidiary of any Loan Party, nor any member of the Controlled Group has breached any of the responsibilities, obligations or duties imposed on it by ERISA with respect to any Plan. No Loan Party, no Subsidiary of a Loan Party, nor any member of a Controlled Group has incurred any liability for any excise tax arising under Section 4972 or 4980B of the Code, and no fact exists which could give rise to any such liability. No Loan Party, no Subsidiary of a Loan Party, nor any member of the Controlled Group nor any fiduciary of, nor any trustee to, any Plan, has engaged in a "prohibited transaction" described in Section 406 of ERISA or Section 4975 of the Code nor taken any action which would constitute or result in a Termination Event with respect to any such Plan which is subject to ERISA. Each Loan Party, each of their Subsidiaries and each member of the Controlled Group has made all contributions due and payable with respect to each Plan. There exists no event described in Section 4043(b) of ERISA, for which the thirty (30) day notice period contained in 29 CFR §2615.3 has not been waived, (xi) no Loan Party, no Subsidiary of any Loan Party, nor any member of the Controlled Group has any fiduciary responsibility for investments with respect to any plan existing for the benefit of persons other than employees or former employees of any Loan Party, any of their Subsidiaries and any member of the Controlled Group. No Loan Party nor any member of the Controlled Group has withdrawn, completely or partially, from any Multiemployer Plan so as to incur liability under the Multiemployer Pension Plan Amendments Act of 1980.

5.9 Patents, Trademarks, Copyrights and Licenses.

All patents, patent applications, trademarks, trademark applications, service marks, service mark applications, copyrights, copyright applications, design rights, trade names, assumed names, trade secrets and licenses owned or utilized by any Loan Party or any of their Subsidiaries are set forth on Schedule 5.9 (as such schedule may from time to time be updated by Borrower providing written notice to Agent of any newly acquired Intellectual Property rights, so long as the Loan Parties have taken (or caused to be taken) all steps required by Agent with respect thereto), are valid and have been duly registered or filed with all appropriate Governmental Body and constitute all of the Intellectual Property rights which are necessary for the operation of its business; there is no objection to or pending challenge to the validity of any such material patent, trademark, copyright, design right, trade name, trade secret or license and no Loan Party nor any Subsidiary of any Loan Party is aware of any grounds for any challenge. Each patent, patent application, patent license, trademark, trademark application, trademark license, service mark, service mark application, service mark

license, copyright, copyright application and copyright license owned or held by any Loan Party or any such Subsidiary and all trade secrets used by any Loan Party or any such Subsidiary consist of original material or property developed by such Loan Party or such Subsidiary or was lawfully acquired by such Loan Party or such Subsidiary from the proper and lawful owner thereof. Each of such items has been maintained so as to preserve the value thereof from the date of creation or acquisition thereof. With respect to all software used by any Loan Party, such Loan Party is in possession of all source and object codes related to each piece of software or is the beneficiary of a source code escrow agreement, each such source code escrow agreement being listed on Schedule 5.9 (as such schedule may from time to time be updated by Borrower providing written notice to Agent of any newly acquired Intellectual Property rights, so long as the Loan Parties have taken (or caused to be taken) all steps required by Agent with respect thereto).

5.10 Licenses and Permits.

Except as set forth in Schedule 5.10, each Loan Party and each Subsidiary of each Loan Party (a) is in compliance with and (b) has procured and is now in possession of, all material licenses or permits required by any applicable federal, state, local or other law or regulation for the operation of its business in each jurisdiction wherein it is now conducting or proposes to conduct business and where the failure to procure such licenses or permits could have a Material Adverse Effect.

5.11 Inventory Buy-back and Puts.

Except as disclosed to Agent in writing as of the date hereof, or which may be disclosed to Agent after the date hereof, provided that such arrangements disclosed after the date hereof are on substantially the same terms as existing on the date hereof with the Borrower's existing Customers, none of Borrower's Customers have any right to return or "put" to Borrower any finished goods Inventory previously sold to such Customers.

5.12 No Default.

No Loan Party nor any Subsidiary of any Loan Party is in default in the payment or performance of any of its contractual obligations with respect to which a default thereunder could be reasonably expected to have a Material Adverse Effect.

5.13 No Burdensome Restrictions/No Liens.

No Loan Party nor any Subsidiary of any Loan Party is party to any contract or agreement the performance of which could have a Material Adverse Effect. No Loan Party has agreed or consented to cause or permit in the future (upon the happening of a contingency or otherwise) any of its property, whether now owned or hereafter acquired, to be subject to a Lien which is not a Permitted Encumbrance.

5.14 No Labor Disputes.

No Loan Party nor any Subsidiary of any Loan Party is involved in any labor dispute; there are no strikes or walkouts or union organization of any Loan Party's or any of such Subsidiary's employees threatened or in existence and no labor contract is scheduled to expire during the Term other than as set forth on Schedule 5.14.

5.15 Margin Regulations.

No Loan Party nor any Subsidiary of any Loan Party is engaged, nor will it engage, principally or as one of its important activities, in the business of extending credit for the purpose of "purchasing" or

“carrying” any “margin stock” within the meaning of the quoted term under Regulation U of the Board of Governors of the Federal Reserve System as now and from time to time hereafter in effect. No part of the proceeds of any Advance will be used for “purchasing” or “carrying” “margin stock” as defined in Regulation U of such Board of Governors.

5.16 Investment Company Act.

No Loan Party nor any Subsidiary of any Loan Party is an “investment company” registered or required to be registered under the Investment Company Act of 1940, as amended, nor is it controlled by such a company.

5.17 Disclosure.

No representation or warranty made by or on behalf of any Loan Party or any Subsidiary of any Loan Party in this Agreement, any Other Document or in any financial statement, report, certificate or any other document furnished in connection herewith contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein or therein not misleading. There is no fact known to Loan Parties or which reasonably should be known to Loan Parties which Loan Parties have not disclosed to Agent in writing with respect to the Transactions contemplated by this Agreement which could reasonably be expected to have a Material Adverse Effect.

5.18 Real Property.

Each Loan Party and each of its Subsidiaries owns record title in fee simple or the leasehold interest to the Real Property described on Schedule R-1 (as such Schedule may from time to time be updated by written notice from Borrower to Agent, so long as the Loan Parties have taken (or caused to be taken) all steps required by Agent with respect thereto), free and clear of all Liens, except Permitted Encumbrances. The Real Property described on Schedule R-1 (as such Schedule may from time to time be updated by written notice from Borrower to Agent, so long as the Loan Parties have taken (or caused to be taken) all steps required by Agent with respect thereto) constitutes all of the Real Property of the Loan Parties.

5.19 Hedging Agreements.

No Loan Party nor any Subsidiary of any Loan Party is a party to any Hedging Agreement as of the Closing Date.

5.20 Conflicting Agreements.

No provision of any mortgage, indenture, contract, agreement, judgment, decree or order binding on any Loan Party or affecting the Collateral conflicts with, or requires any Consent which has not already been obtained, or would in any way prevent the execution, delivery or performance of the terms of this Agreement or the Other Documents.

5.21 Application of Certain Laws and Regulations.

No Loan Party nor any Affiliate of any Loan Party is subject to any statute, rule or regulation which regulates the incurrence of any Indebtedness.

5.22 Business and Property of Loan Parties.

Upon and after the Closing Date, Loan Parties and their Subsidiaries do not propose to engage in any business other than as currently conducted and related activities necessary to conduct the foregoing. Each Loan Party and each Subsidiary of a Loan Party owns all the property and possesses all of the rights and consents necessary for the conduct of the business of such Loan Party and such Subsidiary.

5.23 Material Contracts.

Borrower has provided Agent with a true, correct and complete list of all contracts which are material to the operation of any Loan Party's and any Subsidiary of any Loan Party's business. Each such contract is in full force and effect and no material defaults enforceable against such Loan Party or such Subsidiary exist thereunder. No Loan Party nor any Subsidiary of any Loan Party has received notice from any party to such contract stating that it intends to terminate or amend such contract.

5.24 Capital Structure.

Schedule 5.24 sets forth the authorized Capital Stock of each of the Loan Parties and each of their Subsidiaries as of August 29, 2009. All of the Capital Stock of each of the Loan Parties (other than Borrower) and each of their Subsidiaries are owned directly or indirectly by Borrower. All issued and outstanding Capital Stock of each of the Loan Parties and each of their Subsidiaries are duly authorized and validly issued, fully paid, non-assessable, and such Capital Stock were issued in compliance with all applicable laws. All issued and outstanding Capital Stock of each Loan Party (other than Borrower) and each of their Subsidiaries is free and clear of all Liens other than those in favor of Agent for the benefit of Agent and Lenders. The identity of the top ten (10) holders of the Capital Stock of each of the Loan Parties and each of their Subsidiaries and the percentage of their diluted ownership of the Capital Stock of each of the Loan Parties and each of their Subsidiaries as of August 29, 2009 is set forth on Schedule 5.24. No shares of the Capital Stock of any Loan Party or any of their Subsidiaries, other than those described above, are issued and outstanding as of the Closing Date. As of the Closing Date there are no preemptive or other outstanding rights, options, warrants, conversion rights or similar agreements or understandings for the purchase or acquisition from any Loan Party (other than Borrower) or any of their Subsidiaries of any Capital Stock of any such entity.

5.25 Bank Accounts, Security Accounts, Etc.

No Loan Party has any bank accounts, deposit accounts, investments accounts, securities accounts or any other similar accounts other than the accounts set forth Schedule 5.25 (as such Schedule may from time to time be updated by Borrower delivering a written update thereto to Agent, so long as such updates are approved by Agent and the Loan Parties take all action required by Section 4.15(h) with respect thereto). The purpose and type of each such account is specified on Schedule 5.25.

5.26 MCOs and MSOs.

Borrower receives an MCO or MSO (as the case may be) with respect to each individual chassis purchased by Borrower from the manufacturer thereof upon delivery of the chassis to Borrower and payment in full to the applicable manufacturer of the purchase price therefor. All MCOs and MSOs (as the case may be) are maintained by Borrower in a fire-rated safe located at Borrower's chief executive office described on Schedule 4.15(c) unless Agent requests that all MCOs and MSOs (as the case may be) are to be delivered to Agent or its designee.

6. AFFIRMATIVE COVENANTS.

Each Loan Party shall, until payment in full of the Obligations and termination of this Agreement:

6.1 Payment of Fees.

Pay to Agent on demand all usual and customary fees and expenses which Agent incurs in connection with (a) the forwarding of Advance proceeds and (b) the establishment and maintenance of any Blocked Accounts or Depository Accounts as provided for in Section 4.15(h). Agent may, without making demand, charge Borrower's Account for all such fees and expenses.

6.2 Conduct of Business and Maintenance of Existence and Assets.

Conduct, and cause each Subsidiary of each Loan Party to conduct, continuously and operate actively its business according to good business practices and maintain, and cause each Subsidiary of each Loan Party to maintain, all of its properties useful or necessary in its business in good working order and condition (reasonable wear and tear excepted and except as may be Disposed of in accordance with the terms of this Agreement (including, without limitation, Section 4.3)), including, without limitation, all Intellectual Property and take all actions necessary to enforce and protect the validity of its Intellectual Property. Each Loan Party shall, and shall cause each Subsidiary of each Loan Party to, (i) keep in full force and effect its existence and comply in all material respects with the laws and regulations governing the conduct of its business where the failure to do so could reasonably be expected to have a Material Adverse Effect and (ii) make all such reports and pay all such franchise and other taxes and license fees and do all such other acts and things as may be lawfully required to maintain its rights, licenses, leases, powers and franchises under the laws of the United States or any applicable foreign jurisdiction or any political subdivision of any of the foregoing.

6.3 Violations.

Promptly notify Agent in writing of any violation of any law, statute, regulation or ordinance of any Governmental Body, or of any agency thereof, applicable to any Loan Party or any of their Subsidiaries which could reasonably be expected to have a Material Adverse Effect.

6.4 Government Receivables.

Take all steps necessary to protect Agent's interest in the Collateral under the Federal Assignment of Claims Act or other applicable state or local statutes or ordinances and deliver to Agent appropriately endorsed, any instrument or chattel paper connected with any Receivable arising out of contracts between any Loan Party and the United States, any state or any department, agency or instrumentality of any of them.

6.5 Execution of Supplemental Instruments; Further Assurances.

(a) Execute and deliver to Agent from time to time, upon demand, such supplemental agreements, statements, assignments and transfers, or instructions or documents relating to the Collateral, and such other instruments as Agent may request, consistent with the provisions of this Agreement and the Other Documents.

(b) Promptly upon request by Agent, each Loan Party shall take such additional actions as Agent may require from time to time in order (i) to carry out more effectively the purposes of this Agreement or any Other Document, (ii) to subject all of the existing or hereinafter acquired personal and real property of each Loan Party to first-priority perfected Liens in favor of Agent to secure the Obligations, (iii) to perfect and maintain the validity, effectiveness and priority of any of the Liens created, or intended to be

created thereby, by this Agreement or any Other Document and (iv) to better assure, convey, grant, assign, transfer, preserve, protect and confirm to Agent and Lenders the rights granted or now or hereafter intended to be granted to Agent and the Lenders under this Agreement or any Other Document. Without limiting the generality of the foregoing, each Loan Party shall (and shall cause each other Loan Party to) guaranty (to the extent not already directly obligated with respect thereto) all of the Obligations and to grant to Agent, for the benefit of Agent, Lenders, Bank Product Provider and Issuer, a Lien in all of such Loan Party's existing or hereinafter acquired personal and real property to secure all of the Obligations.

6.6 Payment of Indebtedness.

Each Loan Party shall, and shall cause each Subsidiary of each Loan Party to, subject at all times to any applicable subordination or intercreditor arrangement in favor of Agent and/or Lenders, pay, discharge or otherwise satisfy at or before maturity (subject, where applicable, to specified grace periods and, in the case of the trade payables, to normal payment practices) all its obligations and Indebtedness of whatever nature, except when the failure to do so could not reasonably be expected to have a Material Adverse Effect or when the amount or validity thereof is currently being contested in good faith by appropriate proceedings and each Loan Party and each of their Subsidiaries shall have provided for such reserves as Agent may reasonably deem proper and necessary.

6.7 Standards of Financial Statements.

Each Loan Party shall, and shall cause each Subsidiary of each Loan Party to, cause all financial statements referred to in Sections 9.7, 9.8, 9.9, 9.10 and 9.12 as to which GAAP is applicable to be complete and correct in all material respects (subject, in the case of interim financial statements, to normal year-end audit adjustments) and to be prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected therein (except as concurred in by such reporting accountants or officer, as the case may be, and disclosed therein).

6.8 [Reserved].

6.9 Financial Covenants. If at any time after the Closing Date Agent shall agree, in its sole discretion, to increase the applicable amount set forth in clause (a) and/or clause (b) of the definition Maximum Revolving Advance Amount (it being acknowledged that Agent has no obligation whatsoever to agree to any such increase), then Borrower shall at all times thereafter maintain a minimum EBITDA and minimum Liquidity in amounts to be agreed upon between Borrower and Agent.

7. NEGATIVE COVENANTS.

No Loan Party shall, or shall permit any of their Subsidiaries to, until satisfaction in full of the Obligations and termination of this Agreement:

7.1 Merger, Consolidation, Acquisition and Sale of Assets.

(a) Enter into any merger, consolidation or other reorganization with or into any other Person or acquire all or a substantial portion of the assets or stock of any Person or permit any other Person to consolidate with or merge with it; provided, that, a Loan Party may merge or consolidate into another Loan Party so long as (i) no Event of Default shall have occurred and be continuing, (ii) Borrower shall give Agent at least ten (10) Business Days prior notice thereof, (iii) if Borrower is a party to such merger or consolidation, it shall be the surviving entity, (iv) no Loan Party shall merge or consolidate with a Loan Party that exists under the laws of a country different than the country in which such Loan Party exists and (v) prior to such merger or consolidation the Loan Parties have taken (or caused to be taken) all steps required by

Agent with respect thereto (including without limitation all steps required by Agent to maintain Agent's Lien on the Collateral granted by such Loan Parties, as well as the priority and effectiveness of such Lien).

(b) Sell, lease, transfer or otherwise Dispose of any of its properties or assets, except (i) as provided in Section 4.3 and (ii) so long as no Event of Default exists and is continuing, the assets set forth on Schedule 7.1(b) provided that the proceeds from the sale of such assets are remitted to Agent for application against the Obligations in accordance with Section 11.2 hereof.

7.2 Creation of Liens.

Create or suffer to exist any Lien or transfer upon or against any of its property or assets now owned or hereafter acquired, except Permitted Encumbrances.

7.3 Guarantees.

Become liable upon the obligations of any Person by assumption, endorsement or guaranty thereof or otherwise (other than with respect to the Obligations) except the endorsement of checks in the ordinary course of business.

7.4 Investments.

Purchase or acquire Indebtedness or Capital Stock of, or any other interest in, any Person, except Cash Equivalents.

7.5 Loans.

Make advances, loans or other extensions of credit to any Person, including without limitation, any Subsidiary or Affiliate except with respect to

(a) the extension of commercial trade credit in connection with the sale of Inventory or the provision of services, each in the ordinary course of its business; and

(b) loans made to officers or directors of a Loan Party or any Subsidiary of a Loan Party in the ordinary course of business in an aggregate amount not to exceed $100,000 at any time outstanding.

7.6 Capital Expenditures.

If at any time after the Closing Date Agent shall agree, in its sole discretion, to increase the applicable amount set forth in clause (a) and/or clause (b) of the definition Maximum Revolving Advance Amount (it being acknowledged that Agent has no obligation whatsoever to agree to any such increase), then Borrower shall not make Capital Expenditures in an amount in excess of an amount to be agreed upon between Borrower and Agent:

7.7 Dividends and Distributions/Management Fees.

Declare, pay or make any dividend or distribution or payment with respect to

(a) any shares of the Capital Stock of any Loan Party or any of their Subsidiaries (other than dividends or distributions payable in its Capital Stock and other than dividends made by any Loan Party or any Subsidiary of any Loan Party to any other Loan Party or any other Subsidiary to any Loan Party); except that so long as no Event of Default exists and is continuing,

(i) Borrower may redeem, in cash, the preferred share purchase rights in accordance with the terms of any shareholder rights plan, provided, that, (A) the cash purchase price shall not exceed $.01 per right and (B) during the Term of this Agreement, the aggregate payments made in respect of such rights shall not exceed the aggregate amount of $325,000; and

(ii) Borrower may redeem, in cash, the Capital Stock of its employees, provided, that, in any fiscal year, the aggregate of such redemptions, in cash, shall not exceed $250,000 and

(iii) in the sole discretion of Agent and Lenders, Borrower may make cash dividends and distributions with respect to any Capital Stock provided, that, (A) Agent shall have received the audited annual financial statements required by Section 9.7 for the fiscal year ending August 31, 2010, the results of which shall be satisfactory to Agent in its sole discretion, (B) in any fiscal year, the aggregate amount of such dividends and distributions shall not exceed an amount to be determined by Agent in its sole discretion, (C) the payment of any such dividends and distributions shall be subject to such financial tests and Excess Availability requirements as Agent shall determine in its sole discretion, or

(b) any management fees or similar fees to any Affiliate, or in each case apply any of its funds, property or assets to the purchase, redemption or other retirement of any such Capital Stock or management or similar fees or other amounts or of any options to purchase or acquire any such items, except that Borrower may redeem, on a non-cash basis, the Capital Stock of its officers and directors.

7.8 Indebtedness.

Create, incur, assume or suffer to exist any Indebtedness (exclusive of trade debt) except in respect of (a) the Obligations; (b) Indebtedness (other than the Obligations) to the extent incurred to finance Capital Expenditures not to exceed $250,000 at any one time outstanding; (c) Indebtedness existing on the Closing Date as set forth on Schedule 7.8; (d) Indebtedness expressly permitted by Section 7.5; and (e) Indebtedness arising under Hedging Agreements which are not entered into for speculative purposes and are intended to provide protection against fluctuations in interest rates or foreign currency exchange rates.

7.9 Nature of Business.

Substantially change the nature of the business in which it is presently engaged, nor except as specifically permitted hereby purchase or invest, directly or indirectly, in any assets or property other than in the ordinary course of business for assets or property which are useful in, necessary or appropriate for and are to be used in its business as presently conducted.

7.10 Transactions with Affiliates.

Directly or indirectly, purchase, acquire or lease any property from, or sell, transfer or lease any property to, or otherwise deal with, any Affiliate, except transactions entered into in the ordinary course of business, on an arm’s-length basis on terms no less favorable than terms which would have been obtainable from a Person other than an Affiliate.

7.11 Leases.

Enter as lessee into any lease arrangement for real or personal property (unless capitalized and permitted under Sections 7.6 and 7.8) if after giving effect thereto, aggregate annual rental payments for all leased property would exceed $500,000 in any one fiscal year for all Loan Parties and their Subsidiaries.

7.12 Subsidiaries.

(a) Form any Subsidiary unless (i) such Subsidiary expressly joins in this Agreement as a Loan Party, becomes jointly and severally liable for, or otherwise guaranties, all of the Obligations and grants a Lien on substantially all of its assets to secure all of the Obligations and consents to the pledge of its Capital Stock to secure all of the Obligations in form and substance satisfactory to Agent, (ii) Agent is provided with a pledge of all of the outstanding Capital Stock of such Subsidiary to secure all of the Obligations in form and substance satisfactory to Agent, (iii) Agent shall have received fifteen (15) days prior written notice thereof (along with an update of Schedule 5.2(b)) and all documents, including collateral documents, guaranties, corporate authority documents and legal opinions Agent may require in connection therewith, all in form and substance satisfactory to Agent and (iv) Agent provides its prior written consent to such formation.

(b) Enter into any partnership, joint venture or similar arrangement.

7.13 Fiscal Year and Accounting Changes.

Change its fiscal year-end from the last Saturday of August, or make any change (a) in accounting treatment and reporting practices except as required by GAAP or (b) in tax reporting treatment except as required by law.

7.14 Pledge of Credit.

Now or hereafter pledge Agent's or any Lender's credit on any purchases or for any purpose.

7.15 Amendment of Organizational Documents.

Amend, modify or waive any term or provision of its certificate of formation, limited liability company agreement, certificate of incorporation, by-laws, partnership agreement or other applicable documents relating to such Loan Party's or Subsidiary's formation or governance, or any shareholders agreement, unless Agent is provided prior five (5) Business Days' prior written notice of any such amendment, modification or waiver and such amendment, modification or waiver is not adverse in any respect to Agent and the Lenders.

7.16 Compliance with ERISA.

(a) Maintain, or permit any member of the Controlled Group to maintain, or become obligated to contribute, or permit any member of the Controlled Group to become obligated to contribute, to any Plan, other than those Plans disclosed on Schedule 5.8(d), (b) engage, or permit any member of the Controlled Group to engage, in any non-exempt "prohibited transaction", as that term is defined in Section 406 of ERISA and Section 4975 of the Code, (c) incur, or permit any member of the Controlled Group to incur, any "accumulated funding deficiency", as that term is defined in Section 302 of ERISA or Section 412 of the Code, (d) terminate, or permit any member of the Controlled Group to terminate, any Plan where such event could result in any liability of any Loan Party or any member of the Controlled Group or the imposition of a Lien on the property of any Loan Party or any member of the Controlled Group pursuant to Section 4068 of ERISA, (e) assume, or permit any member of the Controlled Group to assume, any obligation to contribute to any Multiemployer Plan not disclosed on Schedule 5.8(d), (f) incur, or permit any member of the Controlled Group to incur, any withdrawal liability to any Multiemployer Plan, (g) fail promptly to notify Agent of the occurrence of any Termination Event, (h) fail to comply, or permit a member of the Controlled Group to fail to comply, with the requirements of ERISA or the Code or other applicable laws in respect of any Plan, or (i) fail to meet, or permit any member of the Controlled Group to fail to meet, all minimum

funding requirements under ERISA or the Code or postpone or delay or allow any member of the Controlled Group to postpone or delay any funding requirement with respect of any Plan.

7.17 [Reserved].

7.18 [Reserved].

7.19 State of Organization/Names/Locations.

Change the jurisdiction in which it is incorporated or otherwise organized, or change its legal name (or use a different name), location of chief executive office or location of any of the Collateral, unless Borrower has given Agent not less than thirty (30) days prior written notice thereof (along with an update of Schedule 4.5, Schedule 4.15(c), Schedule 5.2(a) and Schedule 5.6, as applicable) and the Loan Parties have taken (or caused to be taken) all steps required by Agent with respect thereto (including without limitation all steps required by Agent to maintain Agent's Lien on such Collateral, as well as the priority and effectiveness of such Lien); provided, that, no Loan Party shall change its jurisdiction of incorporation or organization or location of any of its Collateral to a jurisdiction or location from (i) the continental United States to outside of the continental United States or (ii) one country to another country.

8. CONDITIONS PRECEDENT.

8.1 Conditions to Initial Advances.

The agreement of Lenders to make the initial Advances and Letters of Credit requested to be made on the Closing Date is subject to the satisfaction, or waiver by Lenders, immediately prior to or concurrently with the making of such Advances and Letters of Credit, of the following conditions precedent, all in form and substance acceptable to Agent:

(a) Agreement. Agent shall have received this Agreement duly executed and delivered by an authorized officer of each of the parties hereto;

(b) Notes. Agent, to the extent required by Lenders, shall have received the Notes duly executed and delivered by an authorized officer of Borrower in favor of such Lenders (it being understood that as of the Closing Date, none of the Lenders have required that a Note be issued to them);

(c) Filings, Registrations, Recordings and Searches. Each document (including, without limitation, any UCC financing statement) required by this Agreement, any Other Document or under law or reasonably requested by Agent to be filed, registered or recorded in order to create, in favor of Agent, a perfected Lien upon the Collateral shall have been properly filed, registered or recorded in each jurisdiction in which the filing, registration or recordation thereof is so required or requested, and Agent shall have received an acknowledgment copy, or other evidence satisfactory to it, of each such filing, registration or recordation and satisfactory evidence of the payment of any necessary fee, tax or expense relating thereto. Agent shall also have received UCC, tax, judgment and other Lien searches with respect to each Loan Party in such jurisdictions as Agent shall require, and the results of such searches shall be satisfactory to Agent;

(d) Payoff Letters; Releases. Fully executed payoff letters (or other evidence of repayment) from all creditors being repaid (in whole or in part) in connection with the making of the initial Advances, along with appropriate Lien releases;

(e) Corporate Proceedings of Loan Parties. Agent shall have received a copy of the resolutions of the board of directors (or equivalent authority) of each Loan Party authorizing (i) the execution,

delivery and performance of this Agreement and the Other Documents, and (ii) the granting by each Loan Party of the Liens upon the Collateral in each case certified by the Secretary or an Assistant Secretary of each Loan Party as of the Closing Date; and, such certificate shall state that the resolutions thereby certified have not been amended, modified, revoked or rescinded as of the date of such certificate;

(f) Incumbency Certificates of Loan Parties. Agent shall have received a certificate of the Secretary or an Assistant Secretary of each Loan Party, dated as of the Closing Date, as to the incumbency and signature of the officers of each Loan Party executing this Agreement, any certificate or Other Documents to be delivered by it pursuant hereto, together with evidence of the incumbency of such Secretary or Assistant Secretary;

(g) Certificates. Agent shall have received a copy of the certificate of formation, limited liability company agreement, certificate of incorporation, by-laws, partnership agreement or other applicable documents relating to each Loan Party's formation and governance, and all amendments thereto, certified in the case of formation documents by the Secretary of State or other appropriate official of its jurisdiction of incorporation or formation and certified in the case of the formation and governance documents as accurate and complete by the Secretary or Assistant Secretary of each Loan Party;

(h) Good Standing Certificates. Agent shall have received good standing certificates for each Loan Party dated not more than thirty (30) days prior to the Closing Date, issued by the Secretary of State or other appropriate official of each such Loan Party's jurisdiction of incorporation or formation and each jurisdiction where the conduct of each Loan Party's business activities or the ownership of its properties necessitates qualification;

(i) Legal Opinion. Agent shall have received the executed legal opinions of Borrower's counsel which shall cover such matters incident to the transactions contemplated by this Agreement and the Other Documents as Agent may reasonably require and each Loan Party hereby authorizes and directs such counsel to deliver such opinions to Agent and Lenders;

(j) No Litigation. (i) No litigation, investigation or proceeding before or by any arbitrator or Governmental Body shall be continuing or threatened against any Loan Party or against the officers or directors of any Loan Party (A) in connection with this Agreement and/or the Other Documents or any of the transactions contemplated thereby and which, in the reasonable opinion of Agent, is deemed material or (B) which could, in the reasonable opinion of Agent, have a Material Adverse Effect; and (ii) no injunction, writ, restraining order or other order of any nature materially adverse to any Loan Party or the conduct of its business or inconsistent with the due consummation of the Transactions shall have been issued by any Governmental Body;

(k) Collateral Examination. Agent shall received the Inventory appraisal dated July 27, 2009 performed by Hilco Appraisal Services and such appraisal shall be addressed to Agent and expressly permit Agent to rely thereon;

(l) Fees and Expenses. Agent shall have received all fees payable to Agent and Lenders on or prior to the Closing Date pursuant to Sections 3.3 and 3.4 and the Fee Letter and all reimbursable expenses of Agent invoiced to date in accordance with this Agreement;

(m) Financial Statements. Agent shall have received a copy of the financial statements referred to in Section 5.5;

(n) Other Documents. Agent shall have received fully executed copies of all Other Documents;

(o) Insurance. Agent shall have received insurance certificates and loss payable endorsements naming Agent as loss payee or additional insured, as applicable, with respect to the Loan Parties' property and liability insurance policies;

(p) Payment Instructions. Agent shall have received written instructions from Borrower directing the application of proceeds of the initial Advances made pursuant to this Agreement;

(q) Blocked Accounts. Agent shall have received duly executed agreements establishing the Blocked Accounts or Depository Accounts with financial institutions acceptable to Agent for the collection or servicing of Accounts and other Receivables and proceeds of the related Collateral;

(r) Consents. Agent shall have received any and all Consents necessary to permit the effectuation of the Transactions contemplated by this Agreement and the Other Documents; and, Agent shall have received such Consents and waivers of such third parties as might assert claims with respect to the Collateral, as Agent and its counsel shall deem necessary;

(s) No Adverse Material Change. Since August 29, 2009, there shall not have occurred any event, condition or state of facts which could reasonably be expected to have a Material Adverse Effect;

(t) Collateral Access Agreements. Agent shall have received duly executed Collateral Access Agreements satisfactory to Agent with respect to all third party Collateral locations required by Agent;

(u) Contract Review. Agent shall have reviewed all material contracts of Loan Parties including, without limitation, leases, union contracts, labor contracts, vendor supply contracts, license agreements and distributorship agreements and such contracts and agreements shall be satisfactory in all respects to Agent;

(v) Closing Certificate. Agent shall have received a closing certificate signed by a Responsible Officer of Borrower on behalf of all Loan Parties dated as of the date hereof, stating that (i) all representations and warranties set forth in this Agreement and the Other Documents are true and correct on and as of such date (except to the extent that such representations and warranties expressly relate solely to an earlier date (in which case such representations and warranties shall have been true and accurate on and as of such earlier date)), (ii) Loan Parties are on such date in compliance with all the terms and provisions set forth in this Agreement and the Other Documents and (iii) on such date no Default or Event of Default has occurred or is continuing or would result from the consummation of the Transactions;

(w) Borrowing Base. Agent shall have received a duly executed Borrowing Base Certificate which shall indicate that the aggregate amount of Eligible Accounts and Eligible Inventory is sufficient in value and amount to support Revolving Advances and Letters of Credit in the amount requested by Borrower on the Closing Date;

(x) Excess Availability. After giving effect to the initial Advances and Letters of Credit and all fees and expenses pertaining to the closing of the Transactions, Borrower shall have Excess Availability of at least $12,500,000;

(y) Control Agreements. Agent shall have received duly executed control agreements with respect to all Collateral in which a Lien may be perfected by means of control under the UCC (other than Restricted Accounts);

(z) Due Diligence. Agent and its counsel shall have completed its business and legal due diligence with results satisfactory to Agent and its counsel, including without limitation (i) pre-funding field

examination of the business and collateral of each Loan Party in accordance with Agent's customary procedures and practices and as otherwise required by the nature and circumstances of the businesses of each Loan Party, (ii) favorable trade and customer references and (iii) background checks with respect to such individuals as Agent determines issued by investigatory firms satisfactory to Agent; and Agent shall be satisfied with the corporate and capital structure and management of each Loan Party's license agreements and with all legal, tax, accounting and other matters relating to each Loan Party; and

(aa) Other. All corporate and other proceedings, and all documents, instruments and other legal matters in connection with the Transactions shall be satisfactory in form and substance to Agent and its counsel.

8.2 Conditions to Each Advance.

The agreement of Lenders to make or to issue or to cause to be issued any Advance or Letter of Credit requested to be made or issued on any date (including, without limitation, the initial Advance or Letter of Credit), is subject to the satisfaction of the following conditions precedent as of the date such Advance or Letter of Credit is made or issued:

(a) Representations and Warranties. Each of the representations and warranties made by any Loan Party in or pursuant to this Agreement and any Other Document to which it is a party, and each of the representations and warranties contained in any certificate, document or financial or other statement furnished at any time under or in connection with this Agreement or any Other Document shall be true and correct in all material respects (without duplication of any materiality qualifiers already set forth therein; or in all respects with respect to representations and warranties made on the Closing Date) on and as of such date as if made on and as of such date, except to the extent that such representations and warranties expressly relate solely to an earlier date (in which case such representations and warranties shall have been true and accurate on and as of such earlier date); provided, however, that, each Lender, in its sole discretion, may (and at the direction of Agent and Required Lenders, shall) continue to make Advances and participate in Letters of Credit notwithstanding the failure to make such representations and warranties and that any Advances so made and Letters of Credit so issued shall not be deemed a waiver of any applicable Default or Event of Default;

(b) No Default. No Event of Default or Default shall have occurred and be continuing on such date, or would exist after giving effect to the Advances requested to be made, on such date; provided, however, that, each Lender, in its sole discretion, may (and at the direction of Agent and Required Lenders, shall) continue to make Advances and participate in Letters of Credit notwithstanding the existence of a Default or Event of Default and that any Advances so made and Letters of Credit so issued shall not be deemed a waiver of any such Default or Event of Default; and

(c) Maximum Revolving Advances/Letters of Credit. The limits set forth in Section 2.1(b) are not exceeded after giving to such Advances or Letters or Credit, as applicable.

Each request for an Advance or Letter of Credit by Borrower hereunder shall constitute a representation and warranty by Borrower as of the date of such Advance or Letter of Credit that the conditions contained in this subsection shall have been satisfied.

9. INFORMATION AS TO LOAN PARTIES.

Each Loan Party shall, until satisfaction in full of the Obligations and the termination of this Agreement:

9.1 Disclosure of Material Matters Pertaining to Collateral.

Immediately upon learning thereof, report to Agent all matters materially affecting the value, enforceability or collectibility of any portion of the Collateral including, without limitation, any Loan Party's reclamation or repossession of, or the return to any Loan Party of, a material amount of goods or claims or disputes asserted by any Customer or other obligor.

9.2 Collateral and Related Reports.

(a) Deliver to Agent concurrently with each Advance request, current as of the end of the immediately preceding day, and in any event no less frequently than weekly if any Advances are outstanding:

(i) an Accounts Borrowing Base posting through COMALA, including gross billings, cash receipts, credit memos (reported separately by dilutive and non-dilutive categories) and other adjustments issued (recorded directly to the Accounts receivable aging), write-offs, other debit and credit adjustments (including an explanation of all such adjustments); and

(ii) a perpetual Inventory summary report as of the end of the immediately preceding week posted through COMALA;

(b) Deliver to Agent on or before the fifteenth (15th) Business Day after a fiscal month end (or more frequently if required by Agent) a Borrowing Base Certificate completed and executed by a Responsible Officer of Borrower, which shall be calculated as of the last day of the immediately preceding month (which shall not be binding upon Agent or restrictive of Agent's rights under this Agreement, and which shall not restrict the rights of Agent to recalculate the Borrowing Base or any of the related components), setting forth an updated calculation of all components of the Borrowing Base including without limitation Reserves that Borrower is aware of (it being understood that Agent may institute additional Reserves), the Borrowing Base and Excess Availability, if any, and supported by schedules showing the derivation thereof and containing such detail and such other information as Agent may request from time to time;

(c) Deliver to Agent on or before the fifteenth (15th) Business Day after a fiscal month end (or more frequently if required by Agent) the following reports, which shall be current as of the close of business on the last Business Day of the fiscal month immediately prior to such date:

(i) with respect to Borrower, a summary Accounts receivable aging by Customer, along with a listing of related Contra Claims;

(ii) with respect to Borrower, if during any given month Agent and Lenders have made Loans to the Borrower, an Accounts receivable rollforward report, which shall separately identify (A) the Accounts receivable aging balance as of the first (1st) day of such immediately preceding fiscal month, and (B) gross billings, cash receipts, credit memos and other adjustments issued (recorded directly to the Accounts receivable aging), write-offs, other debit and credit adjustments on a cumulative basis for such fiscal month (together with an explanation for all such adjustments that individually exceed $10,000) during such immediately preceding fiscal month;

(iii) (A) a reconciliation of the Accounts receivable aging balance as of the last day of such immediately preceding fiscal month to each of the following for such fiscal month: (1) Accounts receivable balance delivered to Agent pursuant to COMALA, (2) Borrower's general ledger, and (3) Borrower's balance sheet, together with supporting documentation for any reconciling items, and (B) notice of all claims, offsets, or disputes or other Contra Claims asserted by Customers with respect to any Borrower's Accounts receivable;

(iv) with respect to Borrower, a perpetual Inventory report, current as of the close of business on the last Business Day of the immediately preceding fiscal month end, and reconciliation to Borrower's general ledger and balance sheet and Inventory reporting posted through COMALA for the same fiscal month end;

(v) with respect to Borrower, an Inventory report by component (i.e., raw materials, work in process and finished goods) and, if requested by Agent, an Inventory aging report (and including the amounts of Inventory and the value thereof at any leased locations and at premises of warehouses, processors or other third parties);

(vi) with respect to each Loan Party's accounts payable and expenses for the immediately preceding fiscal month end, a report including an accounts payable aging, accrued expenses, and listing of checks held, together with a reconciliation to each Loan Party's general ledger and balance sheet for such fiscal month;

(vii) (A) a detailed report of accrued and other liabilities of the Loan Parties as of the end of such immediately preceding fiscal month end reconciled to the balance sheet for such fiscal month; and (B) confirmation that all sales, personal property and payroll and other taxes of the Loan Parties are currently paid;

(viii) (A) a reconciliation of outstanding Advances and undrawn Letters of Credit pursuant to COMALA as of the end of such immediately preceding fiscal month end to Borrower's general ledger and balance sheet for such fiscal month; and (B) a detailed list of Letters of Credit outstanding, including for each Letter of Credit the undrawn principal amount thereof, beneficiary name, issuer name, and expiration date; and

(ix) notice of termination or breach of any material contract of a Loan Party or any of their Subsidiaries (A) which could reasonably be expected to result in a Material Adverse Effect or (B) with respect to a contract in which the aggregate payments thereunder by any Loan Party or any of their Subsidiaries exceed $250,000 in any fiscal year;

(d) Deliver to Agent on or before the sixtieth (60th) day after the end of Borrower's fiscal year:

(i) for each of Borrower's ten (10) largest Customers, the payment terms of such Customer's Accounts receivable, its address, credit ratings and an aging for such Customers' Accounts receivable balances as set forth in the accounts receivable aging most recently delivered to Agent;

(ii) current certificates of insurance and loss payee endorsements for all insurance policies which the Loan Parties and their Subsidiaries are required to maintain pursuant to Section 4.11; and

(iii) a list of all Customers of Borrower owing Accounts receivable as of the end of such fiscal year, including such Customers' respective name, address, phone number, and e-mail address;

(e) Upon Agent's request, (i) copies of customer statements, purchase orders, customer sales invoices, credit memos, remittance advices and reports, and copies of deposit slips and bank statements, (ii) copies of purchase orders, invoices and delivery documents for Accounts or other Receivables created by any Loan Party, (iii) copies of shipping and delivery documents for Inventory and Equipment acquired by any Loan Party, and (iv) trial balances and test verifications;

(f) Deliver to Agent such other reports as to the Collateral, the Loan Parties or their Subsidiaries as Agent shall request from time to time; and

(g) All Collateral reporting which shall be provided to Agent pursuant to this Sections 9.2 shall be delivered to Agent electronically (or other manner satisfactory to Agent) and in form satisfactory to Agent. All such reports are solely for Agent's convenience in maintaining records of the Collateral, and any Loan Party's failure to deliver any of such reports to Agent shall not affect, terminate, modify or otherwise limit Agent's Lien with respect to the Collateral. Agent shall have the right to confirm and verify all Receivables by any manner and through any medium it considers advisable and do whatever it may deem reasonably necessary to protect its interests hereunder.

9.3 Environmental Reports.

Furnish Agent, concurrently with the delivery of the financial statements referred to in Sections 9.7 and 9.8, with a certificate signed by a Responsible Officer of Borrower stating, to the best of such officer's knowledge, that each Loan Party and each of their respective Subsidiaries is in compliance in all material respects with all Environmental Laws. To the extent any Loan Party or any Subsidiary of any Loan Party is not in compliance with any Environmental Laws, the certificate shall set forth with specificity all areas of non-compliance and the proposed action such Loan Party or Subsidiary, as applicable, will implement in order to achieve full compliance.

9.4 Litigation.

Promptly (but in any event within five (5) Business Days thereafter) notify Agent in writing of (or of any material development in) any litigation, suit or administrative proceeding affecting any Loan Party, whether or not the claim is covered by insurance, and of (or of any material development in) any suit or administrative proceeding, which in any such matter could reasonably be expected to (i) result in liability in excess of $250,000 or (ii) have a Material Adverse Effect.

9.5 Material Occurrences.

Promptly (but in any event within five (5) Business Days thereafter) notify Agent in writing upon the occurrence of (a) any Event of Default or Default; (b) any event, development or circumstance whereby any financial statements or other reports furnished to Agent fail in any material respect to present fairly, in accordance with GAAP consistently applied, the financial condition or operating results of any Loan Party or any Subsidiary of any Loan Party as of the date of such statements; (c) any accumulated retirement plan funding deficiency which, if such deficiency continued for two plan years and was not corrected as provided in Section 4971 of the Code, could subject any Loan Party or any Subsidiary of any Loan Party to a tax imposed by Section 4971 of the Code; (d) each and every default by any Loan Party or any Subsidiary of any Loan Party which might result in the acceleration of the maturity of any Indebtedness, including the names and addresses of the holders of such Indebtedness with respect to which there is a default existing or with respect to which the maturity has been or could be accelerated, and the amount of such Indebtedness; and (e) any other development in the business or affairs of any Loan Party or any Subsidiary of any Loan Party which could reasonably be expected to have a Material Adverse Effect; in each case describing the nature thereof and the action Loan Parties or such Subsidiaries propose to take with respect thereto.

9.6 Government Receivables.

Notify Agent immediately if any of its Receivables arise out of contracts between any Loan Party and the United States, any state, or any department, agency or instrumentality of any of them.

9.7 Annual Financial Statements.

Furnish Agent and each Lender within ninety (90) days after the end of each fiscal year of Loan Parties, financial statements of Loan Parties and their Subsidiaries on a consolidating basis, including, but not limited to, statements of income and stockholders' equity and cash flow from the beginning of the current fiscal year to the end of such fiscal year and the balance sheet as at the end of such fiscal year, all prepared in accordance with GAAP applied on a basis consistent with prior practices, and in reasonable detail and reported upon without qualification by an independent certified public accounting firm selected by Loan Parties and satisfactory to Agent (the "**Accountants**"). The report of the Accountants shall be accompanied by (a) copies of all management letters, exception reports or similar letters or reports received by Loan Parties or their Subsidiaries from the Accountants, and (b) a statement of the Accountants certifying that (i) they have caused this Agreement to be reviewed, and (ii) in making the examination upon which such report was based, either no information came to their attention which to their knowledge constituted an Event of Default or a Default under this Agreement or any related agreement or, if such information came to their attention, specifying any such Default or Event of Default, its nature, when it occurred and whether it is continuing, and such report shall contain or have appended thereto calculations which set forth Loan Parties' compliance with the requirements or restrictions imposed by Sections 6.9(if applicable), 7.6, 7.7, 7.8 and 7.11. In addition, the reports shall be accompanied by (a) a Compliance Certificate of a Responsible Officer of Borrower which shall state that, based on an examination sufficient to permit such Responsible Officer to make an informed statement, no Default or Event of Default exists, or, if such is not the case, specifying such Default or Event of Default, its nature, when it occurred, whether it is continuing and the steps being taken by Loan Parties with respect to such event, and such Compliance Certificate shall have appended thereto calculations which set forth Loan Parties' compliance with the requirements or restrictions imposed by Sections 6.9(if applicable), 7.6, 7.7, 7.8 and 7.11; and (b) an analysis and discussion of results comparing the Loan Parties' performance for the fiscal year which is the subject of such reports against the immediately prior fiscal year together with an analysis and discussion of (i) the results for the fourth (4^{th}) fiscal quarter of such fiscal year against the fourth (4^{th}) fiscal quarter for the immediately prior fiscal year, each prepared by senior management of Loan Parties with respect thereto, satisfactory to Agent and (ii) if requested by Agent, he projections for such fiscal year against the actual results for such fiscal year, prepared by senior management of Loan Parties with respect thereto, satisfactory to Agent.

9.8 Quarterly Financial Statements.

Furnish Agent and each Lender within forty-five (45) days after the end of each of Borrower's first three (3) fiscal quarters, an unaudited balance sheet of Loan Parties and their Subsidiaries on a consolidated basis and unaudited statements of income and stockholders' equity and cash flow of Loan Parties and their Subsidiaries reflecting results of operations from the beginning of the fiscal year to the end of such quarter and for such quarter, prepared on a basis consistent with prior practices and complete and correct in all material respects, subject to normal and recurring year end adjustments that individually and in the aggregate are not material to the business of Loan Parties or their Subsidiaries. Each such balance sheet, statement of income and stockholders' equity and statement of cash flow shall set forth a comparison of the figures for (a) the current fiscal period and the current year-to-date with the figures for the same fiscal period and year-to-date period of the immediately preceding fiscal year and (b) the projections for such fiscal period and year-to-date period delivered pursuant to Section 5.5(b) or Section 9.12, as applicable and shall be accompanied by an analysis and discussion of results prepared by senior management of Loan Parties with respect thereto, satisfactory to Agent. The financial statements shall be accompanied by a Compliance Certificate signed by a

Responsible Officer of Borrower, which shall state that, based on an examination sufficient to permit such Responsible Officer to make an informed statement, no Default or Event of Default exists, or, if such is not the case, specifying such Default or Event of Default, its nature, when it occurred, whether it is continuing and the steps being taken by Loan Parties with respect to such default and, such Compliance Certificate shall have appended thereto calculations which set forth Loan Parties' compliance with the requirements or restrictions imposed by Sections 6.9(if applicable), 7.6, 7.7, 7.8 and 7.11.

9.9 Monthly Financial Statements.

Furnish Agent and each Lender within twenty-five (25) days after the end of each fiscal month, an unaudited balance sheet of Loan Parties and their Subsidiaries on a consolidated basis and unaudited statements of income and stockholders' equity and cash flow of Loan Parties and their Subsidiaries on a consolidated and consolidating basis reflecting results of operations from the beginning of the fiscal year to the end of such month and for such month, prepared on a basis consistent with prior practices and complete and correct in all material respects, subject to normal and recurring year end adjustments that individually and in the aggregate are not material to the business of Loan Parties or their Subsidiaries. Each such balance sheet, statement of income and stockholders' equity and statement of cash flow shall set forth a comparison of the figures for (a) the current fiscal period and the current year-to-date with the figures for the same fiscal period and year-to-date period of the immediately preceding fiscal year and (b) the projections for such fiscal period and year-to-date period delivered pursuant to Section 5.5. The financial statements shall be accompanied by a Compliance Certificate signed by a Responsible Officer of Borrower, which shall state that, based on an examination sufficient to permit such Responsible Officer to make an informed statement, no Default or Event of Default exists, or, if such is not the case, specifying such Default or Event of Default, its nature, when it occurred, whether it is continuing and the steps being taken by Loan Parties with respect to such event and, such Compliance Certificate shall have appended thereto calculations which set forth Loan Parties' compliance with the requirements or restrictions imposed by Sections 6.9(if applicable), 7.6, 7.7, 7.8 and 7.11.

9.10 Notices re Stockholders.

Furnish promptly to Agent with copies of such financial statements, reports and returns as each Loan Party shall send to its stockholders.

9.11 Additional Information.

Furnish promptly to Agent or any requesting Lender with such additional information as Agent or such Lender shall reasonably request in order to enable Agent or such Lender to determine whether Loan Parties are in compliance with the terms, covenants, provisions and conditions of this Agreement and the Other Documents.

9.12 Projected Operating Budget.

Furnish Agent, no later than fifteen (15) days prior to the beginning of each Loan Party's fiscal years, commencing with fiscal year beginning August 29, 2010, a month by month projected operating budget and cash flow of Loan Parties and their Subsidiaries on a consolidated basis for such fiscal year (including an income statement for each month and a balance sheet as at the end of the last month in each fiscal quarter), such projections to be accompanied by a certificate signed by a Responsible Officer of Borrower to the effect that such projections have been prepared on the basis of sound financial planning practice consistent with past budgets and financial statements and that such Responsible Officer has no reason to question the reasonableness of any material assumptions on which such projections were prepared.

9.13 [Reserved].

9.14 Notice of Suits, Adverse Events.

Furnish Agent with prompt (and, in any event, not more than five (5) Business Days) notice of (a) any lapse or other termination of any Consent issued to any Loan Party or any Subsidiary of any Loan Party by any Governmental Body or any other Person that is material to the operation of any Loan Party's or such Subsidiaries' business, (b) any refusal by any Governmental Body or any other Person to renew or extend any such Consent; and (c) copies of any periodic or special reports filed by any Loan Party or any Subsidiary of any Loan Party with any Governmental Body or Person, if such reports indicate any material change in the business, operations, affairs or condition of any Loan Party or any such Subsidiary, or if copies thereof are requested by Agent or any Lender, (d) material developments with respect to any litigation or potential litigation against any Loan Party or any Subsidiary of any Loan Party and (e) copies of any material notices and other communications from any Governmental Body or Person which specifically relate to any Loan Party or any Subsidiary of any Loan Party.

9.15 ERISA Notices and Requests.

Furnish Agent with immediate written notice in the event that (a) any Loan Party, any Subsidiary of any Loan Party or any member of the Controlled Group knows or has reason to know that a Termination Event has occurred, together with a written statement describing such Termination Event and the action, if any, which such Loan Party, such Subsidiary of any Loan Party or member of the Controlled Group has taken, is taking, or proposes to take with respect thereto and, when known, any action taken or threatened by the Internal Revenue Service, Department of Labor or PBGC with respect thereto, (b) any Loan Party, any Subsidiary of any Loan Party or any member of the Controlled Group knows or has reason to know that a prohibited transaction (as defined in Sections 406 of ERISA and 4975 of the Code) has occurred together with a written statement describing such transaction and the action which such Loan Party, such Subsidiary of any Loan Party or any member of the Controlled Group has taken, is taking or proposes to take with respect thereto, (c) a funding waiver request has been filed with respect to any Plan together with all communications received by any Loan Party, any Subsidiary of any Loan Party or any member of the Controlled Group with respect to such request, (d) any increase in the benefits of any existing Plan or the establishment of any new Plan or the commencement of contributions to any Plan to which any Loan Party, any Subsidiary of any Loan Party or any member of the Controlled Group was not previously contributing shall occur, (e) any Loan Party, any Subsidiary of any Loan Party or any member of the Controlled Group shall receive from the PBGC a notice of intention to terminate a Plan or to have a trustee appointed to administer a Plan, together with copies of each such notice, (f) any Loan Party, any Subsidiary of any Loan Party or any member of the Controlled Group shall receive any favorable or unfavorable determination letter from the Internal Revenue Service regarding the qualification of a Plan under Section 401(a) of the Code, together with copies of each such letter; (g) any Loan Party, any Subsidiary of any Loan Party or any member of the Controlled Group shall receive a notice regarding the imposition of withdrawal liability, together with copies of each such notice; (h) any Loan Party, any Subsidiary of any Loan Party or any member of the Controlled Group shall fail to make a required installment or any other required payment under Section 412 of the Code on or before the due date for such installment or payment; (i) any Loan Party, any Subsidiary of any Loan Party or any member of the Controlled Group knows that (i) a Multiemployer Plan has been terminated, (ii) the administrator or plan sponsor of a Multiemployer Plan intends to terminate a Multiemployer Plan, or (iii) the PBGC has instituted or will institute proceedings under Section 4042 of ERISA to terminate a Multiemployer Plan.

9.16 Additional Documents.

Execute and deliver to Agent, upon request, such documents and agreements as Agent may, from time to time, reasonably request to carry out the purposes, terms or conditions of this Agreement and the Other Documents.

10. EVENTS OF DEFAULT.

The occurrence of any one or more of the following events shall constitute an "Event of Default":

10.1 Failure by any Loan Party to pay any of the Obligations when due, whether at maturity or by reason of acceleration pursuant to the terms of this Agreement or any Other Document;

10.2 (a) Failure by Loan Parties to perform, keep or observe any provision of Sections 4.2, 4.3, 4.4, 4.5, 4.6, 4.10, 4.11, 4.15(h), 6.9, 7, 9.2, 9.7, 9.8, 9.9 and 9.12 or (b) any representation or warranty made or deemed made by any Loan Party in this Agreement or any Other Document or in any certificate, document or financial or other statement furnished at any time in connection herewith or therewith shall prove to have been misleading in any material respect (without duplication of any materiality qualifiers already set forth herein) on the date when made or deemed to have been made;

10.3 Issuance of a notice of Lien (other than Permitted Encumbrances), levy, assessment, injunction or attachment against a material portion of any Loan Party's or any Subsidiary of any Loan Party's property which is not stayed or lifted within thirty (30) days;

10.4 Failure or neglect of any Loan Party to perform, keep or observe any term, provision, condition, covenant contained in this Agreement or in any Other Document (to the extent such breach is not otherwise embodied in any other provision of this Section 10 for which a different grace or cure period is specified or which constitute an immediate Event of Default under this Agreement or the Other Documents), which is not cured within five (5) Business Days after the occurrence thereof;

10.5 Any judgment or judgments are rendered or judgment Liens filed against one or more Loan Parties or Subsidiaries of Loan Parties for an amount, individually or in the aggregate, in excess of $500,000, which within thirty (30) days of such rendering or filing is not either satisfied, stayed or discharged of record or any action is taken to enforce any Lien over the assets of any Loan Party (or any analogous procedure or step is taken in any jurisdiction) for an amount, individually or in the aggregate, in excess of $500,000;

10.6 Any Loan Party or any Subsidiary of any Loan Party shall (a) apply for, consent to or suffer the appointment of, or the taking of possession by, a receiver, custodian, trustee, liquidator or similar fiduciary of itself or of all or a substantial part of its property, (b) admit in writing its inability, or be generally unable, to pay its debts as they become due or cease operations of its present business, (c) make a general assignment for the benefit of creditors, (d) commence a voluntary case under any state, federal or other bankruptcy laws (as now or hereafter in effect), (e) be adjudicated a bankrupt or insolvent, (f) file a petition seeking to take advantage of any other law providing for the relief of debtors, (g) acquiesce to, or fail to have dismissed, within thirty (30) days, any petition filed against it in any involuntary case under such bankruptcy laws, or (h) take any action for the purpose of effecting any of the foregoing;

10.7 Any change in any Loan Party's or any Subsidiary of any Loan Party's condition or affairs (financial or otherwise) which has a Material Adverse Effect or any other event that has a Material Adverse Effect;

10.8 Any Lien created hereunder or provided for hereby or under any Other Document for any reason ceases to be or is not a valid and perfected Lien having a first priority interest;

10.9 Any default under one or more documents, instruments or agreements to which any Loan Party, any Subsidiary or any Loan Party is a party or by which any of its properties is bound, relating to any Indebtedness (other than the Obligations) individually or in aggregate in excess of $250,000, which default continues for more than the applicable cure period, if any, with respect thereto;

10.10 A default of the obligations of Borrower and/or the Loan Parties and their Subsidiaries taken as a whole under any other agreement to which it is a party shall occur which materially and adversely affects its condition, affairs or prospects (financial or otherwise) which default is not cured within any applicable grace period;

10.11 Termination or breach of the Guaranty or similar agreement executed and delivered to Agent in connection with the Obligations of any Loan Party, or if any Guarantor attempts to terminate, challenges the validity of, or its liability under, any such Guaranty or similar agreement;

10.12 Any (a) Change of Control shall occur or (b) Change of Management shall occur;

10.13 Any provision hereof or of any of the Other Documents shall for any reason cease to be valid, binding and enforceable with respect to any party hereto or thereto in accordance with its terms, or any such party (other than Agent and Lenders) shall challenge the enforceability hereof or thereof, or shall assert in writing, or take any action or fail to take any action based on the assertion that any provision hereof or of any of the Other Documents has ceased to be or is otherwise not valid, binding or enforceable in accordance with its terms, or any Lien provided for herein or in any of the Other Documents shall cease to be a valid and perfected first priority Lien in any of the Collateral purported to be subject thereto (except as otherwise permitted herein or therein); or

10.14 The indictment by any Governmental Body of any Loan Party or any Subsidiary of any Loan Party of which any Loan Party, such Subsidiary or Agent receives notice, in either case, as to which there is a reasonable possibility of an adverse determination, in the good faith determination of Agent, under any criminal statute, or commencement or threatened commencement of criminal or civil proceedings against such Loan Party or such Subsidiary, pursuant to which statute or proceedings the penalties or remedies sought or available include forfeiture of (a) any of the Collateral having a value in excess of $250,000 or (b) any other property of Borrower, or of the Loan Parties and their Subsidiaries taken as a whole, which is necessary or material to the conduct of its business; or

10.15 Any portion of the Collateral shall be seized or taken by a Governmental Body, or any Loan Party or the title and rights of any Loan Party in and to any material portion of the Collateral shall have become the subject matter of litigation which might, in the opinion of Agent, upon final determination, result in impairment or loss of the security provided by this Agreement or the Other Documents;

10.16 The operations of Borrower's facility, or the Loan Parties' and Subsidiaries' facilities taken as a whole, is interrupted in any material respect and such interruption could reasonably be expected to have a Material Adverse Effect; or

10.17 An event or condition specified in Section 7.16 or Section 9.15 shall occur or exist with respect to any Plan and, as a result of such event or condition, together with all other such events or conditions, any Loan Party or any member of the Controlled Group shall incur a liability to a Plan or the PBGC (or both) in excess of $250,000.

11. LENDERS' RIGHTS AND REMEDIES AFTER DEFAULT.

11.1 Rights and Remedies.

Upon the occurrence of (a) an Event of Default pursuant to Section 10.6, all Obligations shall be immediately due and payable and this Agreement and the obligation of Lenders to make Advances shall be deemed terminated, (b) any of the other Events of Default and at any time thereafter, Agent may (and at the direction of Required Lenders, shall) declare that all or any portion of the Obligations shall be immediately due and payable and Agent or Required Lenders shall have the right to terminate this Agreement and to terminate or limit the obligation of Lenders to make Advances (including, without limitation, reducing the lending formulas or amounts of Revolving Advances and Letters of Credit available to Borrower), and (c) a filing of a petition against any Loan Party in any involuntary case under any state, federal or other bankruptcy laws, the obligation of Lenders to make Advances hereunder shall be terminated other than as may be required by an appropriate order of the bankruptcy court having jurisdiction over any Loan Party. Upon the occurrence of any Event of Default, Agent shall have the right to exercise any and all other rights and remedies provided for herein, under the UCC and at law or equity generally, including, without limitation, the right to foreclose the Liens granted herein and in the Other Documents and to realize upon any Collateral by any available judicial procedure and/or to take possession of and sell any or all of the Collateral with or without judicial process. Agent may enter any Loan Party's premises or other premises without legal process and without incurring liability to any Loan Party therefor, and Agent may thereupon, or at any time thereafter, in its discretion, without notice or demand, take the Collateral (including, without limitation, all MCOs and MSO's and MCO's (as the case may be) then in Borrower's control or possession) and remove the same to such place as Agent may deem advisable and Agent may require Loan Parties to make the Collateral available to Agent at a convenient place. With or without having the Collateral at the time or place of sale, Agent may sell the Collateral, or any part thereof, at public or private sale, at any time or place, in one or more sales, at such price or prices, and upon such terms, either for cash, credit or future delivery, as Agent may elect. Except as to that part of the Collateral which is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Agent shall give Loan Parties reasonable notification of such sale or sales, it being agreed that in all events written notice mailed to Loan Parties at least ten (10) days prior to such sale or sales is reasonable notification. At any public sale Agent or any Lender may bid for and become the purchaser, and Agent, any Lender or any other purchaser at any such sale thereafter shall hold the Collateral sold absolutely free from any claim or right of whatsoever kind, including any equity of redemption and such right and equity are hereby expressly waived and released by each Loan Party. Agent may specifically disclaim any warranties of title or the like at any sale of Collateral. In connection with the exercise of the foregoing remedies, Agent shall have the right to use all of each Loan Party's Intellectual Property and other proprietary rights which are used in connection with (i) Inventory for the purpose of disposing of such Inventory and (ii) Equipment for the purpose of completing the manufacture of unfinished goods, in each case without any obligation to compensate any Loan Party therefor.

11.2 Waterfall.

(a) So long as no Waterfall Event has occurred and is continuing and except as otherwise provided with respect to Defaulting Lenders, all principal and interest payments, shall be apportioned ratably among the Lenders (according to their Commitment Percentages thereof) and all payments of fees, costs and expenses (other than fees, costs or expenses that are for Agent's separate account) shall be apportioned ratably among the Lenders according to their Commitment Percentages thereof (it being understood that all costs and expenses due and owing to Agent, and all principal and interest of Advances (including Protective Advances) made by Agent and not reimbursed by Lenders, shall first be paid in full before any such payments are made to any of the Lenders). Payments for the purposes of this clause (a) shall include proceeds of Collateral received by Agent.

(b) At any time that a Waterfall Event has occurred and is continuing and except as otherwise provided with respect to Defaulting Lenders, all payments remitted to Agent and all proceeds of Collateral received by Agent shall be applied to the Obligations as follows (it being understood that in the event that any Lender, as opposed to Agent, receives such payment or proceeds from any source other than Agent, such Lender shall remit such payment or proceeds, as applicable to Agent for application to the Obligations as provided in this Agreement): first, to the Obligations consisting of costs and expenses (including attorneys' fees and expenses) incurred by Agent in connection with this Agreement or any Other Document and to the principal and interest of Advances (including Protective Advances) made by Agent and not reimbursed by Lenders until paid in full; second, pro rata to interest due to Lenders upon any of the Advances according to their respective Commitment Percentages thereof until paid in full; third, pro rata to fees due to Agent and the Lenders in connection with this Agreement or any Other Document according to their respective Commitment Percentages thereof until paid in full; fourth, pro rata to the principal of the Advances made by each Lender according to their respective Commitment Percentages thereof and, after an Event of Default pursuant to Section 10.6 or if requested by Agent or Required Lenders after the occurrence of any other Event of Default, on a pro rata basis, to furnish to Agent cash collateral in an amount not less than 105% of the aggregate undrawn amount of all Letters of Credit, such cash collateral arrangements to be in form and substance satisfactory to Agent until paid in full; fifth pro rata to any other Obligations (other than Bank Product Obligations) until paid in full; and sixth pro rata to any Bank Product Obligations until paid in full.

(c) If any deficiency shall arise, Loan Parties shall remain liable to Agent and Lenders therefor. If it is determined by an authority of competent jurisdiction that a disposition by Agent did not occur in a commercially reasonably manner, Agent may obtain a deficiency judgment for the difference between the amount of the Obligation and the amount that a commercially reasonable sale would have yielded. Agent will not be considered to have offered to retain the Collateral in satisfaction of the Obligations unless Agent has entered into a written agreement with Loan Party to that effect.

11.3 Agent's Discretion.

Agent shall have the right in its sole discretion to determine which rights, Liens or remedies Agent may at any time pursue, relinquish, subordinate, or modify or to take any other action with respect thereto and such determination will not in any way modify or affect any of Agent's or Lenders' rights hereunder.

11.4 Setoff.

In addition to any other rights which Agent, any Lender or any Issuer may have under applicable law, upon the occurrence of an Event of Default hereunder, Agent, such Lender, such Issuer and their Affiliates shall have a right to setoff and apply any Loan Party's property held by Agent, such Lender, such Issuer or such Affiliate to reduce the Obligations, all without notice to the Loan Parties. No Lender, Issuer or Affiliate shall setoff or apply such property without the prior written consent of Agent.

11.5 Rights and Remedies not Exclusive.

The enumeration of the foregoing rights and remedies is not intended to be exhaustive and the exercise of any right or remedy shall not preclude the exercise of any other right or remedies provided for herein or otherwise provided by law, all of which shall be cumulative and not alternative.

11.6 Commercial Reasonableness.

To the extent that applicable law imposes duties on Agent or any Lender to exercise remedies in a commercially reasonable manner (which duties cannot be waived under such law), each Loan Party

acknowledges and agrees that it is not commercially unreasonable for Agent or any Lender (a) to fail to incur expenses reasonably deemed necessary or appropriate by Agent or any Lender to prepare Collateral for disposition or otherwise to complete raw material or work in process into finished goods or other finished products for disposition, (b) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain consents of any Governmental Body or other third party for the collection or disposition of Collateral to be collected or disposed of, (c) to fail to exercise collection remedies against account debtors, secondary obligors or other Persons obligated on Collateral or to remove Liens or encumbrances on or any adverse claims against Collateral, (d) to exercise collection remedies against account debtors and other Persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (e) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (f) to contact other Persons, whether or not in the same business as any Loan Party, for expressions of interest in acquiring all or any portion of the Collateral, (g) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the collateral is of a specialized nature, (h) to dispose of Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets, (i) to dispose of assets in wholesale rather than retail markets, (j) to disclaim disposition warranties, (k) to purchase insurance or credit enhancements to insure Agent or Lenders against risks of loss, collection or disposition of Collateral or to provide to Agent or Lenders a guaranteed return from the collection or disposition of Collateral, or (l) to the extent deemed appropriate by Agent, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist Agent in the collection or disposition of any of the Collateral. Each Loan Party acknowledges that the purpose of this Section is to provide non-exhaustive indications of what actions or omissions by Agent or any Lender would not be commercially unreasonable in the exercise by Agent or any Lender of remedies against the Collateral and that other actions or omissions by Agent or any Lender shall not be deemed commercially unreasonable solely on account of not being indicated in this Section. Without limitation of the foregoing, nothing contained in this Section shall be construed to grant any rights to any Loan Party or to impose any duties on Agent or Lenders that would not have been granted or imposed by this Agreement or by applicable law in the absence of this Section.

12. WAIVERS AND JUDICIAL PROCEEDINGS.

12.1 Waiver of Notice.

Each Loan Party hereby waives notice of non-payment of any of the Receivables, demand, presentment, protest and notice thereof with respect to any and all instruments, notice of acceptance hereof, notice of loans or advances made, credit extended, Collateral received or delivered, or any other action taken in reliance hereon, and all other demands and notices of any description, except such as are expressly provided for herein.

12.2 Delay.

No delay or omission on Agent’s or any Lender’s part in exercising any right, remedy or option shall operate as a waiver of such or any other right, remedy or option or of any Default or Event of Default.

12.3 Jury Waiver.

EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (A) ARISING UNDER THIS AGREEMENT OR ANY OTHER DOCUMENT, OR (B) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THIS AGREEMENT OR ANY OTHER DOCUMENT, OR THE

TRANSACTIONS RELATED HERETO OR THERETO IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE AND EACH PARTY HEREBY CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENTS OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

12.4 Waiver of Counterclaims.

Each Loan Party waives all rights to interpose any claims, deductions, setoffs or counterclaims of any nature (other then compulsory counterclaims) in any action or proceeding with respect to this Agreement, the Obligations, the Collateral or any matter arising therefrom or relating hereto or thereto.

13. EFFECTIVE DATE AND TERMINATION.

13.1 Term.

This Agreement, which shall inure to the benefit of and shall be binding upon the respective successors and permitted assigns of each Loan Party, Agent and each Lender, shall become effective on the date hereof and shall continue in full force and effect until the earliest of (a) October 13, 2012 (the "**Original Term**"), (b) the acceleration of all Obligations pursuant to the terms of this Agreement or (c) the date on which this Agreement shall be terminated in accordance with the provisions hereof or by operation of law (the "**Termination Date**"). Loan Parties may terminate this Agreement at any time upon ninety (90) days' prior written notice upon payment in full of the Obligations. In the event the Obligations are paid in full prior to the last day of the Term (the date of such prepayment hereinafter referred to as the "**Early Termination Date**"), the Loan Parties shall pay to Agent for the benefit of Lenders an early termination fee (the "**Early Termination Fee**") in an amount equal to (i) three (3%) percent of the Maximum Credit if the Early Termination Date occurs on or after the Closing Date to and including the date immediately preceding the first anniversary of the Closing Date, (ii) two (2%) percent of the Maximum Credit if the Early Termination Date occurs on or after the first anniversary of the Closing Date to and including the date immediately preceding the second anniversary of the Closing Date, and (iii) one (1%) percent of the Maximum Credit if the Early Termination Date occurs on or after the second anniversary of the Closing Date to and including the Termination Date. The Early Termination Fee shall be fully earned, due and payable as of the date of such prepayment and shall not be subject to rebate or proration upon termination of this Agreement for any reason.

13.2 Termination.

The termination of the Agreement shall not affect any Loan Party's, Agent's or any Lender's rights, or any of the Obligations arising or incurred prior to the effective date of such termination, and each of the provisions of this Agreement and of the Other Documents shall continue to be fully operative until all of the Obligations have been paid in full. The Liens and rights granted to Agent and Lenders hereunder and the financing statements filed hereunder shall continue in full force and effect, notwithstanding the termination of this Agreement or the fact that Borrower's Account may from time to time be temporarily in a zero or credit position, until all of the Obligations have been paid and performed in full after the termination of this Agreement (or (a) in the case of outstanding Letters of Credit, Borrower has furnished to Agent cash collateral in an amount not less than 105% of the aggregate undrawn amount of all Letters of Credit (pursuant to cash collateral arrangements to be in form and substance satisfactory to Agent) and (b) in the case of any other contingent Obligations, each Loan Party shall have furnished Agent and Lenders with cash collateral or an indemnification from a Person, and pursuant to terms and conditions, in each case which are satisfactory to Agent in all respects). Accordingly, each Loan Party waives any rights which it may have under Section 9-

513 of the UCC to demand the filing of termination statements with respect to the Collateral, and Agent shall not be required to send such termination statements to each Loan Party, or to file them with any filing office, until all of the Obligations have been paid and performed in full after the termination of this Agreement (or (i) in the case of outstanding Letters of Credit, Borrower has furnished to Agent cash collateral in an amount not less than 105% of the aggregate undrawn amount of all Letters of Credit (pursuant to cash collateral arrangements to be in form and substance satisfactory to Agent) and (ii) in the case of any other contingent Obligations, each Loan Party shall have furnished Agent and Lenders with cash collateral or an indemnification from a Person, and pursuant to terms and conditions, in each case which are satisfactory to Agent in all respects). All representations, warranties, covenants, waivers and agreements contained herein and in the Other Documents shall survive termination hereof until all of the Obligations of each Loan Party have been paid or performed in full after the termination of this Agreement (or (A) in the case of outstanding Letters of Credit, Borrower has furnished to Agent cash collateral in an amount not less than 105% of the aggregate undrawn amount of all Letters of Credit (pursuant to cash collateral arrangements to be in form and substance satisfactory to Agent) and (B) in the case of any other contingent Obligations, each Loan Party shall have furnished Agent and Lenders with cash collateral or an indemnification from a Person, and pursuant to terms and conditions, in each case which are satisfactory to Agent in all respects).

14. REGARDING AGENT.

14.1 Appointment.

Each Lender hereby designates Burdale to act as Agent for such Lender under this Agreement and the Other Documents. Each Lender hereby irrevocably authorizes Agent to take such action on its behalf under the provisions of this Agreement and the Other Documents and to exercise such powers and to perform such duties hereunder and thereunder as are specifically delegated to or required of Agent by the terms hereof and thereof and such other powers as are reasonably incidental thereto. Agent may perform any of its duties hereunder by or through its agents or employees. As to any matters not expressly provided for by this Agreement (including without limitation, collection of the Notes) Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Required Lenders, and such instructions shall be binding; provided, however, that, Agent shall not be required to take any action which exposes Agent to liability or which is contrary to this Agreement or the Other Documents or applicable law unless Agent agrees to do so in its sole discretion and is furnished with an indemnification satisfactory to Agent in its sole discretion with respect thereto.

14.2 Nature of Duties.

Agent shall have no duties or responsibilities except those expressly set forth in this Agreement and the Other Documents. None of Agent, any Lender, or any Issuer nor any of their respective officers, directors, employees or agents shall be (a) liable for any action taken or omitted by them as such under this Agreement or any Other Document or in connection herewith or therewith, unless caused by their gross (not mere) negligence or willful misconduct, as determined pursuant to a final, non-appealable order of a court of competent jurisdiction, or (b) responsible in any manner for any recitals, statements, representations or warranties made by any Loan Party or any officer thereof contained in this Agreement, or in any of the Other Documents or in any certificate, report, statement or other document referred to or provided for in, or received by Agent under or in connection with, this Agreement or any of the Other Documents or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement, or any of the Other Documents or for any failure of Loan Party to perform its obligations hereunder. Agent shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any of the Other Documents, or to inspect or appraise the properties, books or records of any Loan Party or any other Person. The duties of Agent in

respect of the Advances shall be mechanical and administrative in nature; Agent shall not have by reason of this Agreement or any Other Document a fiduciary relationship in respect of any Secured Party, nor shall the Agent constitute a trustee in respect of any Secured Party; and nothing in this Agreement or any Other Document, expressed or implied, is intended to or shall be so construed as to impose upon Agent any obligations in respect of this Agreement or any Other Document except as expressly set forth herein or therein.

14.3 Lack of Reliance on Agent and Resignation.

(a) Independently and without reliance upon Agent, any Issuer or any other Lender, each Lender has made and shall continue to make (i) its own independent investigation of the financial condition and affairs of each Loan Party and each other Person in connection with the making and the continuance of the Advances hereunder and the taking or not taking of any action in connection with this Agreement or any Other Document, and (ii) its own appraisal of the creditworthiness of each Loan Party and each other Person. Agent shall have no duty or responsibility, either initially or on a continuing basis, to provide any Lender with any credit or other information with respect thereto, whether coming into its possession before making of the Advances or at any time or times thereafter except to the extent, if any, expressly required in this Agreement. Agent shall not be responsible to any Lender for any recitals, statements, information, representations or warranties herein or in any agreement, document, certificate or a statement delivered in connection with or for the execution, effectiveness, genuineness, validity, enforceability, perfection, priority, collectibility or sufficiency of this Agreement or any Other Document, the Collateral, or of the financial condition of any Loan Party or any other Person, or be required to make any inquiry concerning either the performance or observance of any of the terms, provisions or conditions of this Agreement, the Note, the Other Documents, the Collateral, or the financial condition of any Loan Party or any other Person, or the existence of any Event of Default or any Default.

(b) Agent may resign on thirty (30) days' written notice to each of Lenders and Borrower and upon such resignation, the Required Lenders will promptly designate a successor Agent with the consent of Borrower (provided if an Event of Default is in existence, no such consent of Borrower shall be required). If no such successor Agent is appointed at the end of such thirty (30) day period, Agent may designate one of the Lenders as a successor Agent. If no Lender accepts such designation, Required Lenders shall serve as the successor Agent, and Agent shall remain entitled to so resign.

(c) Any such successor Agent shall succeed to the rights, powers and duties of Agent, and the term "Agent" shall mean such successor agent effective upon its appointment, and the former Agent's powers and duties as Agent shall be terminated, without any other or further act or deed on the part of such former Agent. After any Agent's resignation as Agent, the provisions of this Section 14, Section 16.5 and Section 16.10 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement.

14.4 Certain Rights of Agent.

If Agent shall request instructions from Lenders with respect to any act or action (including failure to act) in connection with this Agreement or any Other Document, Agent shall be entitled to refrain from such act or taking such action unless and until Agent shall have received instructions from the Required Lenders; and Agent shall not incur liability to any Person by reason of so refraining. Without limiting the foregoing, Lenders shall not have any right of action whatsoever against Agent as a result of its acting or refraining from acting hereunder in accordance with the instructions of the Required Lenders.

14.5 Reliance.

Agent shall be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, statement, certificate, telex, teletype or telecopier message, cablegram, email, order or other document or telephone message believed by it to be genuine and correct and to have been signed, sent or made by the proper Person, and, with respect to all legal matters pertaining to this Agreement and the Other Documents and its duties hereunder, upon advice of counsel selected by it. Agent may employ agents and attorneys-in-fact and shall not be liable for the default or misconduct of any such agents or attorneys-in-fact selected by Agent with reasonable care.

14.6 Notice of Default.

Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder or under the Other Documents, unless Agent has received notice from a Lender or a Loan Party referring to this Agreement or the Other Documents, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that Agent receives such a notice, Agent shall give notice thereof to Lenders. Subject to Section 14.1, Agent shall take such action with respect to such Default or Event of Default (including, without limitation, the institution of the Default Rate pursuant to Section 3.1 hereof) as shall be reasonably directed by the Required Lenders; provided, that, unless and until Agent shall have received such directions, Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default (including, without limitation, the institution of the Default Rate pursuant to Section 3.1 hereof) as it shall deem advisable in the best interests of Lenders.

14.7 Indemnification.

To the extent Agent and/or Issuer, as applicable, is not reimbursed and indemnified by Loan Parties, each Lender will reimburse and indemnify Agent and each Issuer in proportion to its respective Commitment Percentage, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against Agent and/or such Issuer in performing its duties hereunder or under any Other Document, or in any way relating to or arising out of this Agreement or any Other Document; provided, that, Lenders shall not be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the indemnified party's gross (not mere) negligence or willful misconduct, as determined pursuant to a final, non-appealable order of a court of competent jurisdiction.

14.8 Agent in its Individual Capacity.

With respect any Advances made by Agent, except as otherwise provided in this Agreement, the Advances made by Agent shall have the same rights and powers hereunder as any other Lender and as if it were not performing the duties as Agent specified herein. Agent may engage in business with any Loan Party as if it were not performing the duties specified herein, and may accept fees and other consideration from any Loan Party for services in connection with this Agreement or otherwise without having to account for the same to Lenders.

14.9 Actions in Concert.

Anything in this Agreement to the contrary notwithstanding, each Lender hereby agrees with each other Lender and Agent that (a) Agent shall have the exclusive right to enforce and exercise all rights and remedies of Agent and Lenders hereunder and under the Other Documents at all times following the

occurrence and during the continuance of an Event of Default, on behalf of Agent and all Lenders, subject to the direction of Required Lenders as provided for herein, and (b) no Lender shall take any action to protect or enforce its rights arising out of this Agreement or the Other Documents (including exercising any rights of setoff or compensation) without first obtaining the prior written consent of Agent or Requisite Lenders, it being the intent of Lenders that any such action to protect or enforce rights under this Agreement and the Notes shall be taken in concert and at the direction or with the consent of Agent or Requisite Lenders.

15. GUARANTEE.

15.1 Guaranty.

Each Guarantor hereby unconditionally guarantees, as a primary obligor and not merely as a surety, jointly and severally with each other Guarantor when and as due, whether at maturity, by acceleration, by notice of prepayment or otherwise, the due and punctual performance of all Obligations. Each payment made by any Guarantor pursuant to this Guarantee shall be made in lawful money of the United States in immediately available funds.

15.2 Waivers.

Each Guarantor hereby absolutely, unconditionally and irrevocably waives (a) promptness, diligence, notice of acceptance, notice of presentment of payment and any other notice hereunder, (b) demand of payment, protest, notice of dishonor or nonpayment, notice of the present and future amount of the Obligations and any other notice with respect to the Obligations, (c) any requirement that Agent or any Lender protect, secure, perfect or insure any Lien or Lien or any property subject thereto or exhaust any right or take any action against any other Loan Party, or any Person or any Collateral, (d) any other action, event or precondition to the enforcement hereof or the performance by each such Guarantor of the Obligations, and (e) any defense arising by any lack of capacity or authority or any other defense of any Loan Party or any notice, demand or defense by reason of cessation from any cause of Obligations other than payment and performance in full of the Obligations by the Loan Parties and any defense that any other guarantee or security was or was to be obtained by Agent.

15.3 No Defense.

No invalidity, irregularity, voidableness, voidness or unenforceability of this Agreement or any Other Document or any other agreement or instrument relating thereto, or of all or any part of the Obligations or of any collateral security therefor shall affect, impair or be a defense hereunder.

15.4 Guaranty of Payment.

The Guaranty hereunder is one of payment and performance, not collection, and the obligations of each Guarantor hereunder are independent of the Obligations of the other Loan Parties, and a separate action or actions may be brought and prosecuted against any Guarantor to enforce the terms and conditions of this Section 15, irrespective of whether any action is brought against any other Loan Party or other Persons or whether any other Loan Party or other Persons are joined in any such action or actions. Each Guarantor waives any right to require that any resort be had by Agent or any Lender to any security held for payment of the Obligations or to any balance of any deposit account or credit on the books of Agent or any Lender in favor of any Loan Party or any other Person. No election to proceed in one form of action or proceedings, or against any Person, or on any Obligations, shall constitute a waiver of Agent's right to proceed in any other form of action or proceeding or against any other Person unless Agent has expressed any such right in writing. Without limiting the generality of the foregoing, no action or proceeding by Agent against any Loan Party under any document evidencing or securing indebtedness of any Loan Party to Agent shall diminish the

liability of any Guarantor hereunder, except to the extent Agent receives actual payment on account of Obligations by such action or proceeding, notwithstanding the effect of any such election, action or proceeding upon the right of subrogation of any Guarantor in respect of any Loan Party.

15.5 Liabilities Absolute.

The liability of each Guarantor hereunder shall be absolute, unlimited and unconditional and shall not be subject to any reduction, limitation, impairment, discharge or termination for any reason, including, without limitation, any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any claim, defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of any other Obligation or otherwise. Without limiting the generality of the foregoing, the obligations of each Guarantor shall not be discharged or impaired, released, limited or otherwise affected by:

(a) any change in the manner, place or terms of payment or performance, and/or any change or extension of the time of payment or performance of, release, renewal or alteration of, or any new agreements relating to any Obligation, any security therefor, or any liability incurred directly or indirectly in respect thereof, or any rescission of, or amendment, waiver or other modification of, or any consent to departure from, this Agreement or any Other Document, including any increase in the Obligations resulting from the extension of additional credit to Borrower or otherwise;

(b) any sale, exchange, release, surrender, loss, abandonment, realization upon any property by whomsoever at any time pledged or mortgaged to secure, or howsoever securing, all or any of the Obligations, and/or any offset there against, or failure to perfect, or continue the perfection of, any Lien in any such property, or delay in the perfection of any such Lien, or any amendment or waiver of or consent to departure from any other guaranty for all or any of the Obligations;

(c) the failure of Agent or any Lender to assert any claim or demand or to enforce any right or remedy against Borrower or any other Loan Party or any other Person under the provisions of this Agreement or any Other Document or any other document or instrument executed an delivered in connection herewith or therewith;

(d) any settlement or compromise of any Obligation, any security therefor or any liability (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, and any subordination of the payment of all or any part thereof to the payment of any obligation (whether due or not) of any Loan Party to creditors of any Loan Party other than any other Loan Party;

(e) any manner of application of Collateral, or proceeds thereof, to all or any of the Obligations, or any manner of sale or other disposition of any Collateral for all or any of the Obligations or any other assets of any Loan Party; and

(f) any other agreements or circumstance of any nature whatsoever that may or might in any manner or to any extent vary the risk of any Guarantor, or that might otherwise at law or in equity constitute a defense available to, or a discharge of, the Guaranty hereunder and/or the obligations of any Guarantor, or a defense to, or discharge of, any Loan Party or any other Person or party hereto or the Obligations or otherwise with respect to the Advances, Letters of Credit or other financial accommodations to Borrower pursuant to this Agreement and/or the Other Documents.

15.6 Waiver of Notice.

The Agent shall have the right to do any of the above without notice to or the consent of any Guarantor and each Guarantor expressly waives any right to notice of, consent to, knowledge of and participation in any agreements relating to any of the above or any other present or future event relating to Obligations whether under this Agreement or otherwise or any right to challenge or question any of the above and waives any defenses of such Guarantor which might arise as a result of such actions.

15.7 Agent's Discretion.

Agent may at any time and from time to time (whether prior to or after the revocation or termination of this Agreement) without the consent of, or notice to, any Guarantor, and without incurring responsibility to any Guarantor or impairing or releasing the Obligations, apply any sums by whomsoever paid or howsoever realized to any Obligations regardless of what Obligations remain unpaid.

15.8 Reinstatement.

The Guaranty provisions herein contained shall continue to be effective or be reinstated, as the case may be, if claim is ever made upon Agent or any Lender for repayment or recovery of any amount or amounts received by Agent or such Lender in payment or on account of any of the Obligations and Agent or such Lender repays all or part of said amount for any reason whatsoever, including, without limitation, by reason of any judgment, decree or order of any court or administrative body having jurisdiction over Agent or such Lender or the respective property of each, or any settlement or compromise of any claim effected by Agent or such Lender with any such claimant (including any Loan Party); and in such event each Guarantor hereby agrees that any such judgment, decree, order, settlement or compromise or other circumstances shall be binding upon such Guarantor, notwithstanding any revocation hereof or the cancellation of any note or other instrument evidencing any Obligation, and each Guarantor shall be and remain liable to Agent and/or Lenders for the amount so repaid or recovered to the same extent as if such amount had never originally been received by Agent or such Lenders.

(a) Agent shall not be required to marshal any assets in favor of any Guarantor, or against or in payment of Obligations.

(b) No Guarantor shall be entitled to claim against any present or future security held by Agent from any Person for Obligations in priority to or equally with any claim of Agent, or assert any claim for any liability of any Loan Party to any Guarantor in priority to or equally with claims of Agent for Obligations, and no Guarantor shall be entitled to compete with Agent with respect to, or to advance any equal or prior claim to any security held by Agent for Obligations.

(c) If any Loan Party makes any payment to Agent, which payment is wholly or partly subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to any Person under any federal or provincial or other statute or at common law or under equitable principles, then to the extent of such payment, the Obligation intended to be paid shall be revived and continued in full force and effect as if the payment had not been made, and the resulting revived Obligation shall continue to be guaranteed, uninterrupted, by each Guarantor hereunder.

(d) All present and future monies payable by any Loan Party to any Guarantor, whether arising out of a right of subrogation or otherwise, are assigned to Agent for its benefit and for the ratable benefit of Lenders as security for such Guarantor's liability to Agent and Lenders hereunder and are postponed and subordinated to Agent's and Lenders' prior right to payment in full of Obligations. Except to the extent prohibited otherwise by this Agreement, all monies received by any Guarantor from any Loan Party

shall be held by such Guarantor as agent and trustee for Agent and Lenders. This assignment, postponement and subordination shall only terminate when the Obligations are paid in full in cash and this Agreement is irrevocably terminated.

(e) Each Loan Party acknowledges this assignment, postponement and subordination and, except as otherwise set forth herein, agrees to make no payments to any Guarantor without the prior written consent of Agent. Each Loan Party agrees to give full effect to the provisions hereof.

15.9 Action Upon Event of Default.

Upon the occurrence and during the continuance of any Event of Default, Agent may and upon written request of the Required Lenders shall, without notice to or demand upon any Loan Party or any other Person, declare all or any portion of the Obligations of such Guarantor hereunder immediately due and payable, and shall be entitled to enforce the Obligations of each Guarantor. Upon such declaration by Agent, Agent, Lenders and any of their Affiliates are hereby authorized at any time and from time to time to set off and apply any and all deposits (general or special, time or demand, provisions or final) at any time held and other indebtedness at any time owing by Agent or Lenders to or for the credit or the account of any Guarantor against any and all of the Obligations of each Guarantor now or hereafter existing hereunder in accordance with the terms of this Agreement, whether or not Agent or Lenders shall have made any demand hereunder against any other Loan Party and although such Obligations may be contingent and unmatured. The rights of Agent and Lenders hereunder are in addition to other rights and remedies (including other rights of set-off) which Agent and Lenders may have. Upon such declaration by Agent, with respect to any claims (other than those claims referred to in the immediately preceding paragraph) of any Guarantor against any Loan Party (the "**Claims**"), Agent shall have the full right on the part of Agent in its own name or in the name of such Guarantor to collect and enforce such Claims by legal action, proof of debt in bankruptcy or other liquidation proceedings, vote in any proceeding for the arrangement of debts at any time proposed, or otherwise, Agent and each of its officers being hereby irrevocably constituted attorneys-in-fact for each Guarantor for the purpose of such enforcement and for the purpose of endorsing in the name of each Guarantor any instrument for the payment of money. Each Guarantor will receive as trustee for Agent and will pay to Agent forthwith upon receipt thereof any amounts which such Guarantor may receive from any Loan Party on account of the Claims. Each Guarantor agrees that at no time hereafter will any of the Claims be represented by any notes or other negotiable instruments or writings, except and in such event they shall either be made payable to Agent, or if payable to any Guarantor, shall forthwith be endorsed by such Guarantor to Agent. Each Guarantor agrees that no payment on account of the Claims or any Lien therein shall be created, received, accepted or retained during the continuance of any Event of Default nor shall any financing statement be filed with respect thereto by any Guarantor.

15.10 Statute of Limitations.

Any acknowledgment or new promise, whether by payment of principal or interest or otherwise and whether by any Loan Party or others (including any Lenders) with respect to any of the Obligations shall, if the statute of limitations in favor of any Guarantor against Agent or Lenders shall have commenced to run, toll the running of such statute of limitations and, if the period of such statute of limitations shall have expired, prevent the operation of such statute of limitations.

15.11 Interest.

All amounts due, owing and unpaid from time to time by any Guarantor hereunder shall bear interest at the interest rate per annum then chargeable with respect to Base Rate Loans constituting Revolving Advances.

15.12 Guarantor's Investigation.

Each Guarantor acknowledges receipt of a copy of each of this Agreement and the Other Documents. Each Guarantor has made an independent investigation of the Loan Parties and of the financial condition of the Loan Parties. Neither Agent nor any Lender has made, Agent and Lenders do not hereby make, any representations or warranties as to the income, expense, operation, finances or any other matter or thing affecting any Loan Party nor has Agent or any Lender made any representations or warranties as to the amount or nature of the Obligations of any Loan Party to which this Section 15 applies as specifically herein set forth, nor has Agent or any Lender or any officer, agent or employee of Agent or any Lender or any representative thereof, made any other oral representations, agreements or commitments of any kind or nature, and each Guarantor hereby expressly acknowledges that no such representations or warranties have been made and such Guarantor expressly disclaims reliance on any such representations or warranties.

15.13 Termination.

The provisions of this Section 15 shall remain in effect until the indefeasible payment in full in cash of all Obligations and irrevocable termination of this Agreement.

15.14 Extension of Guarantee.

Without prejudice to the generality of this Section 15, each Guarantor expressly confirms that it intends that the guarantee provided in this Section 15 shall extend from time to time to any (however fundamental) variation, increase, extension or addition of or to any of the provisions of this Agreement or any Other Document and/or any facility or amount made available hereunder or thereunder.

16. MISCELLANEOUS.

16.1 Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of New York applied to contracts to be performed wholly within the State of New York, without regard to conflicts of laws principles. Any judicial proceeding brought by or against any Loan Party with respect to any of the Obligations, this Agreement or any Other Document may be brought in any court of competent jurisdiction located in the County and State of New York, United States of America, and, by execution and delivery of this Agreement, each Loan Party accepts for itself and in connection with its properties, generally and unconditionally, the non-exclusive jurisdiction of the aforesaid courts, and irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement. Each Loan Party hereby waives personal service of any and all process upon it and consents that all such service of process may be made by registered mail (return receipt requested) directed to Borrower at its address set forth in Section 16.6 and service so made shall be deemed completed five (5) days after the same shall have been so deposited in the mails of the United States of America, or, at Agent's and/or any Lender's option, by service upon Borrower which each Loan Party irrevocably appoints as such Loan Party's agent for the purpose of accepting service within the State of New York. Nothing herein shall affect the right to serve process in any manner permitted by law or shall limit the right of Agent or any Lender to bring proceedings against any Loan Party in the courts of any other jurisdiction. Each Loan Party waives any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any defense based on lack of jurisdiction or venue or based upon forum non conveniens. Any judicial proceeding by any Loan Party against Agent or any Lender involving, directly or indirectly, any matter or claim in any way arising out of, related to or connected with this Agreement or any Other Document, shall be brought only in a federal or state court located in the City of New York, State of New York.

16.2 Entire Understanding; Amendments; Lender Replacements; Overadvances.

(a) This Agreement and the Other Documents executed concurrently herewith or on or after the Closing Date contain the entire understanding between each Loan Party, Agent and each Lender and supersedes all prior agreements and understandings, if any, relating to the subject matter hereof or thereof. Any promises, representations, warranties or guarantees of Agent or any Lender to any Loan Party not herein contained or not contained in any Other Document executed on or after the Closing Date shall have no force and effect. Neither this Agreement nor any portion or provisions hereof may be changed, modified, amended, waived, supplemented, discharged, cancelled or terminated orally or by any course of dealing, or in any manner other than by an agreement in writing pursuant to clause (b) below. Any Default or Event of Default that occurs hereunder shall continue unless and until expressly waived in writing pursuant to clause (b) below. Each Loan Party acknowledges that it has been advised by counsel in connection with the execution of this Agreement and Other Documents and is not relying upon oral representations or statements inconsistent with the terms and provisions of this Agreement.

(b) Agent and the Required Lenders (or Agent with the consent in writing of the Required Lenders), and Borrower may, subject to the provisions of this Section 16.2(b), from time to time enter into written amendments and supplemental agreements to this Agreement or the Other Documents executed by Borrower, for the purpose of adding or deleting any provisions or otherwise changing, varying or waiving in any manner the rights of Lenders, Agent or Loan Parties hereunder or thereunder or the conditions, provisions or terms thereof or waiving any Default or Event of Default hereunder or thereunder, but only to the extent specified in such written agreements; provided, however, that, no such amendment or supplemental agreement shall:

(i) increase the Commitment of any Lender without the consent of Agent and all Lenders;

(ii) increase the Maximum Credit or the Maximum Revolving Advance Amount without the consent of Agent and all Lenders;

(iii) extend the Term or maturity of any Note or the due date for any amount payable hereunder, or decrease the rate of interest (other than the waiver of any default rate) or reduce any scheduled (as opposed to mandatory prepayment) principal payment or fee payable by Borrower to such Lender pursuant to this Agreement, without the consent of Agent and each Lender directly affected thereby;

(iv) alter the definition of the term Required Lenders or alter, amend or modify this Section 16.2(b) without the consent of Agent and all Lenders;

(v) release any Collateral during any calendar year (other than in accordance with the provisions of this Agreement, including any Disposition thereof permitted by this Agreement) having an aggregate value in excess of $2,000,000 without the consent of Agent and all Lenders;

(vi) change the rights and duties of Agent without the consent of Agent; or

(vii) increase the Advance Rate above the Advance Rate in effect on the Closing Date without the consent of Agent and all Lenders.

Any such amendment or supplemental agreement shall apply equally to each Lender and shall be binding upon Loan Parties, Lenders and Agent and all future holders of the Obligations. In the case of any waiver, Loan Parties, Agent and Lenders shall be restored to their former positions and rights, and any Event of Default waived shall be deemed to be cured and not continuing, but no waiver of a specific Event of Default

shall extend to any subsequent Event of Default (whether or not the subsequent Event of Default is the same as the Event of Default which was waived), or impair any right consequent thereon.

(c) In the event that Agent requests the consent of a Lender pursuant to this Section 16.2 and such Lender shall not respond or reply to Agent in writing within ten (10) days of delivery of such request, such Lender shall be deemed to have consented to the matter that was the subject of the request.

(d) In the event that (i) Agent requests the consent of a Lender pursuant to this Section 16.2 and such consent is denied, (ii) a Lender is a Defaulting Lender or (iii) a Lender is an Impacted Lender, then in each case Agent may, at its option, require such Lender to assign its Advances and Commitments to Agent or to another Lender or to any other Person designated by Agent (a "**Designated Lender**"), for a price equal to the then outstanding principal amount of all Advances held by such Lender plus accrued and unpaid interest and fees owing to such Lender, which interest and fees shall be paid when, and if, collected from Borrower. In the event Agent elects to require any Lender to assign such Lender's Advances and Commitments to Agent or to a Designated Lender, Agent will so notify such Lender in writing within forty five (45) days following such Lender's denial (or with respect to clause (ii) or (iii) above, during the time that such Lender is a Defaulting Lender or an Impacted Lender, as applicable, or within forty five (45) days thereafter), and such Lender will assign its interest to Agent or the Designated Lender no later than five (5) days following receipt of such notice pursuant to a Commitment Transfer Supplement executed by such Lender (or Agent on behalf of such Lender if such Lender refuses to execute such Commitment Transfer Supplement within such time period; and each Lender hereby irrevocable authorizes Agent to so execute such a Commitment Transfer Supplement on its behalf), Agent or the Designated Lender, as appropriate, and Agent (if Agent is not the Designated Lender).

(e) Notwithstanding the foregoing (and in addition to the Agent's rights to make Protective Advances hereunder), Agent may at its discretion and without the consent of the Required Lenders, voluntarily permit the outstanding Revolving Advances and Letters of Credit at any time to exceed the Borrowing Base (but not exceed the Maximum Revolving Advance Amount) by up to ten percent (10%) of the Borrowing Base for up to sixty (60) consecutive Business Days; provided, that, any such overadvance shall still constitute an Event of Default as of the first day of such overadvance regardless of the reason for or amount of such overadvance. For purposes of the preceding sentence, the discretion granted to Agent hereunder shall not preclude involuntary overadvances that may result from time to time due to the fact that the Borrowing Base was unintentionally exceeded for any reason, including, but not limited to, Collateral previously deemed to be eligible for inclusion in the Borrowing Base, becomes ineligible, collections of Receivables applied to reduce outstanding Advances are thereafter returned for insufficient funds or overadvances are made to protect or preserve the Collateral; provided, that, any such overadvance shall still constitute an Event of Default as of the first day of such overadvance regardless of the reason for or amount of such overadvance. In the event Agent involuntarily permits the outstanding Revolving Advances and Letters of Credit to exceed the Borrowing Base by more than ten percent (10%) of the Borrowing Base, Borrower shall decrease such excess in as expeditious a manner as is practicable under the circumstances and not inconsistent with the reason for such excess, provided, that, any Event of Default resulting therefrom shall remain in existence. Revolving Advances made or Letters of Credit issued after Agent has determined the existence of involuntary overadvances shall be deemed to be involuntary overadvances and shall be decreased in accordance with the preceding sentence, and in all events shall constitute an Event of Default.

16.3 Successors and Assigns; Participations; New Lenders; Taxes; Syndication.

(a) This Agreement and the Other Documents shall be binding upon and inure to the benefit of Loan Parties, Agent, each Lender, all future holders of the Obligations and their respective successors and assigns; except, that, no Loan Party may assign or transfer any of its rights or obligations under this Agreement or any Other Document without the prior written consent of Agent and each Lender.

(b) Each Loan Party acknowledges that one or more Lenders may at any time and from time to time sell participating interests in the Advances to other Persons with the consent of Agent (each such transferee or purchaser of a participating interest, a "**Transferee**"). Each Transferee may exercise all rights of payment (including without limitation rights of set-off) with respect to the portion of such Advances held by it or other Obligations payable hereunder as fully as if such Transferee were the direct holder thereof; provided, that, Loan Parties shall not be required to pay to any Transferee more than the amount which it would have been required to pay to the Lender which granted an interest in its Advances or other Obligations payable hereunder to such Transferee, had such Lender retained such interest in the Advances hereunder or other Obligations payable hereunder, and in no event shall Loan Parties be required to pay any such amount arising from the same circumstances and with respect to the same Advances or other Obligations payable hereunder to both such Lender and such Transferee. Transferee's rights under Section 16.2 shall be limited to those items in Section 16.2(b) which require consent of each Lender or each directly affected Lender, as applicable. Each Loan Party hereby grants to any Transferee a continuing Lien in any deposits, moneys or other property actually or constructively held by such Transferee as security for the Transferee's interest in the Advances. Neither Agent nor any Lender (other than the Lender selling a participation) shall have any duty to any Participant and may continue to deal solely with the Lender selling a participation as if no such sale had occurred.

(c) Any Lender may with the consent of Agent which shall not be unreasonably withheld or delayed sell, assign or transfer all or any part of its Advances and Commitments (and related rights and obligations under this Agreement and the Other Documents) to Qualified Assignees (each a "**Purchasing Lender**"), in minimum amounts of not less than $5,000,000 (except such minimum amount shall not apply to (i) a sale, assignment or transfer by any Lender to an Affiliate of such Lender or to a group of new Lenders, each of which is an Affiliate of each other to the extent that the aggregate amount to be assigned to all such new Lenders is at least $5,000,000 or (ii) a sale, assignment or transfer by any Lender of all of its Commitments and all of its Advances), pursuant to a Commitment Transfer Supplement, executed by a Purchasing Lender, the transferor Lender, and Agent and delivered to Agent for recording. Upon such execution, delivery, acceptance and recording, from and after the transfer effective date determined pursuant to such Commitment Transfer Supplement, (A) Purchasing Lender thereunder shall be a party to this Agreement and the Other Documents as a Lender and, to the extent transferred pursuant to such Commitment Transfer Supplement, have Commitments and outstanding Advances, and (B) the transferor Lender thereunder shall, to the extent its Advances and Commitments have been transferred pursuant to such Commitment Transfer Supplement, be released from its obligations under this Agreement and the Other Documents. Such Commitment Transfer Supplement shall be deemed to amend this Agreement to the extent, and only to the extent, necessary to reflect the addition of such Purchasing Lender as a Lender and the resulting adjustment of the Commitment Percentages arising from the purchase by such Purchasing Lender of all or a portion of the Advances and Commitments of such transferor Lender under this Agreement and the Other Documents. Loan Parties hereby consent to the addition of such Purchasing Lender as a Lender and the resulting adjustment of the Commitment Percentages arising from the purchase by such Purchasing Lender of all or a portion of the Advances and Commitments of such transferor Lender. Loan Parties shall execute and deliver such further documents and do such further acts and things in order to effectuate the foregoing. Notwithstanding the foregoing, any Lender may assign all or any portion of the Advances or Notes held by it to any Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank; provided, that, any payment in respect of such assigned Advances or Notes made by Borrower to or for the account of the assigning or pledging Lender in accordance with the terms of this Agreement shall satisfy Borrower's obligations hereunder in respect to such assigned Advances or Notes to the extent of such payment. No such assignment described in the immediately preceding sentence shall release the assigning Lender from its obligations hereunder.

(d) Agent shall maintain at its address a copy of each Commitment Transfer Supplement delivered to it and a register (the "**Register**") for the recordation of the names and addresses of the Advances owing to each Lender from time to time. The entries in the Register shall be conclusive, in the absence of manifest error, and Loan Parties, Agent and Lenders may treat each Person whose name is recorded in the Register as the owner of the Advance recorded therein for the purposes of this Agreement. The Register shall be available for inspection by Loan Parties or any Lender at any reasonable time and from time to time upon reasonable prior notice. Agent shall receive a fee in the amount of $3,500 payable by the applicable Purchasing Lender upon the effective date of each transfer or assignment to such Purchasing Lender.

(e) Loan Parties authorize each Lender to disclose to any Transferee or Purchasing Lender and any prospective Transferee or Purchasing Lender any and all financial and other information in such Lender's possession concerning Loan Parties which has been delivered to Agent or such Lender by or on behalf of Loan Parties pursuant to this Agreement or in connection with Agent's or such Lender's credit evaluation of Loan Parties.

(f) Each Lender or Participant organized under the laws of a jurisdiction outside the United States, and from time to time thereafter if either requested by Borrower or Agent or upon the obsolescence or expiration of any previously delivered form, shall provide Agent and Borrower with (i) two (2) original executed copies of a correct and completed Internal Revenue Service Form W-8BEN or W-8ECI, as appropriate, or any successor or other form prescribed by the Internal Revenue Service, certifying that payments to such Lender or Participant are not subject to United States federal withholding tax under the Code because such payment is either effectively connected with the conduct by such Lender or Participant of a trade or business in the United States or totally exempt from United States federal withholding tax by reason of the application of an income tax treaty to which the United States is a party or such Lender is otherwise exempt, and (ii) or to the extent permitted by law, as an alternative to form W-8BEN or W-8ECI, each such Lender or Participant may provide Borrower and Agent with two original executed copies of any successor form prescribed by the Internal Revenue Service, certifying that such Lender is exempt from United States federal withholding tax pursuant to Section 871(h) or 881(c) of the Code, together with an annual certificate stating that such Lender or Participant is not a "person" described in Section 871(h)(3) or 881(c)(3) of the Code. Each such Lender further agrees to complete and deliver to Borrower, upon its request, such other forms or other documentation as may be appropriate to minimize any withholding tax on payments pursuant to this Agreement under the laws of any other jurisdiction unless such completion and delivery may in any event be disadvantageous for such Lender. For purposes of this subsection (f), the term "United States" shall have the meaning specified in Section 7701 of the Code.

(g) At the request of Agent from time to time both before and after the Closing Date, the Loan Parties will assist Agent in the syndication of the credit facility provided pursuant to this Agreement and the Other Documents. Such assistance shall include, but not be limited to (i) prompt assistance in the preparation of an information memorandum and the verification of the completeness and accuracy of the information and the reasonableness of the projections contained therein, (ii) preparation of offering materials and financial projections by Loan Parties and their advisors, (iii) providing Agent with all information reasonably deemed necessary by Agent to successfully complete the syndication, (iv) confirmation as to the accuracy and completeness of such offering materials and information and confirmation that management's projections are based on assumptions believed by the Loan Parties to be reasonable at the time made, and (v) participation of the Loan Parties' senior management in meetings and conference calls with potential lenders at such times and places as Agent may reasonably request.

16.4 Application of Payments.

Agent shall have the continuing and exclusive right to apply or reverse and re-apply any payment and any and all proceeds of Collateral to any portion of the Obligations. To the extent that any Loan Party makes

a payment or Agent or any Lender receives any payment or proceeds of the Collateral for any Loan Party's benefit, which are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, debtor in possession, receiver, custodian or any other party under any bankruptcy law, common law or equitable cause, then, to such extent, the Obligations or part thereof intended to be satisfied shall be revived and continue as if such payment or proceeds had not been received by Agent or such Lender.

16.5 Indemnity/Currency Indemnity.

(a) Each Loan Party shall indemnify Agent, each Issuer, each Lender and each of their respective officers, directors, Affiliates, employees, representatives and agents from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses and disbursements of any kind or nature whatsoever (including, without limitation, fees and disbursements of counsel) which may be imposed on, incurred by, or asserted against Agent, such Issuer or any Lender in any litigation, proceeding or investigation instituted or conducted by any Governmental Body or any other Person, including any broker, with respect to any aspect of, or any transaction contemplated by, or referred to in, or any matter related to, this Agreement or the Other Documents, whether or not Agent, any Issuer or any Lender is a party thereto, except to the extent that any of the foregoing arises out of the willful misconduct of the party being indemnified, as determined pursuant to a final, non-appealable order of a court of competent jurisdiction.

(b) If for the purposes of obtaining or enforcing judgment in any court in any jurisdiction with respect to this Agreement or any Other Document, it becomes necessary to convert into the currency of such jurisdiction (the "**Judgment Currency**") any amount due under this Agreement or under any Other Document in any currency other than the Judgment Currency (the "**Currency Due**") (or for the purposes of Section 2.6) then, to the extent permitted by law, conversion shall be made at the exchange rate selected by Agent on the Business Day before the day on which judgment is given (or for the purposes of Section 2.6 on the Business Day on which the payment was received by the Agent). In the event that there is a change in such exchange rate between the Business Day before the day on which the judgment is given and the date of receipt by the Agent of the amount due, Borrower shall to the extent permitted by law, on the date of receipt by Agent, pay such additional amounts, if any, or be entitled to receive reimbursement of such amount, if any, as may be necessary to ensure that the amount received by Agent on such date is the amount in the Judgment Currency which (when converted at such exchange rate on the date of receipt by Agent in accordance with normal banking procedures in the relevant jurisdiction) is the amount then due under this Agreement or such Other Document in the Currency Due. If the amount of the Currency Due (including any Currency Due for purposes of Section 2.6) which the Agent is so able to purchase is less than the amount of the Currency Due (including any Currency Due for purposes of Section 2.6) originally due to it, Borrower shall to the extent permitted by law jointly and severally indemnify and save Agent and Lenders harmless from and against loss or damage arising as a result of such deficiency.

16.6 Notice.

Any notice or request required to be given hereunder to any Loan Party or to Agent or any Lender shall be in writing (except as expressly provided herein) at their respective addresses set forth below or at such other address as may hereafter be specified in a notice designated as a notice of change of address under this Section 16.6. Any notice or request required to be given hereunder shall be given by (a) hand delivery, (b) overnight courier, (c) registered or certified mail, return receipt requested, or (d) telecopy to the number set out below (or such other number as may hereafter be specified in a notice designated as a notice of change of address) with electronic confirmation of its receipt. Any notice or request required to be given hereunder shall be deemed given on the earlier of (i) actual receipt thereof, and (ii) (A) one Business Day following posting thereof by a recognized overnight courier, (B) three (3) days following posting thereof by registered or certified mail, return receipt requested, or (C) upon the sending thereof when sent by facsimile with

electronic confirmation of its receipt, in each case addressed to each party at its address set forth below or at such other address as has been furnished in writing by a party to the other by like notice:

(A) If to Agent or to Burdale as Lender at:

BURDALE CAPITAL FINANCE, INC.
300 First Stamford Place
Stamford, Connecticut 06902
Attention: Account Manager - Winnebago
Telephone: 203-391-5940
Facsimile: 203-353-0152

(B) If to a Lender other than Burdale, as specified on the signature pages hereof or in the applicable Commitment Transfer Supplement.

(C) If to Borrower or any Loan Party:

Winnebago Industries, Inc.
605 West Crystal Lake Road
Forest City, Iowa 50436
Attention: Ms. Sarah N. Nielsen
Chief Financial Officer
Telephone: 641-585-6865
Facsimile: 641-585-6806

16.7 Survival.

The obligations of Loan Parties under Sections 2.2(g), 3.7, 3.9, 4.19(h), 14.7, 16.5 and 16.10 shall survive termination of this Agreement and the Other Documents and payment in full of the Obligations.

16.8 Waiver of Subrogation.

Each Loan Party expressly waives any and all rights of subrogation, reimbursement, indemnity, exoneration, contribution of any other claim which such Loan Party may now or hereafter have against the other Loan Parties or other Person directly or contingently liable for the Obligations hereunder, or against or with respect to the other Loan Parties' property (including, without limitation, any property which is Collateral for the Obligations), arising from the existence or performance of this Agreement, until termination of this Agreement and repayment in full of the Obligations.

16.9 Severability.

If any part of this Agreement is contrary to, prohibited by, or deemed invalid under applicable laws or regulations, such provision shall be inapplicable and deemed omitted to the extent so contrary, prohibited or invalid, but the remainder hereof shall not be invalidated thereby and shall be given effect so far as possible.

16.10 Expenses.

Borrower shall reimburse Agent (and, with respect to clause (a) below, Lenders) for all costs and expenses (including without limitation, travel expenses) paid or incurred by Agent (and, with respect to clause (a) below, Lenders) in connection with this Agreement and the Other Documents, including, without limitation:

(a) reasonable attorneys' fees and disbursements incurred by Agent and, during the continuance of a Default or Event of Default, by Lenders (i) in all efforts made to enforce payment of any Obligation or effect collection of any Collateral, (ii) in defending or prosecuting any actions or proceedings

arising out of or relating to this Agreement and the Other Documents, (iii) in connection with the enforcement of this Agreement or Other Document, and (iv) in enforcing Agent's security interest in or Lien on any of the Collateral, whether through judicial proceedings or otherwise;

(b) reasonable attorneys' fees and expenses, fees and expenses of financial accountants, advisors, consultants, appraisers and other professionals incurred by Agent and other costs and expenses incurred by Agent (i) in connection with the preparing, negotiating, entering into, performing or syndicating this Agreement and/or the Other Documents, any amendment, waiver, consent or other modification with respect thereto and the administration, work-out or enforcement of this Agreement and the Other Documents, (ii) in instituting, maintaining, preserving and foreclosing on Lien on any of the Collateral, whether through judicial proceedings or otherwise, (iii) in connection with any advice given to Agent with respect to its rights and obligations under this Agreement and all Other Documents or (iv) that Agent reasonably deems necessary or appropriate for the performance and fulfillment of its functions, powers, and obligations pursuant to this Agreement and the Other Documents; and

(c) reasonable fees and disbursements incurred by Agent in connection with any appraisals of Inventory, Equipment or other Collateral, field examinations, collateral analysis or monitoring or other business analysis conducted by outside Persons in connection with this Agreement and the Other Documents.

16.11 Injunctive Relief.

Each Loan Party recognizes that, in the event any Loan Party fails to perform, observe or discharge any of its obligations or liabilities under this Agreement, any remedy at law may prove to be inadequate relief to Agent and the Lenders; therefore, Agent, if Agent so requests, shall be entitled to temporary and permanent injunctive relief in any such case without the necessity of proving that actual damages are not an adequate remedy.

16.12 Consequential Damages.

None of Agent, any Issuer, any Lender, nor any agent or attorney for any of them, shall be liable to any Loan Party for special, punitive, exemplary, indirect or consequential damages arising from any breach of contract, tort or other wrong relating to the establishment, administration or collection of the Obligations.

16.13 Captions.

The captions at various places in this Agreement are intended for convenience only and do not constitute and shall not be interpreted as part of this Agreement.

16.14 Counterparts; Facsimile or Emailed Signatures.

This Agreement may be executed in any number of and by different parties hereto on separate counterparts, all of which, when so executed, shall be deemed an original, but all such counterparts shall constitute one and the same agreement. Any signature delivered by a party by facsimile or email transmission shall be deemed to be an original signature hereto.

16.15 Construction.

The parties acknowledge that each party and its counsel have reviewed this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments, schedules or exhibits thereto.

16.16 Confidentiality; Sharing Information.

(a) Agent, each Lender and each Transferee shall hold all non-public information designated as confidential and obtained by Agent, such Lender or such Transferee pursuant to the requirements of this Agreement in accordance with Agent's, such Lender's and such Transferee's customary procedures for handling confidential information of this nature; provided, however, that, Agent, each Lender and each Transferee may disclose such confidential information (i) to its examiners, affiliates, outside auditors, counsel and other professional advisors, (ii) to Agent, any Lender or to any prospective Transferees and Purchasing Lenders, (iii) that ceases to be non-public information through no fault of Agent or any Lender, and (iv) as required or requested by any Governmental Body or representative thereof or pursuant to legal process; provided, further, that, (A) unless specifically prohibited by applicable law or court order, Agent, each Lender and each Transferee shall use reasonable efforts prior to disclosure thereof, to notify Borrower of the applicable request for disclosure of such non-public information (1) by a Governmental Body or representative thereof (other than any such request in connection with an examination of the financial condition of Agent, a Lender or a Transferee by such Governmental Body) or (2) pursuant to legal process, and (B) in no event shall Agent, any Lender or any Transferee be obligated to return any materials furnished by any Loan Party other than those documents and instruments in possession of Agent or any Lender in order to perfect its Lien on the Collateral once the Obligations have been paid in full and this Agreement has been terminated.

(b) Each Loan Party acknowledges that from time to time financial advisory, investment banking and other services may be offered or provided to such Loan Party or one or more of its Affiliates (in connection with this Agreement or otherwise) by Agent, any Lender or by one or more Subsidiaries or Affiliates of Agent or such Lender and each Loan Party hereby authorizes Agent and each Lender to share any information delivered to Agent or such Lender by such Loan Party and its Subsidiaries pursuant to this Agreement, or in connection with the decision of Agent or such Lender to enter into this Agreement, to any such Subsidiary or Affiliate of Agent or such Lender, it being understood that any such Subsidiary or Affiliate of Agent or any Lender receiving such information shall be bound by the provision of this Section 16.16 as if it were a Lender hereunder. Such authorization shall survive the repayment of the Obligations and the termination of this Agreement.

16.17 Publicity.

Each Loan Party hereby authorizes Agent to make appropriate announcements of the financial arrangement entered into among Loan Parties, Agent and Lenders, including, without limitation, announcements which are commonly known as tombstones, in such publications and to such selected parties as Agent shall in its sole and absolute discretion deem appropriate. In addition, each Loan Party authorizes Agent to include Loan Party's name and logo in select transaction profiles and client testimonials prepared by Agent for use in publications, company brochures and other marketing materials of Agent.

16.18 Patriot Act Notice.

Each Lender subject to the USA Patriot Act of 2001 (31 U.S.C. 5318 et seq.) hereby notifies the Loan Parties that, pursuant to Section 326 thereof, it is required to obtain, verify and record information that identifies the Loan Parties, including the name and address of each Loan Party and other information allowing such Lender to identify the Loan Parties in accordance with such act.

[SIGNATURE PAGE FOLLOWS]

Each of the parties has signed this Agreement as of the day and year first above written.

BORROWER:

WINNEBAGO INDUSTRIES, INC.

By: /s/ Sarah Nielsen
Name: Sarah Nielsen
Title: VP-CFO

[SIGNATURES CONTINUED ON NEXT PAGE]

[SIGNATURES CONTINUED FROM PREVIOUS PAGE]

AGENT AND LENDERS:

BURDALE CAPITAL FINANCE, INC.,
as Agent and a Lender

/s/ Phillip R. Webb
Phillip R. Webb
Director

/s/ Anthony Lavinio
Anthony Lavinio
Senior Vice President

EXHIBIT A
to
LOAN AND SECURITY AGREEMENT

FORM OF NOTICE OF CONVERSION

To: Burdale Capital Finance, Inc., as Agent
300 First Stamford Place
Stamford, Connecticut 06902
Attention: Account Manager - Winnebago

Ladies and Gentlemen:

Reference is made to the Loan and Security Agreement, dated as of October 13, 2009, by and among WINNEBAGO INDUSTRIES, INC., a corporation organized under the laws of the State of Iowa ("Borrower"), BURDALE CAPITAL FINANCE, INC., as agent for the financial institutions party thereto as lenders (in such capacity, "Agent"), and the financial institutions party thereto as lenders (collectively, "Lenders") (as such Loan and Security Agreement is amended, modified or supplemented, from time to time, the "Loan Agreement"). Capitalized terms used and not defined herein shall have the meaning ascribed to them in the Loan Agreement.

Borrower hereby gives irrevocable notice, pursuant to Section 2.2(e) of the Loan Agreement, of its request to, on [INSERT DATE], convert a [Base Rate Loan in the amount of $_____ to a [XX] day LIBOR Rate Loan in the amount of $_____][a [XX] day LIBOR Rate Loan in the amount of $_____ to a Base Rate Loan in the amount of $_____].

Borrower hereby (a) represents and warrants that all of the conditions contained in Section 8.2 of the Loan Agreement have been satisfied on and as of the date hereof, and will continue to be satisfied on and as of the date of the conversion requested hereby, before and after giving effect thereto; (b) represents and warrants that Section 2.2(b) of the Loan Agreement shall have been satisfied on and as of the date hereof, and will continue to be satisfied on and as of the date of the conversion requested hereby, before and after giving effect thereto; and (c) reaffirms the continuation of Agent's Liens, on behalf of itself and Lenders, pursuant to the Loan Agreement.

Date: _____ __, 20__

Very truly yours,

[BORROWER]

By: _____
Name: _____
Title: _____

EXHIBIT B
to
LOAN AND SECURITY AGREEMENT

FORM OF COMPLIANCE CERTIFICATE

To: Burdale Capital Finance, Inc., as Agent
300 First Stamford Place
Stamford, Connecticut 06902
Attention: Account Manager - Winnebago

Ladies and Gentlemen:

I hereby certify to you pursuant to Section [9.7][9.8][9.9] of the Loan Agreement (as defined below) as follows:

1. I am the duly elected Chief Financial Officer of WINNEBAGO INDUSTRIES, INC., a corporation organized under the laws of the State of Iowa ("Borrower"). Capitalized terms used herein without definition shall have the meanings given to such terms in the Loan and Security Agreement, dated as of October 13, 2009, by and among Burdale Capital Finance, Inc., as agent for the financial institutions party thereto as lenders (in such capacity, "Agent"), the financial institutions party thereto as lenders (collectively, "Lenders") and Borrower (as such Loan and Security Agreement is amended, modified or supplemented, from time to time, the "Loan Agreement"). Capitalized terms used and not defined herein shall have the meaning ascribed to them in the Loan Agreement.

2. I have reviewed the terms of the Loan Agreement, and have made, or have caused to be made under my supervision, a review in reasonable detail of the transactions and the financial condition of Borrower and its Subsidiaries during the immediately preceding fiscal [month][quarter][year].

3. The review described in Section 2 above did not disclose the existence during or at the end of such fiscal [month][quarter][year], and I have no knowledge of the existence and continuance on the date hereof, of any condition or event which constitutes a Default or an Event of Default, except as set forth on Schedule I attached hereto. Described on Schedule I attached hereto are the exceptions, if any, to this Section 3 listing, in detail, the nature of the condition or event, the period during which it has existed and the action which Borrower has taken, is taking, or proposes to take with respect to such condition or event.

4. I further certify that, based on the review described in Section 2 above, neither Borrower nor any of its Subsidiaries has at any time during or at the end of such fiscal [month][quarter][year], except as specifically described on Schedule II attached hereto or as permitted by the Loan Agreement, done any of the following:

(a) Changed its respective corporate name, or transacted business under any trade name, style, or fictitious name, other than those previously described to you and set forth in the Loan Agreement or the Other Documents.

(b) Changed the location of its chief executive office, changed its jurisdiction of incorporation, changed its type of organization or changed the location of or disposed of any of its properties or assets (other than as permitted by Section 4.3 of the Loan Agreement), or established any new asset locations which have not already been disclosed in writing to you in accordance with the terms of the Loan Agreement.

(c) Permitted or suffered to exist any security interest in or liens on any of its properties, whether real or personal, other than a Permitted Encumbrance.

(d) Has any knowledge of any of the following not previously disclosed to Agent: (i) the occurrence of any event involving the release, spill or discharge, threatened or actual, of any material amount of Hazardous Material which constitutes non-compliance with or a violation of any applicable Environmental Law, (ii) any investigation, proceeding, complaint, order, directive, claim, citation or notice with respect to: (A) any non-compliance with or violation of any applicable Environmental Law by Borrower or such Subsidiary in any material respect or (B) the release, spill or discharge, threatened or actual, of any material amount of Hazardous Material, other than in the ordinary course of business and other than as permitted under any applicable Environmental Law.

[5.[**To be completed if Section 6.9 amended to add financial covenants to Loan Agreement** — Attached hereto as Schedule III are the calculations used in determining, as of the end of such fiscal month or quarter, as applicable, whether Borrower and its Subsidiaries are in compliance with the covenants set forth in Section 6.9 of the Loan Agreement for such fiscal [month][quarter][year], as applicable.]

The foregoing certifications are made and delivered this ____ day of _____, 20__.

Very truly yours,

WINNEBAGO INDUSTRIES, INC.

By: _____
Name: _____
Title: _____

SCHEDULE I TO COMPLIANCE CERTIFICATE

DEFAULTS AND EVENTS OF DEFAULT

[to be provided by Borrower]

SCHEDULE II TO COMPLIANCE CERTIFICATE

CHANGES IN REPRESENTATIONS

[to be provided by Borrower]

SCHEDULE III TO COMPLIANCE CERTIFICATE

Covenant 6.9 – Financial Covenant Calculations

TO BE COMPLETED IF SECTION 6.9 AMENDED TO ADD FINANCIAL COVENANTS TO LOAN AGREEMENT

EXHIBIT 16.3
to
LOAN AND SECURITY AGREEMENT

FORM OF COMMITMENT TRANSFER SUPPLEMENT

This COMMITMENT TRANSFER SUPPLEMENT (this "Supplement") dated as of _____, 20__ is made between _____ (the "Assignor") and _____ (the "Assignee").

W I T N E S S E T H:

WHEREAS, BURDALE CAPITAL FINANCE, INC., in its capacity as agent pursuant to the Loan Agreement (as hereinafter defined) acting for and on behalf of the financial institutions which are parties thereto as lenders (in such capacity, "Agent"), and the financial institutions which are parties to the Loan Agreement as lenders (individually, each a "Lender" and collectively, "Lenders") have entered or are about to enter into financing arrangements pursuant to which Agent and Lenders may make loans and advances and provide other financial accommodations to WINNEBAGO INDUSTRIES, INC., an Iowa corporation ("Borrower"), as set forth in the Loan and Security Agreement, dated as of October 13, 2009, by and among Borrower, Agent and Lenders (as the same now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, the "Loan Agreement"; all capitalized terms used but not defined herein shall have the meanings given to them in the Loan Agreement), and the other agreements, documents and instruments referred to therein or at any time executed and/or delivered in connection therewith or related thereto (all of the foregoing, together with the Loan Agreement, as the same now exist or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, being collectively referred to herein as the "Financing Agreements");

WHEREAS, as provided under the Loan Agreement, Assignor committed to making Advances (the "Committed Advances") to Borrower in an aggregate amount not to exceed $_____ (the "Commitment"); and

WHEREAS, Assignor wishes to assign to Assignee [**part of the**] [**all**] rights and obligations of Assignor under the Loan Agreement in respect of its Commitment in an amount equal to $_____ (the "Assigned Commitment Amount") on the terms and subject to the conditions set forth herein and Assignee wishes to accept assignment of such rights and to assume such obligations from Assignor on such terms and subject to such conditions.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements contained herein, the parties hereto agree as follows:

16.19 Commitment Transfer.

(a) Subject to the terms and conditions of this Supplement, (i) Assignor hereby sells, transfers and assigns to Assignee, and (ii) Assignee hereby purchases, assumes and undertakes from Assignor, without recourse and without representation or warranty (except as provided in this Supplement) an interest in (A) the Commitment and each of the Committed Advances of Assignor and (B) all related rights, benefits, obligations, liabilities and indemnities of the Assignor under and

in connection with the Loan Agreement and the other Financing Agreements, so that after giving effect thereto, the Commitment of Assignee and the Commitment of Assignor shall be as set forth below and the Pro Rata Share of Assignee shall be _____ percent (__%) and the Pro Rata Share of Assignor shall be _____ percent (__%).

(b) With effect on and after the Effective Date (as defined in Section 5 hereof), Assignee shall be a party to the Loan Agreement and succeed to all of the rights and be obligated to perform all of the obligations of a Lender under the Loan Agreement, including the requirements concerning confidentiality and the payment of indemnification, with a Commitment in an amount equal to the Assigned Commitment Amount. Assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Loan Agreement are required to be performed by it as a Lender. It is the intent of the parties hereto that the Commitment of Assignor shall, as of the Effective Date, be reduced by an amount equal to the Assigned Commitment Amount and Assignor shall relinquish its rights and be released from its obligations under the Loan Agreement to the extent such obligations have been assumed by Assignee.

(c) After giving effect to the assignment and assumption set forth herein, on the Effective Date Assignee's Commitment will be $_____.

(d) After giving effect to the assignment and assumption set forth herein, on the Effective Date Assignor's Commitment will be $_____.

16.20 Payments. As consideration for the sale, assignment and transfer contemplated in Section 1 hereof, Assignee shall pay to Assignor on the Effective Date in immediately available funds an amount equal to $_____, representing Assignee's Pro Rata Share of the principal amount of all Committed Advances.

16.21 Reallocation of Payments. Any interest, fees and other payments accrued to the Effective Date with respect to the Commitment, Committed Advances and outstanding Letters of Credit shall be for the account of Assignor. Any interest, fees and other payments accrued on and after the Effective Date with respect to the Assigned Commitment Amount shall be for the account of Assignee. Each of Assignor and Assignee agrees that it will hold in trust for the other party any interest, fees and other amounts which it may receive to which the other party is entitled pursuant to the preceding sentence and pay to the other party any such amounts which it may receive promptly upon receipt.

16.22 Independent Credit Decision. Assignee (a) acknowledges that it has received a copy of the Loan Agreement and the Schedules and Exhibits thereto, together with copies of the most recent financial statements of each Borrower and its Subsidiaries, and such other documents and information as it has deemed appropriate to make its own credit and legal analysis and decision to enter into this Supplement and (b) agrees that it will, independently and without reliance upon Assignor, Agent or any Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit and legal decisions in taking or not taking action under the Loan Agreement.

16.23 Effective Date; Notices.

(a) As between Assignor and Assignee, the effective date for this Supplement shall be _____, 20__ (the "Effective Date"); provided, that, the following conditions precedent have been satisfied on or before the Effective Date:

(i) this Supplement shall be executed and delivered by Assignor and Assignee;

(ii) the consent of Agent as required for an effective assignment of the Assigned Commitment Amount by Assignor to Assignee shall have been duly obtained and shall be in full force and effect as of the Effective Date;

(iii) written notice of such assignment, together with payment instructions, addresses and related information with respect to Assignee, shall have been given to Administrative Borrower and Agent; and

(iv) Assignee shall pay to Assignor all amounts due to Assignor under this Supplement.

(b) Promptly following the execution of this Supplement, Assignor shall deliver to Administrative Borrower and Agent for acknowledgment by Agent, a Notice of Assignment in the form attached hereto as Schedule 1.

16.24 Agent.

(a) Assignee hereby appoints and authorizes Burdale Capital Finance, Inc., in its capacity as Agent, to take such action as agent on its behalf to exercise such powers under the Loan Agreement as are delegated to Agent by Lenders pursuant to the terms of the Loan Agreement.

(b) If Assignor is the Agent, Assignee shall assume no duties or obligations held by Assignor in its capacity as Agent under the Loan Agreement.

16.25 Withholding Tax. Assignee (a) represents and warrants to Assignor, Agent and Borrower that under applicable law and treaties no tax will be required to be withheld by Assignee, Agent or Borrower with respect to any payments to be made to Assignee hereunder or under any of the Financing Agreements, (b) agrees to furnish (if it is organized under the laws of any jurisdiction other than the United States or any State thereof) to Agent and Borrower prior to the time that Agent or any Borrower is required to make any payment of principal, interest or fees hereunder, duplicate executed originals of either U.S. Internal Revenue Service Form W-8ECI or U.S. Internal Revenue Service Form W-8BEN (wherein Assignee claims entitlement to the benefits of a tax treaty that provides for a complete exemption from U.S. federal income withholding tax on all payments hereunder) and agrees to provide new Forms W-8ECI or W-8BEN upon the expiration of any previously delivered form or comparable statements in accordance with applicable U.S. law and regulations and amendments thereto, duly executed and completed by Assignee, and (c) agrees to comply with all applicable U.S. laws and regulations with regard to such withholding tax exemption.

16.26 Representations and Warranties.

(a) Assignor represents and warrants that (i) it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any security interest, lien, encumbrance or other adverse claim, (ii) it is duly organized and existing and it has the full power and authority to take, and has taken, all action necessary to execute and deliver this Supplement and any other documents required or permitted to be executed or delivered by it in connection with this Supplement and to fulfill its obligations hereunder, (iii) no notices to, or consents, authorizations or approvals of, any Person are required (other than any already given or obtained) for its due execution, delivery and performance of this Supplement, and apart from any agreements or undertakings or filings required by the Loan Agreement, no further action by, or notice to, or filing with, any Person is required of it for such execution, delivery or performance, and (iv) this Supplement has been duly executed and delivered by it and constitutes the legal, valid and binding obligation of Assignor, enforceable against Assignor in accordance with the terms hereof, subject, as to enforcement, to bankruptcy, insolvency, moratorium, reorganization and other laws of general application relating to or affecting creditors' rights and to general equitable principles.

(b) Assignor makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Loan Agreement or any of the other Financing Agreements or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Agreement or any other instrument or document furnished pursuant thereto. Assignor makes no representation or warranty in connection with, and assumes no responsibility with respect to, the solvency, financial condition or statements of each Borrower or any of its respective Affiliates, or the performance or observance by any Borrower or any other Person, of any of their respective obligations under the Loan Agreement or any other instrument or document furnished in connection therewith.

(c) Assignee represents and warrants that (i) it is duly organized and existing and it has full power and authority to take, and has taken, all action necessary to execute and deliver this Supplement and any other documents required or permitted to be executed or delivered by it in connection with this Supplement, and to fulfill its obligations hereunder, (ii) no notices to, or consents, authorizations or approvals of, any Person are required (other than any already given or obtained) for its due execution, delivery and performance of this Supplement, and apart from any agreements or undertakings or filings required by the Loan Agreement, no further action by, or notice to, or filing with, any Person is required of it for such execution, delivery or performance; and (iii) this Supplement has been duly executed and delivered by it and constitutes the legal, valid and binding obligation of Assignee, enforceable against Assignee in accordance with the terms hereof, subject, as to enforcement, to bankruptcy, insolvency, moratorium, reorganization and other laws of general application relating to or affecting creditors' rights to general equitable principles.

16.27 Further Assurances. Assignor and Assignee each hereby agree to execute and deliver such other instruments, and take such other action, as either party may reasonably request in connection with the transactions contemplated by this Supplement, including the delivery of any notices or other documents or instruments to Administrative Borrower or Agent, which may be required in connection with the assignment and assumption contemplated hereby.

16.28 Miscellaneous

(a) Any amendment or waiver of any provision of this Supplement shall be in writing and signed by the parties hereto. No failure or delay by either party hereto in exercising any right, power or privilege hereunder shall operate as a waiver thereof and any waiver of any breach of the provisions of this Supplement shall be without prejudice to any rights with respect to any other for further breach thereof.

(b) All payments made hereunder shall be made without any set-off or counterclaim.

(c) Assignor and Assignee shall each pay its own costs and expenses incurred in connection with the negotiation, preparation, execution and performance of this Supplement, except as provided in the Loan Agreement.

(d) This Supplement may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

(e) THIS SUPPLEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK, Assignor and Assignee each irrevocably submits to the non-exclusive jurisdiction of any State or Federal court sitting in New York, New York over any suit, action or proceeding arising out of or relating to this Supplement and irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such New York State or Federal court. Each party to this Supplement hereby irrevocably waives, to the fullest extent it may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding.

(f) ASSIGNOR AND ASSIGNEE EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS SUPPLEMENT, THE LOAN AGREEMENT, ANY OF THE OTHER FINANCING AGREEMENTS OR ANY RELATED DOCUMENTS AND AGREEMENTS OR ANY COURSE OF CONDUCT, COURSE OF DEALING, OR STATEMENTS (WHETHER ORAL OR WRITTEN).

[*Signature Page Follows*]

IN WITNESS WHEREOF, Assignor and Assignee have caused this Supplement to be executed and delivered by their duly authorized officers as of the date first above written.

[ASSIGNOR]

By: _____
Name: _____
Title: _____

[ASSIGNEE]

By: _____
Name: _____
Title: _____

[Consent of Borrower, if applicable]

SCHEDULE 1

NOTICE OF COMMITMENT TRANSFER SUPPLEMENT

_____, 20__

Attn.: _____

Re: **WINNEBAGO INDUSTRIES, INC.**

Ladies and Gentlemen:

BURDALE CAPITAL FINANCE, INC., in its capacity as agent pursuant to the Loan Agreement (as hereinafter defined) acting for and on behalf of the financial institutions which are parties thereto as lenders (in such capacity, "Agent"), and the financial institutions which are parties to the Loan Agreement as lenders (individually, each a "Lender" and collectively, "Lenders") have entered or are about to enter into financing arrangements pursuant to which Agent and Lenders may make loans and advances and provide other financial accommodations to WINNEBAGO INDUSTRIES, INC., an Iowa corporation ("Borrower"), as set forth in the Loan and Security Agreement, dated as of October 13, 2009, by and among Borrower, Agent and Lenders (as the same now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, the "Loan Agreement"), and the other agreements, documents and instruments referred to therein or at any time executed and/or delivered in connection therewith or related thereto (all of the foregoing, together with the Loan Agreement, as the same now exist or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, being collectively referred to herein as the "Financing Agreements"). Capitalized terms not otherwise defined herein shall have the respective meanings ascribed thereto in the Loan Agreement.

1. We hereby give you notice of, and request your consent to, the assignment by _____ (the "Assignor") to _____ (the "Assignee") such that after giving effect to the assignment Assignee shall have an interest equal to _____ percent (__%) of the total Commitments pursuant to the Commitment Transfer Supplement attached hereto (the "Supplement"). We understand that the Assignor's Commitment shall be reduced by $_____.

2. Assignee agrees that, upon receiving the consent of Agent to such assignment, Assignee will be bound by the terms of the Loan Agreement as fully and to the same extent as if the Assignee were the Lender originally holding such interest under the Loan Agreement.

3. The following administrative details apply to Assignee:

(A) Notice address:

Assignee name: _____
Address: _____
Attention: _____
Telephone: _____
Telecopier: _____

(B) Payment instructions:

Account No.: _____
At: _____
_____
Reference: _____
Attention: _____

4. You are entitled to rely upon the representations, warranties and covenants of each of Assignor and Assignee contained in the Supplement.

IN WITNESS WHEREOF, Assignor and Assignee have caused this Notice of Commitment Transfer Supplement to be executed by their respective duly authorized officials, officers or agents as of the date first above mentioned.

Very truly yours,

[**NAME OF ASSIGNOR**]

By: _____
Name: _____
Title: _____

ACKNOWLEDGED AND
ASSIGNMENT CONSENTED TO:

BURDALE CAPITAL FINANCE, INC., as Agent

By: _____
Name: _____
Title: _____

Schedule C-1 Commitments

Lender	Commitment
Burdale Capital Finance, Inc.	$20,000,000
Total:	$20,000,000

Schedule R-1 Real Property

605 West Crystal Lake Road, Forest City, Iowa 50436

2100 West Corporate Drive, Charles City, Iowa

1280 Olive Avenue, Hampton, Iowa

Schedule 4.5 Equipment and Inventory Locations

Name/Address of Lessor or Address	Owned/Leased/Third Party	Third Party, as Applicable
Winnebago Industries, Inc., 2100 West Corporate Drive, Charles City, IA	Owned by WGO	N/A
Winnebago Industries, Inc., 1280 Olive Avenue, Hampton, IA	Owned by WGO	N/A

Schedule 4.15(c) Location of Executive Offices

Chief Executive Office:

605 West Crystal Lake Road, Forest City, Iowa 50436

Mailing address: P.O. Box 152, Forest City, IA 50436.

Schedule 5.2(a) Jurisdictions of Qualification and Good Standing

Iowa
California
Missouri
Rhode Island
Washington
North Carolina

Schedule 5.2(b) Subsidiaries

None.

Schedule 5.4 Federal Tax Identification Number

42-0802678

Schedules to Loan and Security Agreement [Winnebago]

Schedule 5.6 Prior Names

Date	Prior Name
February 12, 1958	Modernistic Industries of Iowa
February 28, 1961	Winnebago Industries, Inc.

Schedule 5.7 Environmental

None.

Schedule 5.8(b) Litigation/Commercial Tort Claims/Money Borrowed

None.

Schedule 5.8(d)
Plans

Employee Benefit Plans

Active Plans:

1. Winnebago Industries, Inc. Profit Sharing and Deferred Savings and Investment Plan

Schedule 5.9 Intellectual Property, Source Code, Escrow Agreements

Intellectual Property

A. Trademarks

1. Owned

Trademark	Registration Number	Registration Date	Expiration Date
GPGO	3680134	9/8/2009	9/8/2019
IDEAL REST	3680133	9/8/2009	9/8/2019
SIGHTSEER	2751901	8/19/2003	8/19/2013
REST EASY	2701992	4/1/2003	4/1/2013
ONE PLACE	2692547	3/4/2003	3/4/2013
SUNOVA	2563720	1/1/2002	1/1/2012
SUNSTAR	2564622	4/23/2002	4/23/2012
VISTA	2564621	4/23/2002	4/23/2012
RV RADIO W/LOGO	2743995	7/29/2003	7/29/2013
ERA	3468503	7/15/2008	7/15/2018
MAXUM CHASSIS	3450010	6/17/2008	6/17/2018
DESTINATION	3411270	4/15/2008	4/15/2018
TOUR BUILT PROUDLY BY WINNEBAGO IND.	3254539	6/26/2007	6/26/2017
LATITUDE	3340586	11/20/2007	11/20/2017
BENCHMARK	3173015	11/21/2006	11/21/2016
ROAD DESIGN	3172965	11/21/2006	11/21/2016
ITASCA	3172964	11/21/2006	11/21/2016
SUNRISE	3072644	3/28/2006	3/28/2016
IMPULSE	3268838	7/24/2007	7/24/2017
WINNEBAGO VOYAGE	3052707	1/31/2006	1/31/2016
THERMO-PANEL	3128401	8/15/2006	8/15/2016
ELLIPSE	3096191	5/23/2006	5/23/2016
OUTLOOK	3021576	11/29/2005	11/29/2015
TRIMLINE	3230201	4/17/2007	4/17/2017
NAVION	2998807	9/20/2005	9/20/2015
VIEW	2978015	7/26/2005	7/26/2015
VOYAGE	3102623	6/13/2006	6/13/2016
ASPECT	2977946	7/26/2005	7/26/2015
CAMBRIA	2972440	7/19/2005	7/19/2015
QUICK CONNECT	2943172	4/19/2005	4/19/2015
QUICK PORT	2898995	11/2/2004	11/2/2014
EVOLUTION	3013613	11/8/2005	11/8/2015
MERIDIAN ITASCA	2919427	1/18/2005	1/18/2015
FREEDOM	2816111	2/24/2004	2/24/2014
WINNEBAGO INDUSTRIES	2706495	4/15/2003	4/15/2013
SUPER STRUCTURE	2690367	2/25/2003	2/25/2013
RV RADIO	2682021	1/28/2003	1/28/2013

CHALET	2285158	10/12/1999	Renewal in process
THE MOST RECOGNIZED NAME IN MOTOR HOMES	2635922	10/15/2002	10/15/2012
SIGHTSEER	2742541	7/29/2003	7/29/2013
ITASCA	2329254	3/14/2000	3/14/2010
POWERLINE ENERGY MANAGEMENT SYSTEM	2508202	11/13/2001	11/13/2011
HORIZON	2444955	4/17/2001	4/17/2011
JOURNEY	2474109	7/31/2001	7/31/2011
STOREMORE	2279013	9/21/1999	Renewal in process
RIALTA	1907271	7/25/1995	7/25/2015
WINNEBAGO	1908349	8/1/1995	8/1/2015
WINNEBAGO	1907269	7/25/1995	7/25/2015
VECTRA	1780170	7/6/1993	7/6/2013
SPIRIT	1526756	2/28/1989	2/28/2019
SUNDANCER	1135087	5/13/1980	5/13/2010
WINNEBAGO	1008781	4/15/1975	4/15/2015

Trademark Application	**Application/Serial Number**	**Application Date**
ACCESS BUILT PROUDLY BY WINNEBAGO IND.	76/698,858	4/18/2005
INTELLISENSE ONE TOUCH CONTROL	76/697,825	In process
MERIDIAN	76/695,975	3/21/2005
VIA	76/677,329	5/23/2007
REYO	76/677,309	5/23/2007

2. **Licensed**

Trademark
NONE

Trademark Application
NONE

B. Patents

1. Owned

Patent Description	Registration Number	Registration Date	Expiration Date
Recreation Vehicle With Slide-Out Room	5,785,373	7/8/1998	5/30/2016
Vehicle With Slide-Out Room	6,048,016	4/11/2000	5/30/2016
Latch Mechanism For A Door	6,006,560	12/28/1999	11/20/2017

Patent Application

NONE

C. Copyrights

NONE

D. Other

NONE

E. License Agreements

NONE

Schedule 5.10 Licenses and Permits

None.

Schedule 5.14 Labor Disputes

None.

Schedule 5.24 Capital Structure

8/29/09	In thousands
Outstanding:	
Common Shares	**51,776**
Treasury Shares	**(22,690)**
	29,086

Top 10 Investors as of June 30, 2009 per 13F Filings		
Investor Name	**Position (in thousands)**	**% of Total**
Fidelity Management & Research	4,038	13.9
T. Rowe Price Associates, Inc.	3,141	10.8
Royce & Associates, LLC	3,082	10.6
Barclays Global Investors, N.A.	1,753	6.0
Franklin Advisory Services, LLC	1,642	5.6
Columbia Wanger Asset Management, L.P.	1,483	5.1
Vanguard Group, Inc.	1,214	4.2
Phillips, Hager & North Investment Management Ltd.	1,106	3.8
TAMRO Capital Partners, LLC	1,021	3.5
AllianceBernstein L.P.	862	3.0
Sub-Total	19,342	

Schedule 5.25 Bank Accounts

Name and Address of Bank	Account No.	Purpose
Wells Fargo 666 Walnut Street Des Moines, IA 50309	xxxxxx	Short-term money market fund Workers Comp Trust Account Cash Concentration Blocked account for cash collection/line of credit Van Wart Clearing Account
MBT Investment Center 245 E J Street Forest City, IA 50436	xxxxxx	General Office WIT Depository Customer Service Local Disbursement WIT Disbursement Payroll

B. Part 2 - Investment and Other Accounts

Name and Address of Broker or Other Institution	Account No.	Purpose	Types of Investments	Balance as of
Bank of America 200 N. College St 3rd Floor NC1-004-03-45 Charlotte NC 28255	xxxxxx	Short-term money market fund	Tax-exempt money market	33,696,099.10
UBS 1000 Harbor Blvd 7th Floor Weehawken NJ 07086	xxxxxx	Long-term investments	Auction Rate Security portfolio	13,500,000
RBC 500 W. Madison Ste 2500 Chicago IL 60661	xxxxxxx	Long-term investments	Auction Rate Security portfolio	20,200,000

Schedule 7.1 (b) - Designated Assets Permitted to be Sold

Winnebago Corporate Jet:

Astra SP
Registration # N331SK
Serial # 1125-063
Serial # 96213 (left engine)
Serial # 96214 (right engine).

Schedule 7.2 Existing Liens

Name and Address of Secured Party	Description of Collateral	File No. of Financing Statement/Jurisdiction (Optional)
ALLIANCE LEASING, INC. as assigned from FIRST AMERICAN COMMERCIAL BANCORP, INC.	Leased equipment	P538061, P542153
WINMARK CAPITAL CORPORATION	Leased equipment	X078879
WINMARK CAPITAL CORPORATION	Leased equipment	P548421-8
WINMARK CAPITAL CORPORATION	Leased equipment	P571311-2

Schedule 7.8 Existing Indebtedness

Direct Debt

Name/Address of Payee	Principal Balance as of	Nature of Debt	Term
UBS AG	$9,100,000	Borrowings against Auction Rate Securities of $13.5M held by UBS AG owned by WGO	June 30, 2010
Xerox	$58,000	Equipment capital lease (printer)	March 2014
Employees/Retirees	$26,152,000	Deferred compensation benefits	2036
Employees/Retirees	$3,259,000	SERP benefits	2040
Employees/Retirees	$35,311,000	Postretirement healthcare benefits	2040

EXHIBIT 10h.

AMENDED AND RESTATED
EXECUTIVE CHANGE OF CONTROL AGREEMENT

This EXECUTIVE CHANGE OF CONTROL AGREEMENT is made as of December 17, 2008, by and between **WINNEBAGO INDUSTRIES, INC.,** an Iowa corporation (the "Company"), and Raymond M. Beebe (the "Executive").

RECITALS:

WHEREAS, the Executive is a senior executive and officer of the Company and has made and is expected to continue to make major contributions to the profitability, growth and financial strength of the Company;

WHEREAS, the Company recognizes that, as is the case for most publicly held companies, the possibility of a Change of Control (as hereafter defined) exists;

WHEREAS, it is in the best interests of the Company, considering the past and future services of the Executive, to improve the security and climate for objective decision making by providing for the personal security of the Executive upon a Change of Control.

WHEREAS, THE Company and the Executive have previously entered into the Executive Change of Control Agreement dated January 17, 2001.

NOW, THEREFORE, in consideration of the foregoing premises and the past and future services rendered and to be rendered by the Executive to the Company and of the mutual covenants and agreements hereinafter set forth, the parties agree to amend and restate the Agreement as follows:

AGREEMENT:

1. Continued Service by Executive. In the event a person or entity, in order to effect a Change of Control, commences a tender or exchange offer, circulates a proxy to shareholders or takes other steps, the Executive agrees that the Executive will not voluntarily leave the employ of the Company, and will render faithful services to the Company consistent with Executive's position and responsibilities, until the person or entity has abandoned or terminated its efforts to effect such Change of Control or until such Change of Control has occurred.

2. Change of Control. For purposes of this Agreement, the term "Change of Control" means the time when (i) any Person becomes an Acquiring Person, or (ii) individuals who shall qualify as Continuing Directors of the Company shall have ceased for any reason to constitute at least a majority of the Board of Directors of the Company; *provided however*, that in the case of either clause (i) or (ii) a Change of Control shall not be deemed to have occurred if the event shall have been approved prior to the occurrence thereof by a majority of the Continuing Directors who shall then be members of such Board of Directors, and in the case of clause (i) a Change of Control shall not be deemed to have occurred upon the acquisition of stock of the Company by a pension, profit-sharing, stock bonus, employee stock ownership plan or other retirement plan intended to be qualified under Section 401 (a) of the Internal Revenue Code of 1986, as amended, established by the Company or any subsidiary of the Company. (In addition, stock held by such a plan shall not be treated as outstanding in determining ownership percentages for purposes of this definition.)

For the purpose of the foregoing definition of "Change of Control", the capitalized terms shall have the following meanings:

(a) "Continuing Director" means (i) any member of the Board of Directors of the Company, while such person as a member of the Board, who is not an Affiliate or Associate of any Acquiring Person or of any such Acquiring Person's Affiliate or Associate and was a member of the Board prior to the time when such Acquiring Person shall have become an Acquiring Person, and (ii) any successor of a Continuing Director, while such successor is a member of the Board, who is not an Acquiring Person or any Affiliate or Associate of any Acquiring Person or a representative or nominee of an Acquiring Person or of any affiliate or associate of such Acquiring Person and is recommended or elected to succeed the Continuing Director by a majority of the Continuing Directors.

(b) "Acquiring Person" means any Person or any individual or group of Affiliates or Associates of such Person who acquires beneficial ownership, directly or indirectly, of 20% or more of the outstanding stock of the Company if such acquisition occurs in whole or in part following date of that person's agreement.

(c) "Affiliate" means a Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified.

(d) "Associate" means (1) any corporate, partnership, limited liability company, entity or organization (other than the Company or a majority-owned subsidiary of the Company) of which such a Person is an officer, director, member, or partner or is, directly or indirectly the beneficial owner of ten percent (10%) or more of the class of equity securities, (2) any trust or fund in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity, (3) any relative or spouse of such person, or any relative of such spouse, or (4) any investment company for which such person or any Affiliate of such person serves as investment advisor.

(e) "Person" means an individual, corporation, limited liability company, partnership, association, joint stock company, trust, unincorporated organization or government or political subdivision thereof.

3. <u>Termination Following a Change of Control</u>. If a change of Control shall have occurred while the Executive is still an employee of the Company, and if the Executive's employment with the Company is terminated, within three years following such Change of Control, then the Executive shall be entitled to the compensation and benefits provided in Section 4, unless such termination is a result of: (a) the Executive's death; (b) the Executive's Disability (as defined in Section 3(a) below); (c) the Executive's Retirement (as defined in Section 3(b) below); (d) the Executive's termination by the Company for Cause (as defined in Section 3(c) below); or (e) the Executive's decision to terminate employment other than for Good Reason (as defined in Section 3(d) below).

(a) *Disability.* If, as a result of the Executive's in capacity due to physical or mental illness, the Executive shall have been absent from his duties with the Company on a full-time basis for six months and within 30 days after written notice of termination is thereafter given by the Company the Executive shall not have returned to the full-time performance of the Executive's duties, the Company may terminate the Executive for "Disability."

(b) *Retirement.* The term "Retirement" as used in this Agreement shall mean termination by the Company or the Executive of the Executive's employment based on the Executive having attained the age of 65 or such other age as shall have been fixed in any arrangement established with the Executive's consent with respect to the Executive.

(c) *Cause*. The Company may terminate the Executive's employment for Cause. For purposes of this Agreement only, the Company shall have "Cause" to terminate the Executive's employment hereunder only on the basis of (i) fraud, misappropriation or embezzlement on the part of the Executive; or (ii) intentional misconduct or gross negligence on the part of the Executive which has resulted in material harm to the Company. Notwithstanding the foregoing, the Executive shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the company's Board of Directors at a meeting of the Board called and held for the purpose (after reasonable notice to the Executive and an opportunity for the Executive, together with the Executive's counsel, to be heard before the Board), finding that in the good faith opinion of the Board the Executive was guilty of conduct set forth in the second sentence of this Section 3(c) and specifying the particulars thereof in detail. Nothing herein shall limit the right of the Executive or his beneficiaries to contest the validity or propriety of any such determination.

(d) *Good Reason.* The Executive may terminate the Executive's employment for Good Reason at any time during the term of this Agreement. For purposes of this Agreement "Good Reason" shall mean any of the following (without the Executive's express written consent):

(i) the assignment to the Executive by the Company of duties inconsistent with the Executive's position, duties, responsibilities and status with the Company immediately prior to a Change in Control of the Company, or a change in the Executive's titles or offices as in effect immediately prior to a Change in Control of the Company, or any removal of the Executive from or any failure to re-elect the Executive to any of such positions, except in connection with the termination of his employment for Disability, Retirement or Cause or as a result of the Executive's death or by the Executive other than for good Reason;

(ii) a reduction by the Company in the Executive's base salary as in effect on the date hereof or as the same may be increased from time to time during the term of this Agreement or the Company's failure to increase (within 12 months of the Executive's last increase in base salary) the Executive's base salary after a Change in Control of the Company in an amount which at least equals, on a percentage basis, the average percentage increase in base salary for all officers of the company effected in the preceding 12 months.

(iii) any failure by the Company to continue in effect any benefit plan or arrangement (including, without limitation, the Company's 401(K) plan, nonqualified deferred compensation plan, profit sharing plan, group life insurance plan, and medical, dental, accident and disability plans) in which the Executive is participating at the time of a Change of Control (or any other plans providing the Executive with substantially similar benefits) (hereinafter referred to as "Benefit Plans"), or the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Benefit Plan or deprive the Executive of any material fringe benefit enjoyed by the Executive at the time of a Change in Control of the Company;

(iv) any failure by the Company to continue in effect any incentive plan or arrangement (including, without limitation, the Company's Officers Incentive Compensation Plan, Officers Long-Term Incentive Plan, bonus and contingent bonus arrangements and credits and the right to receive performance awards and similar incentive compensation benefits) in which the Executive is participating at the time of a Change of Control (or any other plans or arrangements providing him with substantially similar benefits) (hereinafter referred to as "Incentive Plans") or the taking of any action by the Company which would adversely affect the Executive's participation in any such Incentive Plan or materially reduce the Executive's benefits under any such Incentive Plan by reducing such benefits, when expressed as a percentage of his base salary, by more than 10 percentage points in any fiscal year as compared to the immediately preceding fiscal year;

(v) any failure by the Company to continue in effect any plan or arrangement to receive securities of the Company in which the Executive is participating at the time of a Change of Control (or plans or arrangements providing him with substantially similar benefits) (hereinafter referred to as "Securities Plans") or the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Securities Plan;

(vi) a relocation of the Company's principal executive offices to a location outside of Forest City, Iowa, or the Executive's relocation to any place other than the location at which the Executive performed the Executive's duties prior to a Change in Control of the Company, except for required travel by the Executive on the Company's business to an extent substantially consistent with the Executive's business travel obligations at the time of a Change in Control of the Company;

(vii) any failure by the Company to provide the Executive with the number of paid vacation days to which the Executive is entitled at the time of a Change in Control of the Company;

(viii) any material breach by the Company of any provision of this Agreement;

(ix) any failure by the Company to obtain the assumption of this Agreement by any successor or assign of the Company; or

(x) any purported termination of the Executive's employment which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 3(e) below.

(e) *Notice of Termination.* Any termination by the Company pursuant to Section 3(a), (b) or (c) shall be communicated by a Notice of Termination. For purposes of this Agreement, a "Notice of Termination" shall mean a written notice which shall indicate those specific termination provisions in this Agreement relied upon and which sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provisions so indicated. For purposes of this Agreement, no such purported termination by the Company shall be effective without such Notice of Termination.

(f) *Date of Termination.* "Date of Termination" shall mean (a) if this Agreement is terminated by the Company for Disability, 30 days after Notice of Termination is given to the Executive (provided that the Executive shall not have returned to the performance of the Executive's duties on a full-time basis during such 30-day period) or (b) if the Executive's employment is terminated by the Company for any other reason, the date on which a Notice of Termination is given; *provided* that if within 30 days after any Notice of Termination is given to the Executive by the Company the Executive notified the Company that a dispute exists concerning the termination, the Date of Termination shall be the date the dispute is finally determined, whether by mutual agreement by the parties or upon final judgment, order or decree of a court of competent jurisdiction (the time for appeal therefrom having expired and no appeal having been perfected).

4. **Severance Compensation upon Termination of Employment.** If the Company shall terminate the Executive's employment other than pursuant to Section 5(a), (b) or (c) or if the Executive shall terminate his employment for Good Reason, then the Company shall pay to the Executive as severance pay in a lump sum, in cash, on the fifth day following the Date of Termination, an amount equal to three (3) times the average of the aggregate annual compensation paid to the Executive during the three (3) fiscal years of the Company immediately preceding the Change of Control by the Company subject to United States income taxes (or, such fewer number of fiscal years if the Executive has not been employed by the Company during each of the preceding three (3) fiscal years).

5. **Excise Tax-Additional Payment.**

(a) Notwithstanding anything in this Agreement or any written or unwritten policy of the Company to the contrary, (i) if it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement, any other agreement between the Company and the Executive or otherwise (a "Payment"), would be subject to the excise tax imposed by section 4999 of the Internal Revenue Code of 1986, as amended, (the "Code") or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), or (ii) if the Executive shall otherwise become obligated to pay the Excise Tax in respect of a Payment, then the Company shall pay to the Executive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon such Payment.

(b) All determinations and computations required to be made under this Section 5, including whether a Gross-Up Payment is required under clause (ii) of paragraph 5(a) above, and the amount of any Gross-Up Payment, shall be made by the Company's regularly engaged independent certified public accountants (the "Accounting Firm"). The Company shall cause the Accounting Firm to provide detailed supporting calculations both to the Company and the Executive within 15 business days after such determination or computation is requested by the Executive. Any initial Gross-Up Payment determined pursuant to this Section 5 shall be paid by the Company to the Executive within 5 days of the receipt of the Accounting Firm's determination. A determination that no Excise Tax is payable by the Executive shall not be valid or binding unless accompanied by a written opinion of the Accounting Firm to the Executive that the Executive has substantial authority not to report any Excise Tax on his federal income tax return. Any determination by the Accounting Firm shall be binding upon the Company and the Executive, except to the extent the Executive becomes obligated to pay an Excise Tax in respect of a Payment. In the event that the Company or the subsidiary exhausts or waives its remedies pursuant to paragraph 5(c) and the Executive thereafter shall become obligated to make a payment of any Excise Tax,

and if the amount thereof shall exceed the amount, if any, of any Excise Tax computed by the Accounting Firm pursuant to this paragraph 5(b) in respect to which an initial Gross-Up Payment was made to the Executive, the Accounting Firm shall within 15 days after Notice thereof determine the amount of such excess Excise Tax and the amount of the additional Gross-Up Payment to the Executive. All expenses and fees of the Accounting Firm incurred by reason of this Section 5 shall be paid by the Company.

(c) The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of a Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten business days after the Executive knows of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the thirty-day period following the date on which it gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

(i) give the Company any information reasonably requested relating to such claim,

(ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,

(iii) cooperate with the Company in good faith in order effectively to contest such claim, and

(iv) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax, including interest and penalties with respect thereto, imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this paragraph 5(c), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company or the subsidiary shall determine; *provided*, *however*, that if the Company or the subsidiary directs the Executive to pay such claim and sue for a refund, the Company or the subsidiary shall advance the amount of such payment to the Executive, on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax, including interest or penalties with respect thereto, imposed with respect to such advance or with respect to any imputed income with respect to such advance; and *further provided*, that any extension of the statue of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, control of the contest by the Company shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by the Executive of an amount advanced by the Company or the subsidiary pursuant to paragraph 5(c), the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to compliance with the requirements of Section 5 by the Company or the subsidiary) promptly pay to the Company or the subsidiary the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company or the subsidiary pursuant to paragraph 5(c), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of thirty days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall off-set, to the extent thereof, the amount of Gross-Up Payment required to be paid.

(e) Both the Company and the Executive acknowledge that no legal right to receive a Gross-Up Payment pursuant to this Section 5 shall exist unless and until such time as an Excise tax has been assessed. The payment of severance benefits pursuant to Section 4 of this Agreement (or the payment of any other benefits under this Agreement) does not create a legal right on behalf of the Executive to receive a Gross-Up Payment.

6. No Obligation To Mitigate Damages; No Effect on Other Contractual Rights.

(a) The Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for under this Agreement be reduced by any compensation earned by the Executive as the result of employment by another employer after the Date of Termination, or otherwise.

(b) The provisions of this Agreement, and any payment provided for hereunder, shall not reduce any amounts otherwise payable, or in any way diminish the Executive's existing rights, or rights which would accrue solely as a result of the passage of time, under any Benefit Plan, Incentive Plan or Securities Plan, employment agreements or other contract, plan or arrangement.

7. Successor to the Company.

(a) The Company will require any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) of all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to the Executive, expressly, absolutely and unconditionally to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. Any failure of the Company to obtain such agreement prior to the effectiveness of any such succession or assignment shall be a material breach of this Agreement and shall entitle the Executive to terminate the Executive's employment for Good Reason. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor or assign to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 7 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) This Agreement shall inure to the benefit of and be enforceable by the Executive's personal and legal representatives, executors, administrators, successors, heirs, distributes, devisees and legatees. If the Executive should die while any amounts are still payable to him hereunder, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's devisee, legatee, or other designee or, if there be no such designee, to the Executive's estate.

8.No Guaranty of Employment. Nothing in this Agreement shall be deemed to entitle the Executive to continued employment with the Company prior to a Change of Control, and the rights of the Company to terminate the employment of the Executive, prior to a Change of Control, shall continue as fully as if this Agreement were not in effect.

9.Notice. For purposes of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt registered, postage prepaid, as follows:

If to the Company:

Winnebago Industries, Inc.
Attn: General Counsel
605 W. Crystal Lake Road
P.O. Box 152
Forest City, Iowa 50436

If to the Executive:

Raymond M. Beebe
3315 Sage Avenue
Forest City, IA 50436

or such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

10. Miscellaneous. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Iowa.

11. Validity. The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

12. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

13. Legal Fees and Expenses. The Company shall pay all legal fees and expenses which the Executive may incur as a result of the Company's contesting the validity, enforceability or the Executive's interpretation of, or determinations under, this Agreement.

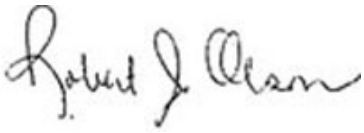
14. Confidentiality. The Executive shall retain in confidence any and all confidential information known to the Executive concerning the Company and its business so long as such information is not otherwise publicly disclosed.

15. Section 409A. This Agreement is intended to satisfy the short-term deferral exception to Internal Revenue code Section 409A and the regulations thereunder. This Agreement shall be administered accordingly; and if necessary, amended to ensure satisfaction of the short-term deferral exception.

IN WITNESS WHEREOF, the parties have executed this agreement on the date set out above.

COMPANY:

WINNEBAGO INDUSTRIES, INC.

By: 

Robert J. Olson
Chairman of the Board, Chief Executive Officer
And President

EXECUTIVE:

Raymond M. Beebe

EXHIBIT 10i.

AMENDED AND RESTATED
EXECUTIVE CHANGE OF CONTROL AGREEMENT

This EXECUTIVE CHANGE OF CONTROL AGREEMENT is made as of December 17, 2008, by and between **WINNEBAGO INDUSTRIES, INC.,** an Iowa corporation (the "Company"), and Robert L. Gossett (the "Executive").

RECITALS:

WHEREAS, the Executive is a senior executive and officer of the Company and has made and is expected to continue to make major contributions to the profitability, growth and financial strength of the Company;

WHEREAS, the Company recognizes that, as is the case for most publicly held companies, the possibility of a Change of Control (as hereafter defined) exists;

WHEREAS, it is in the best interests of the Company, considering the past and future services of the Executive, to improve the security and climate for objective decision making by providing for the personal security of the Executive upon a Change of Control.

WHEREAS, THE Company and the Executive have previously entered into the Executive Change of Control Agreement dated January 17, 2001.

NOW, THEREFORE, in consideration of the foregoing premises and the past and future services rendered and to be rendered by the Executive to the Company and of the mutual covenants and agreements hereinafter set forth, the parties agree to amend and restate the Agreement as follows:

AGREEMENT:

1. Continued Service by Executive. In the event a person or entity, in order to effect a Change of Control, commences a tender or exchange offer, circulates a proxy to shareholders or takes other steps, the Executive agrees that the Executive will not voluntarily leave the employ of the Company, and will render faithful services to the Company consistent with Executive's position and responsibilities, until the person or entity has abandoned or terminated its efforts to effect such Change of Control or until such Change of Control has occurred.

2. Change of Control. For purposes of this Agreement, the term "Change of Control" means the time when (i) any Person becomes an Acquiring Person, or (ii) individuals who shall qualify as Continuing Directors of the Company shall have ceased for any reason to constitute at least a majority of the Board of Directors of the Company; *provided however*, that in the case of either clause (i) or (ii) a Change of Control shall not be deemed to have occurred if the event shall have been approved prior to the occurrence thereof by a majority of the Continuing Directors who shall then be members of such Board of Directors, and in the case of clause (i) a Change of Control shall not be deemed to have occurred upon the acquisition of stock of the Company by a pension, profit-sharing, stock bonus, employee stock ownership plan or other retirement plan intended to be qualified under Section 401 (a) of the Internal Revenue Code of 1986, as amended, established by the Company or any subsidiary of the Company. (In addition, stock held by such a plan shall not be treated as outstanding in determining ownership percentages for purposes of this definition.)

For the purpose of the foregoing definition of "Change of Control", the capitalized terms shall have the following meanings:

(a) "Continuing Director" means (i) any member of the Board of Directors of the Company, while such person as a member of the Board, who is not an Affiliate or Associate of any Acquiring Person or of any such Acquiring Person's Affiliate or Associate and was a member of the Board prior to the time when such Acquiring Person shall have become an Acquiring Person, and (ii) any successor of a Continuing Director, while such successor is a member of the Board, who is not an Acquiring Person or any Affiliate or Associate of any Acquiring Person or a representative or nominee of an Acquiring Person or of any affiliate or associate of such Acquiring Person and is recommended or elected to succeed the Continuing Director by a majority of the Continuing Directors.

(b) "Acquiring Person" means any Person or any individual or group of Affiliates or Associates of such Person who acquires beneficial ownership, directly or indirectly, of 20% or more of the outstanding stock of the Company if such acquisition occurs in whole or in part following date of that person's agreement.

(c) "Affiliate" means a Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified.

(d) "Associate" means (1) any corporate, partnership, limited liability company, entity or organization (other than the Company or a majority-owned subsidiary of the Company) of which such a Person is an officer, director, member, or partner or is, directly or indirectly the beneficial owner of ten percent (10%) or more of the class of equity securities, (2) any trust or fund in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity, (3) any relative or spouse of such person, or any relative of such spouse, or (4) any investment company for which such person or any Affiliate of such person serves as investment advisor.

(e) "Person" means an individual, corporation, limited liability company, partnership, association, joint stock company, trust, unincorporated organization or government or political subdivision thereof.

3. <u>Termination Following a Change of Control</u>. If a change of Control shall have occurred while the Executive is still an employee of the Company, and if the Executive's employment with the Company is terminated, within three years following such Change of Control, then the Executive shall be entitled to the compensation and benefits provided in Section 4, unless such termination is a result of: (a) the Executive's death; (b) the Executive's Disability (as defined in Section 3(a) below); (c) the Executive's Retirement (as defined in Section 3(b) below); (d) the Executive's termination by the Company for Cause (as defined in Section 3(c) below); or (e) the Executive's decision to terminate employment other than for Good Reason (as defined in Section 3(d) below).

(a) *Disability.* If, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been absent from his duties with the Company on a full-time basis for six months and within 30 days after written notice of termination is thereafter given by the Company the Executive shall not have returned to the full-time performance of the Executive's duties, the Company may terminate the Executive for "Disability."

(b) *Retirement.* The term "Retirement" as used in this Agreement shall mean termination by the Company or the Executive of the Executive's employment based on the Executive having attained the age of 65 or such other age as shall have been fixed in any arrangement established with the Executive's consent with respect to the Executive.

(c) *Cause.* The Company may terminate the Executive's employment for Cause. For purposes of this Agreement only, the Company shall have "Cause" to terminate the Executive's employment hereunder only on the basis of (i) fraud, misappropriation or embezzlement on the part of the Executive; or (ii) intentional misconduct or gross negligence on the part of the Executive which has resulted in material harm to the Company. Notwithstanding the foregoing, the Executive shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the company's Board of Directors at a meeting of the Board called and held for the purpose (after reasonable notice to the Executive and an opportunity for the Executive, together with the Executive's counsel, to be heard before the Board), finding that in the good faith opinion of the Board the Executive was guilty of conduct set forth in the second sentence of this Section 3(c) and specifying the particulars thereof in detail. Nothing herein shall limit the right of the Executive or his beneficiaries to contest the validity or propriety of any such determination.

(d) *Good Reason.* The Executive may terminate the Executive's employment for Good Reason at any time during the term of this Agreement. For purposes of this Agreement "Good Reason" shall mean any of the following (without the Executive's express written consent):

(i) the assignment to the Executive by the Company of duties inconsistent with the Executive's position, duties, responsibilities and status with the Company immediately prior to a Change in Control of the Company, or a change in the Executive's titles or offices as in effect immediately prior to a Change in Control of the Company, or any removal of the Executive from or any failure to re-elect the Executive to any of such positions, except in connection with the termination of his employment for Disability, Retirement or Cause or as a result of the Executive's death or by the Executive other than for good Reason;

(ii) a reduction by the Company in the Executive's base salary as in effect on the date hereof or as the same may be increased from time to time during the term of this Agreement or the Company's failure to increase (within 12 months of the Executive's last increase in base salary) the Executive's base salary after a Change in Control of the Company in an amount which at least equals, on a percentage basis, the average percentage increase in base salary for all officers of the company effected in the preceding 12 months.

(iii) any failure by the Company to continue in effect any benefit plan or arrangement (including, without limitation, the Company's 401(K) plan, nonqualified deferred compensation plan, profit sharing plan, group life insurance plan, and medical, dental, accident and disability plans) in which the Executive is participating at the time of a Change of Control (or any other plans providing the Executive with substantially similar benefits) (hereinafter referred to as "Benefit Plans"), or the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Benefit Plan or deprive the Executive of any material fringe benefit enjoyed by the Executive at the time of a Change in Control of the Company;

(iv) any failure by the Company to continue in effect any incentive plan or arrangement (including, without limitation, the Company's Officers Incentive Compensation Plan, Officers Long-Term Incentive Plan, bonus and contingent bonus arrangements and credits and the right to receive performance awards and similar incentive compensation benefits) in which the Executive is participating at the time of a Change of Control (or any other plans or arrangements providing him with substantially similar benefits) (hereinafter referred to as "Incentive Plans") or the taking of any action by the Company which would adversely affect the Executive's participation in any such Incentive Plan or materially reduce the Executive's benefits under any such Incentive Plan by reducing such benefits, when expressed as a percentage of his base salary, by more than 10 percentage points in any fiscal year as compared to the immediately preceding fiscal year;

(v) any failure by the Company to continue in effect any plan or arrangement to receive securities of the Company in which the Executive is participating at the time of a Change of Control (or plans or arrangements providing him with substantially similar benefits) (hereinafter referred to as "Securities Plans") or the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Securities Plan;

(vi) a relocation of the Company's principal executive offices to a location outside of Forest City, Iowa, or the Executive's relocation to any place other than the location at which the Executive performed the Executive's duties prior to a Change in Control of the Company, except for required travel by the Executive on the Company's business to an extent substantially consistent with the Executive's business travel obligations at the time of a Change in Control of the Company;

(vii) any failure by the Company to provide the Executive with the number of paid vacation days to which the Executive is entitled at the time of a Change in Control of the Company;

(viii) any material breach by the Company of any provision of this Agreement;

(ix) any failure by the Company to obtain the assumption of this Agreement by any successor or assign of the Company; or

(x) any purported termination of the Executive's employment which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 3(e) below.

(e) *Notice of Termination.* Any termination by the Company pursuant to Section 3(a), (b) or (c) shall be communicated by a Notice of Termination. For purposes of this Agreement, a "Notice of Termination" shall mean a written notice which shall indicate those specific termination provisions in this Agreement relied upon and which sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provisions so indicated. For purposes of this Agreement, no such purported termination by the Company shall be effective without such Notice of Termination.

(f) *Date of Termination.* "Date of Termination" shall mean (a) if this Agreement is terminated by the Company for Disability, 30 days after Notice of Termination is given to the Executive (provided that the Executive shall not have returned to the performance of the Executive's duties on a full-time basis during such 30-day period) or (b) if the Executive's employment is terminated by the Company for any other reason, the date on which a Notice of Termination is given; *provided* that if within 30 days after any Notice of Termination is given to the Executive by the Company the Executive notified the Company that a dispute exists concerning the termination, the Date of Termination shall be the date the dispute is finally determined, whether by mutual agreement by the parties or upon final judgment, order or decree of a court of competent jurisdiction (the time for appeal therefrom having expired and no appeal having been perfected).

4. Severance Compensation upon Termination of Employment. If the Company shall terminate the Executive's employment other than pursuant to Section 5(a), (b) or (c) or if the Executive shall terminate his employment for Good Reason, then the Company shall pay to the Executive as severance pay in a lump sum, in cash, on the fifth day following the Date of Termination, an amount equal to three (3) times the average of the aggregate annual compensation paid to the Executive during the three (3) fiscal years of the Company immediately preceding the Change of Control by the Company subject to United States income taxes (or, such fewer number of fiscal years if the Executive has not been employed by the Company during each of the preceding three (3) fiscal years).

5. Excise Tax-Additional Payment.

(a) Notwithstanding anything in this Agreement or any written or unwritten policy of the Company to the contrary, (i) if it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement, any other agreement between the Company and the Executive or otherwise (a "Payment"), would be subject to the excise tax imposed by section 4999 of the Internal Revenue Code of 1986, as amended, (the "Code") or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), or (ii) if the Executive shall otherwise become obligated to pay the Excise Tax in respect of a Payment, then the Company shall pay to the Executive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon such Payment.

(b) All determinations and computations required to be made under this Section 5, including whether a Gross-Up Payment is required under clause (ii) of paragraph 5(a) above, and the amount of any Gross-Up Payment, shall be made by the Company's regularly engaged independent certified public accountants (the "Accounting Firm"). The Company shall cause the Accounting Firm to provide detailed supporting calculations both to the Company and the Executive within 15 business days after such determination or computation is requested by the Executive. Any initial Gross-Up Payment determined pursuant to this Section 5 shall be paid by the Company to the Executive within 5 days of the receipt of the Accounting Firm's determination. A determination that no Excise Tax is payable by the Executive shall not be valid or binding unless accompanied by a written opinion of the Accounting Firm to the Executive that the Executive has substantial authority not to report any Excise Tax on his federal income tax return. Any determination by the Accounting Firm shall be binding upon the Company and the Executive, except to the extent the Executive becomes obligated to pay an Excise Tax in respect of a Payment. In the event that the Company or the subsidiary exhausts or waives its remedies pursuant to paragraph 5(c) and the Executive thereafter shall become obligated to make a payment of any Excise Tax,

and if the amount thereof shall exceed the amount, if any, of any Excise Tax computed by the Accounting Firm pursuant to this paragraph 5(b) in respect to which an initial Gross-Up Payment was made to the Executive, the Accounting Firm shall within 15 days after Notice thereof determine the amount of such excess Excise Tax and the amount of the additional Gross-Up Payment to the Executive. All expenses and fees of the Accounting Firm incurred by reason of this Section 5 shall be paid by the Company.

(c) The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of a Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten business days after the Executive knows of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the thirty-day period following the date on which it gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

(i) give the Company any information reasonably requested relating to such claim,

(ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,

(iii) cooperate with the Company in good faith in order effectively to contest such claim, and

(iv) permit the Company to participate in any proceedings relating to such claim;

provided, *however*, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax, including interest and penalties with respect thereto, imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this paragraph 5(c), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company or the subsidiary shall determine; *provided*, *however*, that if the Company or the subsidiary directs the Executive to pay such claim and sue for a refund, the Company or the subsidiary shall advance the amount of such payment to the Executive, on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax, including interest or penalties with respect thereto, imposed with respect to such advance or with respect to any imputed income with respect to such advance; and *further provided*, that any extension of the statue of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, control of the contest by the Company shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by the Executive of an amount advanced by the Company or the subsidiary pursuant to paragraph 5(c), the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to compliance with the requirements of Section 5 by the Company or the subsidiary) promptly pay to the Company or the subsidiary the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company or the subsidiary pursuant to paragraph 5(c), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of thirty days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall off-set, to the extent thereof, the amount of Gross-Up Payment required to be paid.

(e) Both the Company and the Executive acknowledge that no legal right to receive a Gross-Up Payment pursuant to this Section 5 shall exist unless and until such time as an Excise tax has been assessed. The payment of severance benefits pursuant to Section 4 of this Agreement (or the payment of any other benefits under this Agreement) does not create a legal right on behalf of the Executive to receive a Gross-Up Payment.

6. No Obligation To Mitigate Damages; No Effect on Other Contractual Rights.

(a) The Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for under this Agreement be reduced by any compensation earned by the Executive as the result of employment by another employer after the Date of Termination, or otherwise.

(b) The provisions of this Agreement, and any payment provided for hereunder, shall not reduce any amounts otherwise payable, or in any way diminish the Executive's existing rights, or rights which would accrue solely as a result of the passage of time, under any Benefit Plan, Incentive Plan or Securities Plan, employment agreements or other contract, plan or arrangement.

7. Successor to the Company.

(a) The Company will require any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) of all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to the Executive, expressly, absolutely and unconditionally to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. Any failure of the Company to obtain such agreement prior to the effectiveness of any such succession or assignment shall be a material breach of this Agreement and shall entitle the Executive to terminate the Executive's employment for Good Reason. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor or assign to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 7 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) This Agreement shall inure to the benefit of and be enforceable by the Executive's personal and legal representatives, executors, administrators, successors, heirs, distributes, devisees and legatees. If the Executive should die while any amounts are still payable to him hereunder, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's devisee, legatee, or other designee or, if there be no such designee, to the Executive's estate.

8. No Guaranty of Employment. Nothing in this Agreement shall be deemed to entitle the Executive to continued employment with the Company prior to a Change of Control, and the rights of the Company to terminate the employment of the Executive, prior to a Change of Control, shall continue as fully as if this Agreement were not in effect.

9. Notice. For purposes of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt registered, postage prepaid, as follows:

If to the Company:

Winnebago Industries, Inc.
Attn: General Counsel
605 W. Crystal Lake Road
P.O. Box 152
Forest City, Iowa 50436

If to the Executive:

Robert L. Gossett
2713 Campus Lane
Albert Lea, MN 56007

or such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

10. Miscellaneous. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Iowa.

11. Validity. The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

12. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

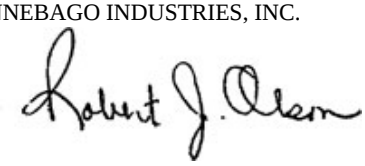
13. Legal Fees and Expenses. The Company shall pay all legal fees and expenses which the Executive may incur as a result of the Company's contesting the validity, enforceability or the Executive's interpretation of, or determinations under, this Agreement.

14. Confidentiality. The Executive shall retain in confidence any and all confidential information known to the Executive concerning the Company and its business so long as such information is not otherwise publicly disclosed.

15. Section 409A. This Agreement is intended to satisfy the short-term deferral exception to Internal Revenue code Section 409A and the regulations thereunder. This Agreement shall be administered accordingly; and if necessary, amended to ensure satisfaction of the short-term deferral exception.

IN WITNESS WHEREOF, the parties have executed this agreement on the date set out above.

COMPANY:

WINNEBAGO INDUSTRIES, INC.
By: 

Robert J. Olson
Chairman of the Board, Chief Executive Officer
And President

EXECUTIVE:

Robert L. Gossett

EXHIBIT 10j.

AMENDED AND RESTATED
EXECUTIVE CHANGE OF CONTROL AGREEMENT

This EXECUTIVE CHANGE OF CONTROL AGREEMENT is made as of December 17, 2008, by and between **WINNEBAGO INDUSTRIES, INC.,** an Iowa corporation (the "Company"), and Robert J. Olson (the "Executive").

RECITALS:

WHEREAS, the Executive is a senior executive and officer of the Company and has made and is expected to continue to make major contributions to the profitability, growth and financial strength of the Company;

WHEREAS, the Company recognizes that, as is the case for most publicly held companies, the possibility of a Change of Control (as hereafter defined) exists;

WHEREAS, it is in the best interests of the Company, considering the past and future services of the Executive, to improve the security and climate for objective decision making by providing for the personal security of the Executive upon a Change of Control.

WHEREAS, THE Company and the Executive have previously entered into the Executive Change of Control Agreement dated January 17, 2001.

NOW, THEREFORE, in consideration of the foregoing premises and the past and future services rendered and to be rendered by the Executive to the Company and of the mutual covenants and agreements hereinafter set forth, the parties agree to amend and restate the Agreement as follows:

AGREEMENT:

1. Continued Service by Executive. In the event a person or entity, in order to effect a Change of Control, commences a tender or exchange offer, circulates a proxy to shareholders or takes other steps, the Executive agrees that the Executive will not voluntarily leave the employ of the Company, and will render faithful services to the Company consistent with Executive's position and responsibilities, until the person or entity has abandoned or terminated its efforts to effect such Change of Control or until such Change of Control has occurred.

2. Change of Control. For purposes of this Agreement, the term "Change of Control" means the time when (i) any Person becomes an Acquiring Person, or (ii) individuals who shall qualify as Continuing Directors of the Company shall have ceased for any reason to constitute at least a majority of the Board of Directors of the Company; *provided however*, that in the case of either clause (i) or (ii) a Change of Control shall not be deemed to have occurred if the event shall have been approved prior to the occurrence thereof by a majority of the Continuing Directors who shall then be members of such Board of Directors, and in the case of clause (i) a Change of Control shall not be deemed to have occurred upon the acquisition of stock of the Company by a pension, profit-sharing, stock bonus, employee stock ownership plan or other retirement plan intended to be qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended, established by the Company or any subsidiary of the Company. (In addition, stock held by such a plan shall not be treated as outstanding in determining ownership percentages for purposes of this definition.)

For the purpose of the foregoing definition of "Change of Control", the capitalized terms shall have the following meanings:

(a) "Continuing Director" means (i) any member of the Board of Directors of the Company, while such person as a member of the Board, who is not an Affiliate or Associate of any Acquiring Person or of any such Acquiring Person's Affiliate or Associate and was a member of the Board prior to the time when such Acquiring Person shall have become an Acquiring Person, and (ii) any successor of a Continuing Director, while such successor is a member of the Board, who is not an Acquiring Person or any Affiliate or Associate of any Acquiring Person or a representative or nominee of an Acquiring Person or of any affiliate or associate of such Acquiring Person and is recommended or elected to succeed the Continuing Director by a majority of the Continuing Directors.

(b) "Acquiring Person" means any Person or any individual or group of Affiliates or Associates of such Person who acquires beneficial ownership, directly or indirectly, of 20% or more of the outstanding stock of the Company if such acquisition occurs in whole or in part following date of that person's agreement.

(c) "Affiliate" means a Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified.

(d) "Associate" means (1) any corporate, partnership, limited liability company, entity or organization (other than the Company or a majority-owned subsidiary of the Company) of which such a Person is an officer, director, member, or partner or is, directly or indirectly the beneficial owner of ten percent (10%) or more of the class of equity securities, (2) any trust or fund in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity, (3) any relative or spouse of such person, or any relative of such spouse, or (4) any investment company for which such person or any Affiliate of such person serves as investment advisor.

(e) "Person" means an individual, corporation, limited liability company, partnership, association, joint stock company, trust, unincorporated organization or government or political subdivision thereof.

3. Termination Following a Change of Control. If a change of Control shall have occurred while the Executive is still an employee of the Company, and if the Executive's employment with the Company is terminated, within three years following such Change of Control, then the Executive shall be entitled to the compensation and benefits provided in Section 4, unless such termination is a result of: (a) the Executive's death; (b) the Executive's Disability (as defined in Section 3(a) below); (c) the Executive's Retirement (as defined in Section 3(b) below); (d) the Executive's termination by the Company for Cause (as defined in Section 3(c) below); or (e) the Executive's decision to terminate employment other than for Good Reason (as defined in Section 3(d) below).

(a) *Disability.* If, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been absent from his duties with the Company on a full-time basis for six months and within 30 days after written notice of termination is thereafter given by the Company the Executive shall not have returned to the full-time performance of the Executive's duties, the Company may terminate the Executive for "Disability."

(b) *Retirement.* The term "Retirement" as used in this Agreement shall mean termination by the Company or the Executive of the Executive's employment based on the Executive having attained the age of 65 or such other age as shall have been fixed in any arrangement established with the Executive's consent with respect to the Executive.

(c) *Cause.* The Company may terminate the Executive's employment for Cause. For purposes of this Agreement only, the Company shall have "Cause" to terminate the Executive's employment hereunder only on the basis of (i) fraud, misappropriation or embezzlement on the part of the Executive; or (ii) intentional misconduct or gross negligence on the part of the Executive which has resulted in material harm to the Company. Notwithstanding the foregoing, the Executive shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the company's Board of Directors at a meeting of the Board called and held for the purpose (after reasonable notice to the Executive and an opportunity for the Executive, together with the Executive's counsel, to be heard before the Board), finding that in the good faith opinion of the Board the Executive was guilty of conduct set forth in the second sentence of this Section 3(c) and specifying the particulars thereof in detail. Nothing herein shall limit the right of the Executive or his beneficiaries to contest the validity or propriety of any such determination.

(d) *Good Reason.* The Executive may terminate the Executive's employment for Good Reason at any time during the term of this Agreement. For purposes of this Agreement "Good Reason" shall mean any of the following (without the Executive's express written consent):

(i) the assignment to the Executive by the Company of duties inconsistent with the Executive's position, duties, responsibilities and status with the Company immediately prior to a Change in Control of the Company, or a change in the Executive's titles or offices as in effect immediately prior to a Change in Control of the Company, or any removal of the Executive from or any failure to re-elect the Executive to any of such positions, except in connection with the termination of his employment for Disability, Retirement or Cause or as a result of the Executive's death or by the Executive other than for good Reason;

(ii) a reduction by the Company in the Executive's base salary as in effect on the date hereof or as the same may be increased from time to time during the term of this Agreement or the Company's failure to increase (within 12 months of the Executive's last increase in base salary) the Executive's base salary after a Change in Control of the Company in an amount which at least equals, on a percentage basis, the average percentage increase in base salary for all officers of the company effected in the preceding 12 months.

(iii) any failure by the Company to continue in effect any benefit plan or arrangement (including, without limitation, the Company's 401(K) plan, nonqualified deferred compensation plan, profit sharing plan, group life insurance plan, and medical, dental, accident and disability plans) in which the Executive is participating at the time of a Change of Control (or any other plans providing the Executive with substantially similar benefits) (hereinafter referred to as "Benefit Plans"), or the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Benefit Plan or deprive the Executive of any material fringe benefit enjoyed by the Executive at the time of a Change in Control of the Company;

(iv) any failure by the Company to continue in effect any incentive plan or arrangement (including, without limitation, the Company's Officers Incentive Compensation Plan, Officers Long-Term Incentive Plan, bonus and contingent bonus arrangements and credits and the right to receive performance awards and similar incentive compensation benefits) in which the Executive is participating at the time of a Change of Control (or any other plans or arrangements providing him with substantially similar benefits) (hereinafter referred to as "Incentive Plans") or the taking of any action by the Company which would adversely affect the Executive's participation in any such Incentive Plan or materially reduce the Executive's benefits under any such Incentive Plan by reducing such benefits, when expressed as a percentage of his base salary, by more than 10 percentage points in any fiscal year as compared to the immediately preceding fiscal year;

(v) any failure by the Company to continue in effect any plan or arrangement to receive securities of the Company in which the Executive is participating at the time of a Change of Control (or plans or arrangements providing him with substantially similar benefits) (hereinafter referred to as "Securities Plans") or the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Securities Plan;

(vi) a relocation of the Company's principal executive offices to a location outside of Forest City, Iowa, or the Executive's relocation to any place other than the location at which the Executive performed the Executive's duties prior to a Change in Control of the Company, except for required travel by the Executive on the Company's business to an extent substantially consistent with the Executive's business travel obligations at the time of a Change in Control of the Company;

(vii) any failure by the Company to provide the Executive with the number of paid vacation days to which the Executive is entitled at the time of a Change in Control of the Company;

(viii) any material breach by the Company of any provision of this Agreement;

(ix) any failure by the Company to obtain the assumption of this Agreement by any successor or assign of the Company; or

(x) any purported termination of the Executive's employment which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 3(e) below.

(e) *Notice of Termination.* Any termination by the Company pursuant to Section 3(a), (b) or (c) shall be communicated by a Notice of Termination. For purposes of this Agreement, a "Notice of Termination" shall mean a written notice which shall indicate those specific termination provisions in this Agreement relied upon and which sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provisions so indicated. For purposes of this Agreement, no such purported termination by the Company shall be effective without such Notice of Termination.

(f) *Date of Termination.* "Date of Termination" shall mean (a) if this Agreement is terminated by the Company for Disability, 30 days after Notice of Termination is given to the Executive (provided that the Executive shall not have returned to the performance of the Executive's duties on a full-time basis during such 30-day period) or (b) if the Executive's employment is terminated by the Company for any other reason, the date on which a Notice of Termination is given; *provided* that if within 30 days after any Notice of Termination is given to the Executive by the Company the Executive notified the Company that a dispute exists concerning the termination, the Date of Termination shall be the date the dispute is finally determined, whether by mutual agreement by the parties or upon final judgment, order or decree of a court of competent jurisdiction (the time for appeal therefrom having expired and no appeal having been perfected).

4. Severance Compensation upon Termination of Employment. If the Company shall terminate the Executive's employment other than pursuant to Section 5(a), (b) or (c) or if the Executive shall terminate his employment for Good Reason, then the Company shall pay to the Executive as severance pay in a lump sum, in cash, on the fifth day following the Date of Termination, an amount equal to three (3) times the average of the aggregate annual compensation paid to the Executive during the three (3) fiscal years of the Company immediately preceding the Change of Control by the Company subject to United States income taxes (or, such fewer number of fiscal years if the Executive has not been employed by the Company during each of the preceding three (3) fiscal years).

5. Excise Tax-Additional Payment.

(a) Notwithstanding anything in this Agreement or any written or unwritten policy of the Company to the contrary, (i) if it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement, any other agreement between the Company and the Executive or otherwise (a "Payment"), would be subject to the excise tax imposed by section 4999 of the Internal Revenue Code of 1986, as amended, (the "Code") or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), or (ii) if the Executive shall otherwise become obligated to pay the Excise Tax in respect of a Payment, then the Company shall pay to the Executive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon such Payment.

(b) All determinations and computations required to be made under this Section 5, including whether a Gross-Up Payment is required under clause (ii) of paragraph 5(a) above, and the amount of any Gross-Up Payment, shall be made by the Company's regularly engaged independent certified public accountants (the "Accounting Firm"). The Company shall cause the Accounting Firm to provide detailed supporting calculations both to the Company and the Executive within 15 business days after such determination or computation is requested by the Executive. Any initial Gross-Up Payment determined pursuant to this Section 5 shall be paid by the Company to the Executive within 5 days of the receipt of the Accounting Firm's determination. A determination that no Excise Tax is payable by the Executive shall not be valid or binding unless accompanied by a written opinion of the Accounting Firm to the Executive that the Executive has substantial authority not to report any Excise Tax on his federal income tax return. Any determination by the Accounting Firm shall be binding upon the Company and the Executive, except to the extent the Executive becomes obligated to pay an Excise Tax in respect of a Payment. In the event that the Company or the subsidiary exhausts or waives its remedies pursuant to paragraph 5(c) and the Executive thereafter shall become obligated to make a payment of any Excise Tax,

and if the amount thereof shall exceed the amount, if any, of any Excise Tax computed by the Accounting Firm pursuant to this paragraph 5(b) in respect to which an initial Gross-Up Payment was made to the Executive, the Accounting Firm shall within 15 days after Notice thereof determine the amount of such excess Excise Tax and the amount of the additional Gross-Up Payment to the Executive. All expenses and fees of the Accounting Firm incurred by reason of this Section 5 shall be paid by the Company.

(c) The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of a Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten business days after the Executive knows of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the thirty-day period following the date on which it gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

(i) give the Company any information reasonably requested relating to such claim,

(ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,

(iii) cooperate with the Company in good faith in order effectively to contest such claim, and

(iv) permit the Company to participate in any proceedings relating to such claim;

provided, *however*, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax, including interest and penalties with respect thereto, imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this paragraph 5(c), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company or the subsidiary shall determine; *provided*, *however*, that if the Company or the subsidiary directs the Executive to pay such claim and sue for a refund, the Company or the subsidiary shall advance the amount of such payment to the Executive, on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax, including interest or penalties with respect thereto, imposed with respect to such advance or with respect to any imputed income with respect to such advance; and *further provided*, that any extension of the statue of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, control of the contest by the Company shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by the Executive of an amount advanced by the Company or the subsidiary pursuant to paragraph 5(c), the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to compliance with the requirements of Section 5 by the Company or the subsidiary) promptly pay to the Company or the subsidiary the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company or the subsidiary pursuant to paragraph 5(c), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of thirty days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall off-set, to the extent thereof, the amount of Gross-Up Payment required to be paid.

(e) Both the Company and the Executive acknowledge that no legal right to receive a Gross-Up Payment pursuant to this Section 5 shall exist unless and until such time as an Excise tax has been assessed. The payment of severance benefits pursuant to Section 4 of this Agreement (or the payment of any other benefits under this Agreement) does not create a legal right on behalf of the Executive to receive a Gross-Up Payment.

6. No Obligation To Mitigate Damages; No Effect on Other Contractual Rights.

(a) The Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for under this Agreement be reduced by any compensation earned by the Executive as the result of employment by another employer after the Date of Termination, or otherwise.

(b) The provisions of this Agreement, and any payment provided for hereunder, shall not reduce any amounts otherwise payable, or in any way diminish the Executive's existing rights, or rights which would accrue solely as a result of the passage of time, under any Benefit Plan, Incentive Plan or Securities Plan, employment agreements or other contract, plan or arrangement.

7. Successor to the Company.

(a) The Company will require any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) of all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to the Executive, expressly, absolutely and unconditionally to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. Any failure of the Company to obtain such agreement prior to the effectiveness of any such succession or assignment shall be a material breach of this Agreement and shall entitle the Executive to terminate the Executive's employment for Good Reason. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor or assign to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 7 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) This Agreement shall inure to the benefit of and be enforceable by the Executive's personal and legal representatives, executors, administrators, successors, heirs, distributes, devisees and legatees. If the Executive should die while any amounts are still payable to him hereunder, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's devisee, legatee, or other designee or, if there be no such designee, to the Executive's estate.

8. No Guaranty of Employment. Nothing in this Agreement shall be deemed to entitle the Executive to continued employment with the Company prior to a Change of Control, and the rights of the Company to terminate the employment of the Executive, prior to a Change of Control, shall continue as fully as if this Agreement were not in effect.

9. Notice. For purposes of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt registered, postage prepaid, as follows:

If to the Company:

Winnebago Industries, Inc.
Attn: General Counsel
605 W. Crystal Lake Road
P.O. Box 152
Forest City, Iowa 50436

If to the Executive:

Robert J. Olson
36778 Holtan Lane
Forest City, IA 50436

or such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

10. Miscellaneous. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Iowa.

11. Validity. The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceabiliry of any other provision of this Agreement, which shall remain in full force and effect.

12. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

13. Legal Fees and Expenses. The Company shall pay all legal fees and expenses which the Executive may incur as a result of the Company's contesting the validity, enforceability or the Executive's interpretation of, or determinations under, this Agreement.

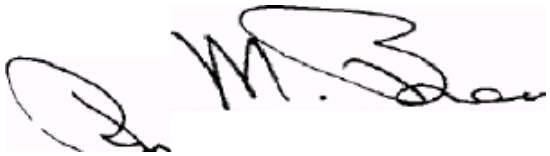
14. Confidentiality. The Executive shall retain in confidence any and all confidential information known to the Executive concerning the Company and its business so long as such information is not otherwise publicly disclosed.

15. Section 4Q9A. This Agreement is intended to satisfy the short-term deferral exception to Internal Revenue code Section 409A and the regulations thereunder. This Agreement shall be administered accordingly; and if necessary, amended to ensure satisfaction of the short-term deferral exception.

IN WITNESS WHEREOF, the parties have executed this agreement on the date set out above.

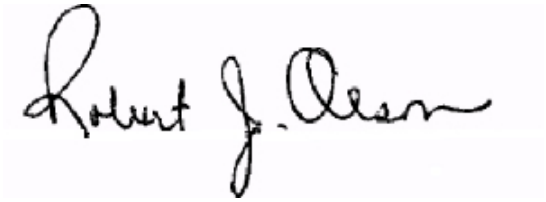
COMPANY:

WINNEBAGO INDUSTRIES, INC.

BY: 

Raymond M. Beebe
Vice President-General Counsel and Secretary

EXECUTIVE:



Robert J. Olson

EXHIBIT 10k.

AMENDED AND RESTATED
EXECUTIVE CHANGE OF CONTROL AGREEMENT

This EXECUTIVE CHANGE OF CONTROL AGREEMENT is made as of December 17, 2008, by and between **WINNEBAGO INDUSTRIES, INC.,** an Iowa corporation (the "Company"), and William J. O'Leary (the "Executive").

RECITALS:

WHEREAS, the Executive is a senior executive and officer of the Company and has made and is expected to continue to make major contributions to the profitability, growth and financial strength of the Company;

WHEREAS, the Company recognizes that, as is the case for most publicly held companies, the possibility of a Change of Control (as hereafter defined) exists;

WHEREAS, it is in the best interests of the Company, considering the past and future services of the Executive, to improve the security and climate for objective decision making by providing for the personal security of the Executive upon a Change of Control.

WHEREAS, THE Company and the Executive have previously entered into the Executive Change of Control Agreement dated July 12, 2001.

NOW, THEREFORE, in consideration of the foregoing premises and the past and future services rendered and to be rendered by the Executive to the Company and of the mutual covenants and agreements hereinafter set forth, the parties agree to amend and restate the Agreement as follows:

AGREEMENT:

1. Continued Service by Executive. In the event a person or entity, in order to effect a Change of Control, commences a tender or exchange offer, circulates a proxy to shareholders or takes other steps, the Executive agrees that the Executive will not voluntarily leave the employ of the Company, and will render faithful services to the Company consistent with Executive's position and responsibilities, until the person or entity has abandoned or terminated its efforts to effect such Change of Control or until such Change of Control has occurred.

2. Change of Control. For purposes of this Agreement, the term "Change of Control" means the time when (i) any Person becomes an Acquiring Person, or (ii) individuals who shall qualify as Continuing Directors of the Company shall have ceased for any reason to constitute at least a majority of the Board of Directors of the Company; *provided however*, that in the case of either clause (i) or (ii) a Change of Control shall not be deemed to have occurred if the event shall have been approved prior to the occurrence thereof by a majority of the Continuing Directors who shall then be members of such Board of Directors, and in the case of clause (i) a Change of Control shall not be deemed to have occurred upon the acquisition of stock of the Company by a pension, profit-sharing, stock bonus, employee stock ownership plan or other retirement plan intended to be qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended, established by the Company or any subsidiary of the Company. (In addition, stock held by such a plan shall not be treated as outstanding in determining ownership percentages for purposes of this definition.)

For the purpose of the foregoing definition of "Change of Control", the capitalized terms shall have the following meanings:

(a) "Continuing Director" means (i) any member of the Board of Directors of the Company, while such person as a member of the Board, who is not an Affiliate or Associate of any Acquiring Person or of any such Acquiring Person's Affiliate or Associate and was a member of the Board prior to the time when such Acquiring Person shall have become an Acquiring Person, and (ii) any successor of a Continuing Director, while such successor is a member of the Board, who is not an Acquiring Person or any Affiliate or Associate of any Acquiring Person or a representative or nominee of an Acquiring Person or of any affiliate or associate of such Acquiring Person and is recommended or elected to succeed the Continuing Director by a majority of the Continuing Directors.

(b) "Acquiring Person" means any Person or any individual or group of Affiliates or Associates of such Person who acquires beneficial ownership, directly or indirectly, of 20% or more of the outstanding stock of the Company if such acquisition occurs in whole or in part following date of that person's agreement.

(c) "Affiliate" means a Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified.

(d) "Associate" means (1) any corporate, partnership, limited liability company, entity or organization (other than the Company or a majority-owned subsidiary of the Company) of which such a Person is an officer, director, member, or partner or is, directly or indirectly the beneficial owner of ten percent (10%) or more of the class of equity securities, (2) any trust or fund in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity, (3) any relative or spouse of such person, or any relative of such spouse, or (4) any investment company for which such person or any Affiliate of such person serves as investment advisor.

(e) "Person" means an individual, corporation, limited liability company, partnership, association, joint stock company, trust, unincorporated organization or government or political subdivision thereof.

3. <u>Termination Following a Change of Control</u>. If a change of Control shall have occurred while the Executive is still an employee of the Company, and if the Executive's employment with the Company is terminated, within three years following such Change of Control, then the Executive shall be entitled to the compensation and benefits provided in Section 4, unless such termination is a result of: (a) the Executive's death; (b) the Executive's Disability (as defined in Section 3(a) below); (c) the Executive's Retirement (as defined in Section 3(b) below); (d) the Executive's termination by the Company for Cause (as defined in Section 3(c) below); or (e) the Executive's decision to terminate employment other than for Good Reason (as defined in Section 3(d) below).

(a) *Disability.* If, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been absent from his duties with the Company on a full-time basis for six months and within 30 days after written notice of termination is thereafter given by the Company the Executive shall not have returned to the full-time performance of the Executive's duties, the Company may terminate the Executive for "Disability."

(b) *Retirement.* The term "Retirement" as used in this Agreement shall mean termination by the Company or the Executive of the Executive's employment based on the Executive having attained the age of 65 or such other age as shall have been fixed in any arrangement established with the Executive's consent with respect to the Executive.

(c) *Cause.* The Company may terminate the Executive's employment for Cause. For purposes of this Agreement only, the Company shall have "Cause" to terminate the Executive's employment hereunder only on the basis of (i) fraud, misappropriation or embezzlement on the part of the Executive; or (ii) intentional misconduct or gross negligence on the part of the Executive which has resulted in material harm to the Company. Notwithstanding the foregoing, the Executive shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the company's Board of Directors at a meeting of the Board called and held for the purpose (after reasonable notice to the Executive and an opportunity for the Executive, together with the Executive's counsel, to be heard before the Board), finding that in the good faith opinion of the Board the Executive was guilty of conduct set forth in the second sentence of this Section 3(c) and specifying the particulars thereof in detail. Nothing herein shall limit the right of the Executive or his beneficiaries to contest the validity or propriety of any such determination.

(d) *Good Reason.* The Executive may terminate the Executive's employment for Good Reason at any time during the term of this Agreement. For purposes of this Agreement "Good Reason" shall mean any of the following (without the Executive's express written consent):

(i) the assignment to the Executive by the Company of duties inconsistent with the Executive's position, duties, responsibilities and status with the Company immediately prior to a Change in Control of the Company, or a change in the Executive's titles or offices as in effect immediately prior to a Change in Control of the Company, or any removal of the Executive from or any failure to re-elect the Executive to any of such positions, except in connection with the termination of his employment for Disability, Retirement or Cause or as a result of the Executive's death or by the Executive other than for good Reason;

(ii) a reduction by the Company in the Executive's base salary as in effect on the date hereof or as the same may be increased from time to time during the term of this Agreement or the Company's failure to increase (within 12 months of the Executive's last increase in base salary) the Executive's base salary after a Change in Control of the Company in an amount which at least equals, on a percentage basis, the average percentage increase in base salary for all officers of the company effected in the preceding 12 months.

(iii) any failure by the Company to continue in effect any benefit plan or arrangement (including, without limitation, the Company's 401(K) plan, nonqualified deferred compensation plan, profit sharing plan, group life insurance plan, and medical, dental, accident and disability plans) in which the Executive is participating at the time of a Change of Control (or any other plans providing the Executive with substantially similar benefits) (hereinafter referred to as "Benefit Plans"), or the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Benefit Plan or deprive the Executive of any material fringe benefit enjoyed by the Executive at the time of a Change in Control of the Company;

(iv) any failure by the Company to continue in effect any incentive plan or arrangement (including, without limitation, the Company's Officers Incentive Compensation Plan, Officers Long-Term Incentive Plan, bonus and contingent bonus arrangements and credits and the right to receive performance awards and similar incentive compensation benefits) in which the Executive is participating at the time of a Change of Control (or any other plans or arrangements providing him with substantially similar benefits) (hereinafter referred to as "Incentive Plans") or the taking of any action by the Company which would adversely affect the Executive's participation in any such Incentive Plan or materially reduce the Executive's benefits under any such Incentive Plan by reducing such benefits, when expressed as a percentage of his base salary, by more than 10 percentage points in any fiscal year as compared to the immediately preceding fiscal year;

(v) any failure by the Company to continue in effect any plan or arrangement to receive securities of the Company in which the Executive is participating at the time of a Change of Control (or plans or arrangements providing him with substantially similar benefits) (hereinafter referred to as "Securities Plans") or the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Securities Plan;

(vi) a relocation of the Company's principal executive offices to a location outside of Forest City, Iowa, or the Executive's relocation to any place other than the location at which the Executive performed the Executive's duties prior to a Change in Control of the Company, except for required travel by the Executive on the Company's business to an extent substantially consistent with the Executive's business travel obligations at the time of a Change in Control of the Company;

(vii) any failure by the Company to provide the Executive with the number of paid vacation days to which the Executive is entitled at the time of a Change in Control of the Company;

(viii) any material breach by the Company of any provision of this Agreement;

(ix) any failure by the Company to obtain the assumption of this Agreement by any successor or assign of the Company; or

(x) any purported termination of the Executive's employment which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 3(e) below.

(e) *Notice of Termination.* Any termination by the Company pursuant to Section 3(a), (b) or (c) shall be communicated by a Notice of Termination. For purposes of this Agreement, a "Notice of Termination" shall mean a written notice which shall indicate those specific termination provisions in this Agreement relied upon and which sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provisions so indicated. For purposes of this Agreement, no such purported termination by the Company shall be effective without such Notice of Termination.

(f) *Date of Termination.* "Date of Termination" shall mean (a) if this Agreement is terminated by the Company for Disability, 30 days after Notice of Termination is given to the Executive (provided that the Executive shall not have returned to the performance of the Executive's duties on a full-time basis during such 30-day period) or (b) if the Executive's employment is terminated by the Company for any other reason, the date on which a Notice of Termination is given; *provided* that if within 30 days after any Notice of Termination is given to the Executive by the Company the Executive notified the Company that a dispute exists concerning the termination, the Date of Termination shall be the date the dispute is finally determined, whether by mutual agreement by the parties or upon final judgment, order or decree of a court of competent jurisdiction (the time for appeal therefrom having expired and no appeal having been perfected).

4. Severance Compensation upon Termination of Employment. If the Company shall terminate the Executive's employment other than pursuant to Section 5(a), (b) or (c) or if the Executive shall terminate his employment for Good Reason, then the Company shall pay to the Executive as severance pay in a lump sum, in cash, on the fifth day following the Date of Termination, an amount equal to three (3) times the average of the aggregate annual compensation paid to the Executive during the three (3) fiscal years of the Company immediately preceding the Change of Control by the Company subject to United States income taxes (or, such fewer number of fiscal years if the Executive has not been employed by the Company during each of the preceding three (3) fiscal years).

5. Excise Tax-Additional Payment.

(a) Notwithstanding anything in this Agreement or any written or unwritten policy of the Company to the contrary, (i) if it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement, any other agreement between the Company and the Executive or otherwise (a "Payment"), would be subject to the excise tax imposed by section 4999 of the Internal Revenue Code of 1986, as amended, (the "Code") or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), or (ii) if the Executive shall otherwise become obligated to pay the Excise Tax in respect of a Payment, then the Company shall pay to the Executive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon such Payment.

(b) All determinations and computations required to be made under this Section 5, including whether a Gross-Up Payment is required under clause (ii) of paragraph 5(a) above, and the amount of any Gross-Up Payment, shall be made by the Company's regularly engaged independent certified public accountants (the "Accounting Firm"). The Company shall cause the Accounting Firm to provide detailed supporting calculations both to the Company and the Executive within 15 business days after such determination or computation is requested by the Executive. Any initial Gross-Up Payment determined pursuant to this Section 5 shall be paid by the Company to the Executive within 5 days of the receipt of the Accounting Firm's determination. A determination that no Excise Tax is payable by the Executive shall not be valid or binding unless accompanied by a written opinion of the Accounting Firm to the Executive that the Executive has substantial authority not to report any Excise Tax on his federal income tax return. Any determination by the Accounting Firm shall be binding upon the Company and the Executive, except to the extent the Executive becomes obligated to pay an Excise Tax in respect of a Payment. In the event that the Company or the subsidiary exhausts or waives its remedies pursuant to paragraph 5(c) and the Executive thereafter shall become obligated to make a payment of any Excise Tax,

and if the amount thereof shall exceed the amount, if any, of any Excise Tax computed by the Accounting Firm pursuant to this paragraph 5(b) in respect to which an initial Gross-Up Payment was made to the Executive, the Accounting Firm shall within 15 days after Notice thereof determine the amount of such excess Excise Tax and the amount of the additional Gross-Up Payment to the Executive. All expenses and fees of the Accounting Firm incurred by reason of this Section 5 shall be paid by the Company.

(c) The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of a Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten business days after the Executive knows of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the thirty-day period following the date on which it gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

(i) give the Company any information reasonably requested relating to such claim,

(ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,

(iii) cooperate with the Company in good faith in order effectively to contest such claim, and

(iv) permit the Company to participate in any proceedings relating to such claim;

provided, *however*, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax, including interest and penalties with respect thereto, imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this paragraph 5(c), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company or the subsidiary shall determine; *provided*, *however*, that if the Company or the subsidiary directs the Executive to pay such claim and sue for a refund, the Company or the subsidiary shall advance the amount of such payment to the Executive, on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax, including interest or penalties with respect thereto, imposed with respect to such advance or with respect to any imputed income with respect to such advance; and *further provided*, that any extension of the statue of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, control of the contest by the Company shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by the Executive of an amount advanced by the Company or the subsidiary pursuant to paragraph 5(c), the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to compliance with the requirements of Section 5 by the Company or the subsidiary) promptly pay to the Company or the subsidiary the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company or the subsidiary pursuant to paragraph 5(c), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of thirty days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall off-set, to the extent thereof, the amount of Gross-Up Payment required to be paid.

(e) Both the Company and the Executive acknowledge that no legal right to receive a Gross-Up Payment pursuant to this Section 5 shall exist unless and until such time as an Excise tax has been assessed. The payment of severance benefits pursuant to Section 4 of this Agreement (or the payment of any other benefits under this Agreement) does not create a legal right on behalf of the Executive to receive a Gross-Up Payment.

6. No Obligation To Mitigate Damages; No Effect on Other Contractual Rights.

(a) The Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for under this Agreement be reduced by any compensation earned by the Executive as the result of employment by another employer after the Date of Termination, or otherwise.

(b) The provisions of this Agreement, and any payment provided for hereunder, shall not reduce any amounts otherwise payable, or in any way diminish the Executive's existing rights, or rights which would accrue solely as a result of the passage of time, under any Benefit Plan, Incentive Plan or Securities Plan, employment agreements or other contract, plan or arrangement.

7. Successor to the Company.

(a) The Company will require any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) of all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to the Executive, expressly, absolutely and unconditionally to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. Any failure of the Company to obtain such agreement prior to the effectiveness of any such succession or assignment shall be a material breach of this Agreement and shall entitle the Executive to terminate the Executive's employment for Good Reason. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor or assign to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 7 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) This Agreement shall inure to the benefit of and be enforceable by the Executive's personal and legal representatives, executors, administrators, successors, heirs, distributes, devisees and legatees. If the Executive should die while any amounts are still payable to him hereunder, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's devisee, legatee, or other designee or, if there be no such designee, to the Executive's estate.

8. No Guaranty of Employment. Nothing in this Agreement shall be deemed to entitle the Executive to continued employment with the Company prior to a Change of Control, and the rights of the Company to terminate the employment of the Executive, prior to a Change of Control, shall continue as fully as if this Agreement were not in effect.

9. Notice. For purposes of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt registered, postage prepaid, as follows:

If to the Company:

Winnebago Industries, Inc.
Attn: General Counsel
605 W. Crystal Lake Road
P.O. Box 152
Forest City, Iowa 50436

If to the Executive:

William J. O'Leary
765 11th Street Place
Garner, IA 50438

or such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

10. Miscellaneous. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Iowa.

11. Validity. The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

12. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

13. Legal Fees and Expenses. The Company shall pay all legal fees and expenses which the Executive may incur as a result of the Company's contesting the validity, enforceability or the Executive's interpretation of, or determinations under, this Agreement.

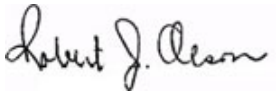
14. Confidentiality. The Executive shall retain in confidence any and all confidential information known to the Executive concerning the Company and its business so long as such information is not otherwise publicly disclosed.

15. Section 409A. This Agreement is intended to satisfy the short-term deferral exception to Internal Revenue code Section 409A and the regulations there under. This Agreement shall be administered accordingly; and if necessary, amended to ensure satisfaction of the short-term deferral exception.

IN WITNESS WHEREOF, the parties have executed this agreement on the date set out above.

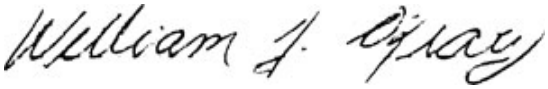
COMPANY:

WINNEBAGO INDUSTRIES, INC.

By: 

Robert J. Olson
Chairman of the Board, Chief Executive Officer
and President

EXECUTIVE:



William J. O'Leary

EXHIBIT 10l.

AMENDED AND RESTATED
EXECUTIVE CHANGE OF CONTROL AGREEMENT

This EXECUTIVE CHANGE OF CONTROL AGREEMENT is made as of December 17, 2008, by and between **WINNEBAGO INDUSTRIES, INC.,** an Iowa corporation (the "Company"), and Sarah N. Nielsen (the "Executive").

RECITALS:

WHEREAS, the Executive is a senior executive and officer of the Company and has made and is expected to continue to make major contributions to the profitability, growth and financial strength of the Company;

WHEREAS, the Company recognizes that, as is the case for most publicly held companies, the possibility of a Change of Control (as hereafter defined) exists;

WHEREAS, it is in the best interests of the Company, considering the past and future services of the Executive, to improve the security and climate for objective decision making by providing for the personal security of the Executive upon a Change of Control.

WHEREAS, THE Company and the Executive have previously entered into the Executive Change of Control Agreement dated November 14, 2005.

NOW, THEREFORE, in consideration of the foregoing premises and the past and future services rendered and to be rendered by the Executive to the Company and of the mutual covenants and agreements hereinafter set forth, the parties agree to amend and restate the Agreement as follows:

AGREEMENT:

1. Continued Service by Executive. In the event a person or entity, in order to effect a Change of Control, commences a tender or exchange offer, circulates a proxy to shareholders or takes other steps, the Executive agrees that the Executive will not voluntarily leave the employ of the Company, and will render faithful services to the Company consistent with Executive's position and responsibilities, until the person or entity has abandoned or terminated its efforts to effect such Change of Control or until such Change of Control has occurred.

2. Change of Control. For purposes of this Agreement, the term "Change of Control" means the time when (i) any Person becomes an Acquiring Person, or (ii) individuals who shall qualify as Continuing Directors of the Company shall have ceased for any reason to constitute at least a majority of the Board of Directors of the Company; *provided however*, that in the case of either clause (i) or (ii) a Change of Control shall not be deemed to have occurred if the event shall have been approved prior to the occurrence thereof by a majority of the Continuing Directors who shall then be members of such Board of Directors, and in the case of clause (i) a Change of Control shall not be deemed to have occurred upon the acquisition of stock of the Company by a pension, profit-sharing, stock bonus, employee stock ownership plan or other retirement plan intended to be qualified under Section 401 (a) of the Internal Revenue Code of 1986, as amended, established by the Company or any subsidiary of the Company. (In addition, stock held by such a plan shall not be treated as outstanding in determining ownership percentages for purposes of this definition.)

For the purpose of the foregoing definition of "Change of Control", the capitalized terms shall have the following meanings:

(a) "Continuing Director" means (i) any member of the Board of Directors of the Company, while such person as a member of the Board, who is not an Affiliate or Associate of any Acquiring Person or of any such Acquiring Person's Affiliate or Associate and was a member of the Board prior to the time when such Acquiring Person shall have become an Acquiring Person, and (ii) any successor of a Continuing Director, while such successor is a member of the Board, who is not an Acquiring Person or any Affiliate or Associate of any Acquiring Person or a representative or nominee of an Acquiring Person or of any affiliate or associate of such Acquiring Person and is recommended or elected to succeed the Continuing Director by a majority of the Continuing Directors.

(b) "Acquiring Person" means any Person or any individual or group of Affiliates or Associates of such Person who acquires beneficial ownership, directly or indirectly, of 20% or more of the outstanding stock of the Company if such acquisition occurs in whole or in part following date of that person's agreement.

(c) "Affiliate" means a Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified.

(d) "Associate" means (1) any corporate, partnership, limited liability company, entity or organization (other than the Company or a majority-owned subsidiary of the Company) of which such a Person is an officer, director, member, or partner or is, directly or indirectly the beneficial owner of ten percent (10%) or more of the class of equity securities, (2) any trust or fund in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity, (3) any relative or spouse of such person, or any relative of such spouse, or (4) any investment company for which such person or any Affiliate of such person serves as investment advisor.

(e) "Person" means an individual, corporation, limited liability company, partnership, association, joint stock company, trust, unincorporated organization or government or political subdivision thereof.

3. Termination Following a Change of Control. If a change of Control shall have occurred while the Executive is still an employee of the Company, and if the Executive's employment with the Company is terminated, within three years following such Change of Control, then the Executive shall be entitled to the compensation and benefits provided in Section 4, unless such termination is a result of: (a) the Executive's death; (b) the Executive's Disability (as defined in Section 3(a) below); (c) the Executive's Retirement (as defined in Section 3(b) below); (d) the Executive's termination by the Company for Cause (as defined in Section 3(c) below); or (e) the Executive's decision to terminate employment other than for Good Reason (as defined in Section 3(d) below).

(a) *Disability.* If, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been absent from his duties with the Company on a full-time basis for six months and within 30 days after written notice of termination is thereafter given by the Company the Executive shall not have returned to the full-time performance of the Executive's duties, the Company may terminate the Executive for "Disability."

(b) *Retirement.* The term "Retirement" as used in this Agreement shall mean termination by the Company or the Executive of the Executive's employment based on the Executive having attained the age of 65 or such other age as shall have been fixed in any arrangement established with the Executive's consent with respect to the Executive.

(c) *Cause.* The Company may terminate the Executive's employment for Cause. For purposes of this Agreement only, the Company shall have "Cause" to terminate the Executive's employment hereunder only on the basis of (i) fraud, misappropriation or embezzlement on the part of the Executive; or (ii) intentional misconduct or gross negligence on the part of the Executive which has resulted in material harm to the Company. Notwithstanding the foregoing, the Executive shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the company's Board of Directors at a meeting of the Board called and held for the purpose (after reasonable notice to the Executive and an opportunity for the Executive, together with the Executive's counsel, to be heard before the Board), finding that in the good faith opinion of the Board the Executive was guilty of conduct set forth in the second sentence of this Section 3(c) and specifying the particulars thereof in detail. Nothing herein shall limit the right of the Executive or his beneficiaries to contest the validity or propriety of any such determination.

(d) *Good Reason.* The Executive may terminate the Executive's employment for Good Reason at any time during the term of this Agreement. For purposes of this Agreement "Good Reason" shall mean any of the following (without the Executive's express written consent):

(i) the assignment to the Executive by the Company of duties inconsistent with the Executive's position, duties, responsibilities and status with the Company immediately prior to a Change in Control of the Company, or a change in the Executive's titles or offices as in effect immediately prior to a Change in Control of the Company, or any removal of the Executive from or any failure to re-elect the Executive to any of such positions, except in connection with the termination of his employment for Disability, Retirement or Cause or as a result of the Executive's death or by the Executive other than for good Reason;

(ii) a reduction by the Company in the Executive's base salary as in effect on the date hereof or as the same may be increased from time to time during the term of this Agreement or the Company's failure to increase (within 12 months of the Executive's last increase in base salary) the Executive's base salary after a Change in Control of the Company in an amount which at least equals, on a percentage basis, the average percentage increase in base salary for all officers of the company effected in the preceding 12 months.

(iii) any failure by the Company to continue in effect any benefit plan or arrangement (including, without limitation, the Company's 401(K) plan, nonqualified deferred compensation plan, profit sharing plan, group life insurance plan, and medical, dental, accident and disability plans) in which the Executive is participating at the time of a Change of Control (or any other plans providing the Executive with substantially similar benefits) (hereinafter referred to as "Benefit Plans"), or the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Benefit Plan or deprive the Executive of any material fringe benefit enjoyed by the Executive at the time of a Change in Control of the Company;

(iv) any failure by the Company to continue in effect any incentive plan or arrangement (including, without limitation, the Company's Officers Incentive Compensation Plan, Officers Long-Term Incentive Plan, bonus and contingent bonus arrangements and credits and the right to receive performance awards and similar incentive compensation benefits) in which the Executive is participating at the time of a Change of Control (or any other plans or arrangements providing him with substantially similar benefits) (hereinafter referred to as "Incentive Plans") or the taking of any action by the Company which would adversely affect the Executive's participation in any such Incentive Plan or materially reduce the Executive's benefits under any such Incentive Plan by reducing such benefits, when expressed as a percentage of his base salary, by more than 10 percentage points in any fiscal year as compared to the immediately preceding fiscal year;

(v) any failure by the Company to continue in effect any plan or arrangement to receive securities of the Company in which the Executive is participating at the time of a Change of Control (or plans or arrangements providing him with substantially similar benefits) (hereinafter referred to as "Securities Plans") or the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Securities Plan;

(vi) a relocation of the Company's principal executive offices to a location outside of Forest City, Iowa, or the Executive's relocation to any place other than the location at which the Executive performed the Executive's duties prior to a Change in Control of the Company, except for required travel by the Executive on the Company's business to an extent substantially consistent with the Executive's business travel obligations at the time of a Change in Control of the Company;

(vii) any failure by the Company to provide the Executive with the number of paid vacation days to which the Executive is entitled at the time of a Change in Control of the Company;

(viii) any material breach by the Company of any provision of this Agreement;

(ix) any failure by the Company to obtain the assumption of this Agreement by any successor or assign of the Company; or

(x) any purported termination of the Executive's employment which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 3(e) below.

(e) *Notice of Termination.* Any termination by the Company pursuant to Section 3(a), (b) or (c) shall be communicated by a Notice of Termination. For purposes of this Agreement, a "Notice of Termination" shall mean a written notice which shall indicate those specific termination provisions in this Agreement relied upon and which sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provisions so indicated. For purposes of this Agreement, no such purported termination by the Company shall be effective without such Notice of Termination.

(f) *Date of Termination.* "Date of Termination" shall mean (a) if this Agreement is terminated by the Company for Disability, 30 days after Notice of Termination is given to the Executive (provided that the Executive shall not have returned to the performance of the Executive's duties on a full-time basis during such 30-day period) or (b) if the Executive's employment is terminated by the Company for any other reason, the date on which a Notice of Termination is given; *provided* that if within 30 days after any Notice of Termination is given to the Executive by the Company the Executive notified the Company that a dispute exists concerning the termination, the Date of Termination shall be the date the dispute is finally determined, whether by mutual agreement by the parties or upon final judgment, order or decree of a court of competent jurisdiction (the time for appeal therefrom having expired and no appeal having been perfected).

4. Severance Compensation upon Termination of Employment. If the Company shall terminate the Executive's employment other than pursuant to Section 5(a), (b) or (c) or if the Executive shall terminate his employment for Good Reason, then the Company shall pay to the Executive as severance pay in a lump sum, in cash, on the fifth day following the Date of Termination, an amount equal to three (3) times the average of the aggregate annual compensation paid to the Executive during the three (3) fiscal years of the Company immediately preceding the Change of Control by the Company subject to United States income taxes (or, such fewer number of fiscal years if the Executive has not been employed by the Company during each of the preceding three (3) fiscal years).

5. Excise Tax-Additional Payment.

(a) Notwithstanding anything in this Agreement or any written or unwritten policy of the Company to the contrary, (i) if it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement, any other agreement between the Company and the Executive or otherwise (a "Payment"), would be subject to the excise tax imposed by section 4999 of the Internal Revenue Code of 1986, as amended, (the "Code") or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), or (ii) if the Executive shall otherwise become obligated to pay the Excise Tax in respect of a Payment, then the Company shall pay to the Executive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon such Payment.

(b) All determinations and computations required to be made under this Section 5, including whether a Gross-Up Payment is required under clause (ii) of paragraph 5(a) above, and the amount of any Gross-Up Payment, shall be made by the Company's regularly engaged independent certified public accountants (the "Accounting Firm"). The Company shall cause the Accounting Firm to provide detailed supporting calculations both to the Company and the Executive within 15 business days after such determination or computation is requested by the Executive. Any initial Gross-Up Payment determined pursuant to this Section 5 shall be paid by the Company to the Executive within 5 days of the receipt of the Accounting Firm's determination. A determination that no Excise Tax is payable by the Executive shall not be valid or binding unless accompanied by a written opinion of the Accounting Firm to the Executive that the Executive has substantial authority not to report any Excise Tax on his federal income tax return. Any determination by the Accounting Firm shall be binding upon the Company and the Executive, except to the extent the Executive becomes obligated to pay an Excise Tax in respect of a Payment. In the event that the Company or the subsidiary exhausts or waives its remedies pursuant to paragraph 5(c) and the Executive thereafter shall become obligated to make a payment of any Excise Tax,

and if the amount thereof shall exceed the amount, if any, of any Excise Tax computed by the Accounting Firm pursuant to this paragraph 5(b) in respect to which an initial Gross-Up Payment was made to the Executive, the Accounting Firm shall within 15 days after Notice thereof determine the amount of such excess Excise Tax and the amount of the additional Gross-Up Payment to the Executive. All expenses and fees of the Accounting Firm incurred by reason of this Section 5 shall be paid by the Company.

(c) The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of a Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten business days after the Executive knows of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the thirty-day period following the date on which it gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

(i) give the Company any information reasonably requested relating to such claim,

(ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,

(iii) cooperate with the Company in good faith in order effectively to contest such claim, and

(iv) permit the Company to participate in any proceedings relating to such claim;

provided, *however*, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax, including interest and penalties with respect thereto, imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this paragraph 5(c), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company or the subsidiary shall determine; *provided*, *however*, that if the Company or the subsidiary directs the Executive to pay such claim and sue for a refund, the Company or the subsidiary shall advance the amount of such payment to the Executive, on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax, including interest or penalties with respect thereto, imposed with respect to such advance or with respect to any imputed income with respect to such advance; and *further provided*, that any extension of the statue of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, control of the contest by the Company shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by the Executive of an amount advanced by the Company or the subsidiary pursuant to paragraph 5(c), the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to compliance with the requirements of Section 5 by the Company or the subsidiary) promptly pay to the Company or the subsidiary the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company or the subsidiary pursuant to paragraph 5(c), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of thirty days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall off-set, to the extent thereof, the amount of Gross-Up Payment required to be paid.

(e) Both the Company and the Executive acknowledge that no legal right to receive a Gross-Up Payment pursuant to this Section 5 shall exist unless and until such time as an Excise tax has been assessed. The payment of severance benefits pursuant to Section 4 of this Agreement (or the payment of any other benefits under this Agreement) does not create a legal right on behalf of the Executive to receive a Gross-Up Payment.

6. No Obligation To Mitigate Damages; No Effect on Other Contractual Rights.

(a) The Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for under this Agreement be reduced by any compensation earned by the Executive as the result of employment by another employer after the Date of Termination, or otherwise.

(b) The provisions of this Agreement, and any payment provided for hereunder, shall not reduce any amounts otherwise payable, or in any way diminish the Executive's existing rights, or rights which would accrue solely as a result of the passage of time, under any Benefit Plan, Incentive Plan or Securities Plan, employment agreements or other contract, plan or arrangement.

7. Successor to the Company.

(a) The Company will require any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) of all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to the Executive, expressly, absolutely and unconditionally to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. Any failure of the Company to obtain such agreement prior to the effectiveness of any such succession or assignment shall be a material breach of this Agreement and shall entitle the Executive to terminate the Executive's employment for Good Reason. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor or assign to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 7 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) This Agreement shall inure to the benefit of and be enforceable by the Executive's personal and legal representatives, executors, administrators, successors, heirs, distributes, devisees and legatees. If the Executive should die while any amounts are still payable to him hereunder, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's devisee, legatee, or other designee or, if there be no such designee, to the Executive's estate.

8. No Guaranty of Employment. Nothing in this Agreement shall be deemed to entitle the Executive to continued employment with the Company prior to a Change of Control, and the rights of the Company to terminate the employment of the Executive, prior to a Change of Control, shall continue as fully as if this Agreement were not in effect.

9. Notice. For purposes of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt registered, postage prepaid, as follows:

If to the Company:

Winnebago Industries, Inc.
Attn: General Counsel
605 W. Crystal Lake Road
P.O. Box 152
Forest City, Iowa 50436

If to the Executive:

Sarah N. Nielsen
31 Lido Road
Clear Lake, IA 50428

or such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

10. Miscellaneous. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Iowa.

11. Validity. The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

12. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

13. Legal Fees and Expenses. The Company shall pay all legal fees and expenses which the Executive may incur as a result of the Company's contesting the validity, enforceability or the Executive's interpretation of, or determinations under, this Agreement.

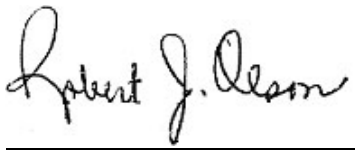
14. Confidentiality. The Executive shall retain in confidence any and all confidential information known to the Executive concerning the Company and its business so long as such information is not otherwise publicly disclosed.

15. Section 409A. This Agreement is intended to satisfy the short-term deferral exception to Internal, Revenue code Section 409A and the regulations thereunder. This Agreement shall be administered accordingly; and if necessary, amended to ensure satisfaction of the short-term deferral exception.

IN WITNESS WHEREOF, the parties have executed this agreement on the date set out above.

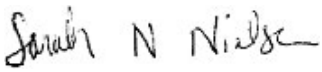
COMPANY:

WINNEBAGO INDUSTRIES, INC.

By: 

Robert J. Olson
Chairman of the Board, Chief Executive Officer
and President

EXECUTIVE:



Sarah N. Nielsen

EXHIBIT 10m.

AMENDED AND RESTATED
EXECUTIVE CHANGE OF CONTROL AGREEMENT

This EXECUTIVE CHANGE OF CONTROL AGREEMENT is made as of December 17, 2008, by and between **WINNEBAGO INDUSTRIES, INC.,** an Iowa corporation (the "Company"), and Roger W. Martin (the "Executive").

RECITALS:

WHEREAS, the Executive is a senior executive and officer of the Company and has made and is expected to continue to make major contributions to the profitability, growth and financial strength of the Company;

WHEREAS, the Company recognizes that, as is the case for most publicly held companies, the possibility of a Change of Control (as hereafter defined) exists;

WHEREAS, it is in the best interests of the Company, considering the past and future services of the Executive, to improve the security and climate for objective decision making by providing for the personal security of the Executive upon a Change of Control.

WHEREAS, THE Company and the Executive have previously entered into the Executive Change of Control Agreement dated March 13, 2003.

NOW, THEREFORE, in consideration of the foregoing premises and the past and future services rendered and to be rendered by the Executive to the Company and of the mutual covenants and agreements hereinafter set forth, the parties agree to amend and restate the Agreement as follows:

AGREEMENT:

1. Continued Service by Executive. In the event a person or entity, in order to effect a Change of Control, commences a tender or exchange offer, circulates a proxy to shareholders or takes other steps, the Executive agrees that the Executive will not voluntarily leave the employ of the Company, and will render faithful services to the Company consistent with Executive's position and responsibilities, until the person or entity has abandoned or terminated its efforts to effect such Change of Control or until such Change of Control has occurred.

2. Change of Control. For purposes of this Agreement, the term "Change of Control" means the time when (i) any Person becomes an Acquiring Person, or (ii) individuals who shall qualify as Continuing Directors of the Company shall have ceased for any reason to constitute at least a majority of the Board of Directors of the Company; *provided however*, that in the case of either clause (i) or (ii) a Change of Control shall not be deemed to have occurred if the event shall have been approved prior to the occurrence thereof by a majority of the Continuing Directors who shall then be members of such Board of Directors, and in the case of clause (i) a Change of Control shall not be deemed to have occurred upon the acquisition of stock of the Company by a pension, profit-sharing, stock bonus, employee stock ownership plan or other retirement plan intended to be qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended, established by the Company or any subsidiary of the Company. (In addition, stock held by such a plan shall not be treated as outstanding in determining ownership percentages for purposes of this definition.)

For the purpose of the foregoing definition of "Change of Control", the capitalized terms shall have the following meanings:

(a) "Continuing Director" means (i) any member of the Board of Directors of the Company, while such person as a member of the Board, who is not an Affiliate or Associate of any Acquiring Person or of any such Acquiring Person's Affiliate or Associate and was a member of the Board prior to the time when such Acquiring Person shall have become an Acquiring Person, and (ii) any successor of a Continuing Director, while such successor is a member of the Board, who is not an Acquiring Person or any Affiliate or Associate of any Acquiring Person or a representative or nominee of an Acquiring Person or of any affiliate or associate of such Acquiring Person and is recommended or elected to succeed the Continuing Director by a majority of the Continuing Directors.

(b) "Acquiring Person" means any Person or any individual or group of Affiliates or Associates of such Person who acquires beneficial ownership, directly or indirectly, of 20% or more of the outstanding stock of the Company if such acquisition occurs in whole or in part following date of that person's agreement.

(c) "Affiliate" means a Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified.

(d) "Associate" means (1) any corporate, partnership, limited liability company, entity or organization (other than the Company or a majority-owned subsidiary of the Company) of which such a Person is an officer, director, member, or partner or is, directly or indirectly the beneficial owner of ten percent (10%) or more of the class of equity securities, (2) any trust or fund in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity, (3) any relative or spouse of such person, or any relative of such spouse, or (4) any investment company for which such person or any Affiliate of such person serves as investment advisor.

(e) "Person" means an individual, corporation, limited liability company, partnership, association, joint stock company, trust, unincorporated organization or government or political subdivision thereof.

3. <u>Termination Following a Change of Control</u>. If a change of Control shall have occurred while the Executive is still an employee of the Company, and if the Executive's employment with the Company is terminated, within three years following such Change of Control, then the Executive shall be entitled to the compensation and benefits provided in Section 4, unless such termination is a result of: (a) the Executive's death; (b) the Executive's Disability (as defined in Section 3(a) below); (c) the Executive Retirement (as defined in Section 3(b) below); (d) the Executive's termination by the Company for Cause (as defined in Section 3(c) below); or (e) the Executive's decision to terminate employment other than for Good Reason (as defined in Section 3(d) below).

(a) *Disability.* If, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been absent from his duties with the Company on a full-time basis for six months and within 30 days after written notice of termination is thereafter given by the Company the Executive shall not have returned to the full-time performance of the Executive's duties, the Company may terminate the Executive for "Disability."

(b) *Retirement.* The term "Retirement" as used in this Agreement shall mean termination by the Company or the Executive of the Executive's employment based on the Executive having attained the age of 65 or such other age as shall have been fixed in any arrangement established with the Executive's consent with respect to the Executive.

(c) *Cause.* The Company may terminate the Executive's employment for Cause. For purposes of this Agreement only, the Company shall have "Cause" to terminate the Executive's employment hereunder only on the basis of (i) fraud, misappropriation or embezzlement on the part of the Executive; or (ii) intentional misconduct or gross negligence on the part of the Executive which has resulted in material harm to the Company. Notwithstanding the foregoing, the Executive shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the company's Board of Directors at a meeting of the Board called and held for the purpose (after reasonable notice to the Executive and an opportunity for the Executive, together with the Executive's counsel, to be heard before the Board), finding that in the good faith opinion of the Board the Executive was guilty of conduct set forth in the second sentence of this Section 3(c) and specifying the particulars thereof in detail. Nothing herein shall limit the right of the Executive or his beneficiaries to contest the validity or propriety of any such determination.

(d) *Good Reason.* The Executive may terminate the Executive's employment for Good Reason at any time during the term of this Agreement. For purposes of this Agreement "Good Reason" shall mean any of the following (without the Executive's express written consent):

(i) the assignment to the Executive by the Company of duties inconsistent with the Executive's position, duties, responsibilities and status with the Company immediately prior to a Change in Control of the Company, or a change in the Executive's titles or offices as in effect immediately prior to a Change in Control of the Company, or any removal of the Executive from or any failure to re-elect the Executive to any of such positions, except in connection with the termination of his employment for Disability, Retirement or Cause or as a result of the Executive's death or by the Executive other than for good Reason;

(ii) a reduction by the Company in the Executive's base salary as in effect on the date hereof or as the same may be increased from time to time during the term of this Agreement or the Company's failure to increase (within 12 months of the Executive's last increase in base salary) the Executive's base salary after a Change in Control of the Company in an amount which at least equals, on a percentage basis, the average percentage increase in base salary for all officers of the company effected in the preceding 12 months.

(iii) any failure by the Company to continue in effect any benefit plan or arrangement (including, without limitation, the Company's 401(K) plan, nonqualified deferred compensation plan, profit sharing plan, group life insurance plan, and medical, dental, accident and disability plans) in which the Executive is participating at the time of a Change of Control (or any other plans providing the Executive with substantially similar benefits) (hereinafter referred to as "Benefit Plans"), or the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Benefit Plan or deprive the Executive of any material fringe benefit enjoyed by the Executive at the time of a Change in Control of the Company;

(iv) any failure by the Company to continue in effect any incentive plan or arrangement (including, without limitation, the Company's Officers Incentive Compensation Plan, Officers Long-Term Incentive Plan, bonus and contingent bonus arrangements and credits and the right to receive performance awards and similar incentive compensation benefits) in which the Executive is participating at the time of a Change of Control (or any other plans or arrangements providing him with substantially similar benefits) (hereinafter referred to as "Incentive Plans") or the taking of any action by the Company which would adversely affect the Executive's participation in any such Incentive Plan or materially reduce the Executive's benefits under any such Incentive Plan by reducing such benefits, when expressed as a percentage of his base salary, by more than 10 percentage points in any fiscal year as compared to the immediately preceding fiscal year;

(v) any failure by the Company to continue in effect any plan or arrangement to receive securities of the Company in which the Executive is participating at the time of a Change of Control (or plans or arrangements providing him with substantially similar benefits) (hereinafter referred to as "Securities Plans") or the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Securities Plan;

(vi) a relocation of the Company's principal executive offices to a location outside of Forest City, Iowa, or the Executive's relocation to any place other than the location at which the Executive performed the Executive's duties prior to a Change in Control of the Company, except for required travel by the Executive on the Company's business to an extent substantially consistent with the Executive's business travel obligations at the time of a Change in Control of the Company;

(vii) any failure by the Company to provide the Executive with the number of paid vacation days to which the Executive is entitled at the time of a Change in Control of the Company;

(viii) any material breach by the Company of any provision of this Agreement;

(ix) any failure by the Company to obtain the assumption of this Agreement by any successor or assign of the Company; or

(x) any purported termination of the Executive's employment which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 3(e) below.

(e) *Notice of Termination.* Any termination by the Company pursuant to Section 3(a), (b) or (c) shall be communicated by a Notice of Termination. For purposes of this Agreement, a "Notice of Termination" shall mean a written notice which shall indicate those specific termination provisions in this Agreement relied upon and which sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provisions so indicated. For purposes of this Agreement, no such purported termination by the Company shall be effective without such Notice of Termination.

(f) *Date of Termination.* "Date of Termination" shall mean (a) if this Agreement is terminated by the Company for Disability, 30 days after Notice of Termination is given to the Executive (provided that the Executive shall not have returned to the performance of the Executive's duties on a full-time basis during such 30-day period) or (b) if the Executive's employment is terminated by the Company for any other reason, the date on which a Notice of Termination is given; *provided* that if within 30 days after any Notice of Termination is given to the Executive by the Company the Executive notified the Company that a dispute exists concerning the termination, the Date of Termination shall be the date the dispute is finally determined, whether by mutual agreement by the parties or upon final judgment, order or decree of a court of competent jurisdiction (the time for appeal therefrom having expired and no appeal having been perfected).

4. Severance Compensation upon Termination of Employment. If the Company shall terminate the Executive's employment other than pursuant to Section 5(a), (b) or (c) or if the Executive shall terminate his employment for Good Reason, then the Company shall pay to the Executive as severance pay in a lump sum, in cash, on the fifth day following the Date of Termination, an amount equal to three (3) times the average of the aggregate annual compensation paid to the Executive during the three (3) fiscal years of the Company immediately preceding the Change of Control by the Company subject to United States income taxes (or, such fewer number of fiscal years if the Executive has not been employed by the Company during each of the preceding three (3) fiscal years).

5. Excise Tax-Additional Payment.

(a) Notwithstanding anything in this Agreement or any written or unwritten policy of the Company to the contrary, (i) if it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement, any other agreement between the Company and the Executive or otherwise (a "Payment"), would be subject to the excise tax imposed by section 4999 of the Internal Revenue Code of 1986, as amended, (the "Code") or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), or (ii) if the Executive shall otherwise become obligated to pay the Excise Tax in respect of a Payment, then the Company shall pay to the Executive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon such Payment.

(b) All determinations and computations required to be made under this Section 5, including whether a Gross-Up Payment is required under clause (ii) of paragraph 5(a) above, and the amount of any Gross-Up Payment, shall be made by the Company's regularly engaged independent certified public accountants (the "Accounting Firm"). The Company shall cause the Accounting Firm to provide detailed supporting calculations both to the Company and the Executive within 15 business days after such determination or computation is requested by the Executive. Any initial Gross-Up Payment determined pursuant to this Section 5 shall be paid by the Company to the Executive within 5 days of the receipt of the Accounting Firm's determination. A determination that no Excise Tax is payable by the Executive shall not be valid or binding unless accompanied by a written opinion of the Accounting Firm to the Executive that the Executive has substantial authority not to report any Excise Tax on his federal income tax return. Any determination by the Accounting Firm shall be binding upon the Company and the Executive, except to the extent the Executive becomes obligated to pay an Excise Tax in respect of a Payment. In the event that the Company or the subsidiary exhausts or waives its remedies pursuant to paragraph 5(c) and the Executive thereafter shall become obligated to make a payment of any Excise Tax,

and if the amount thereof shall exceed the amount, if any, of any Excise Tax computed by the Accounting Firm pursuant to this paragraph 5(b) in respect to which an initial Gross-Up Payment was made to the Executive, the Accounting Firm shall within 15 days after Notice thereof determine the amount of such excess Excise Tax and the amount of the additional Gross-Up Payment to the Executive. All expenses and fees of the Accounting Firm incurred by reason of this Section 5 shall be paid by the Company.

(c) The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of a Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten business days after the Executive knows of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the thirty-day period following the date on which it gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim. the Executive shall:

(i) give the Company any information reasonably requested relating to such claim,

(ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,

(iii) cooperate with the Company in good faith in order effectively to contest such claim, and

(iv) permit the Company to participate in any proceedings relating to such claim:

provided, *however*, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax, including interest and penalties with respect thereto, imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this paragraph 5(c), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company or the subsidiary shall determine; *provided*, *however*, that if the Company or the subsidiary directs the Executive to pay such claim and sue for a refund, the Company or the subsidiary shall advance the amount of such payment to the Executive, on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax, including interest or penalties with respect thereto, imposed with respect to such advance or with respect to any imputed income with respect to such advance; and *further provided*, that any extension of the statue of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, control of the contest by the Company shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by the Executive of an amount advanced by the Company or the subsidiary pursuant to paragraph 5(c), the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to compliance with the requirements of Section 5 by the Company or the subsidiary) promptly pay to the Company or the subsidiary the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company or the subsidiary pursuant to paragraph 5(c), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of thirty days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall off-set, to the extent thereof, the amount of Gross-Up Payment required to be paid.

(e) Both the Company and the Executive acknowledge that no legal right to receive a Gross-Up Payment pursuant to this Section 5 shall exist unless and until such time as an Excise tax has been assessed. The payment of severance benefits pursuant to Section 4 of this Agreement (or the payment of any other benefits under this Agreement) does not create a legal right on behalf of the Executive to receive a Gross-Up Payment.

6. No Obligation *To* Mitigate Damages; No Effect on Other Contractual Rights.

(a) The Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for under this Agreement be reduced by any compensation earned by the Executive as the result of employment by another employer after the Date of Termination, or otherwise.

(b) The provisions of this Agreement, and any payment provided for hereunder, shall not reduce any amounts otherwise payable, or in any way diminish the Executive's existing rights, or rights which would accrue solely as a result of the passage of time, under any Benefit Plan, Incentive Plan or Securities Plan, employment agreements or other contract, plan or arrangement.

7. Successor to the Company.

(a) The Company will require any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) of all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to the Executive, expressly, absolutely and unconditionally to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would he required to perform it if no such succession or assignment had taken place. Any failure of the Company to obtain such agreement prior to the effectiveness of any such succession or assignment shall be a material breach of this Agreement and shall entitle the Executive to terminate the Executive's employment for Good Reason. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor or assign to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 7 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) This Agreement shall inure to the benefit of and be enforceable by the Executive's personal and legal representatives, executors, administrators, successors, heirs, distributes, devisees and legatees. If the Executive should die while any amounts are still payable to him hereunder, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's devisee, legatee, or other designee or, if there be no such designee, to the Executive's estate.

8. No Guaranty of Employment. Nothing in this Agreement shall be deemed to entitle the Executive to continued employment with the Company prior to a Change of Control, and the rights of the Company to terminate the employment of the Executive, prior to a Change of Control, shall continue as fully as if this Agreement were not in effect.

9. Notice. For purposes of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt registered, postage prepaid, as follows:

If to the Company:

Winnebago Industries, Inc.
Attn: General Counsel
605 W. Crystal Lake Road
P.O. Box 152
Forest City, Iowa 50436

If to the Executive:

Roger W. Martin
107 Dellwood Drive
Forest City, IA 50436

or such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

10. Miscellaneous. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Iowa.

11. Validity. The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

12. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

13. Legal Fees and Expenses. The Company shall pay all legal fees and expenses which the Executive may incur as a result of the Company's contesting the validity, enforceability or the Executive's interpretation of, or determinations under, this Agreement.

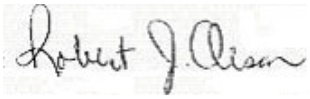
14. Confidentiality. The Executive shall retain in confidence any and all confidential information known to the Executive concerning the Company and its business so long as such information is not otherwise publicly disclosed.

15. Section 409A. This Agreement is intended to satisfy the short-term deferral exception to Internal Revenue code Section 409A and the regulations thereunder. This Agreement shall be administered accordingly; and if necessary, amended to ensure satisfaction of the short-term deferral exception.

IN WITNESS WHEREOF, the parties have executed this agreement on the date set out above.

COMPANY:

WINNEBAGO INDUSTRIES, INC.

By: 

Robert J. Olson
Chairman of the Board, Chief Executive Officer
and President

EXECUTIVE:

Roger W. Martin

EXHIBIT 10s.

AMENDED AND RESTATED
EXECUTIVE CHANGE OF CONTROL AGREEMENT

This EXECUTIVE CHANGE OF CONTROL AGREEMENT is made as of December 17, 2008, by and between **WINNEBAGO INDUSTRIES, INC.,** an Iowa corporation (the "Company"), and Randy J. Potts (the "Executive").

RECITALS:

WHEREAS, the Executive is a senior executive and officer of the Company and has made and is expected to continue to make major contributions to the profitability, growth and financial strength of the Company;

WHEREAS, the Company recognizes that, as is the case for most publicly held companies, the possibility of a Change of Control (as hereafter defined) exists;

WHEREAS, it is in the best interests of the Company, considering the past and future services of the Executive, to improve the security and climate for objective decision making by providing for the personal security of the Executive upon a Change of Control.

WHEREAS, THE Company and the Executive have previously entered into the Executive Change of Control Agreement dated March 21, 2007.

NOW, THEREFORE, in consideration of the foregoing premises and the past and future services rendered and to be rendered by the Executive to the Company and of the mutual covenants and agreements hereinafter set forth, the parties agree to amend and restate the Agreement as follows:

AGREEMENT:

1. Continued Service by Executive. In the event a person or entity, in order to effect a Change of Control, commences a tender or exchange offer, circulates a proxy to shareholders or takes other steps, the Executive agrees that the Executive will not voluntarily leave the employ of the Company, and will render faithful services to the Company consistent with Executive's position and responsibilities, until the person or entity has abandoned or terminated its efforts to effect such Change of Control or until such Change of Control has occurred.

2. Change of Control. For purposes of this Agreement, the term "Change of Control" means the time when (i) any Person becomes an Acquiring Person, or (ii) individuals who shall qualify as Continuing Directors of the Company shall have ceased for any reason to constitute at least a majority of the Board of Directors of the Company; *provided however*, that in the case of either clause (i) or (ii) a Change of Control shall not be deemed to have occurred if the event shall have been approved prior to the occurrence thereof by a majority of the Continuing Directors who shall then be members of such Board of Directors, and in the case of clause (i) a Change of Control shall not be deemed to have occurred upon the acquisition of stock of the Company by a pension, profit-sharing, stock bonus, employee stock ownership plan or other retirement plan intended to be qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended, established by the Company or any subsidiary of the Company. (In addition, stock held by such a plan shall not be treated as outstanding in determining ownership percentages for purposes of this definition.)

For the purpose of the foregoing definition of "Change of Control", the capitalized terms shall have the following meanings:

(a) "Continuing Director" means (i) any member of the Board of Directors of the Company, while such person as a member of the Board, who is not an Affiliate or Associate of any Acquiring Person or of any such Acquiring Person's Affiliate or Associate and was a member of the Board prior to the time when such Acquiring Person shall have become an Acquiring Person, and (ii) any successor of a Continuing Director, while such successor is a member of the Board, who is not an Acquiring Person or any Affiliate or Associate of any Acquiring Person or a representative or nominee of an Acquiring Person or of any affiliate or associate of such Acquiring Person and is recommended or elected to succeed the Continuing Director by a majority of the Continuing Directors.

(b) "Acquiring Person" means any Person or any individual or group of Affiliates or Associates of such Person who acquires beneficial ownership, directly or indirectly, of 20% or more of the outstanding stock of the Company if such acquisition occurs in whole or in part following date of that person's agreement.

(c) "Affiliate" means a Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified.

(d) "Associate" means (1) any corporate, partnership, limited liability company, entity or organization (other than the Company or a majority-owned subsidiary of the Company) of which such a Person is an officer, director, member, or partner or is, directly or indirectly the beneficial owner of ten percent (10%) or more of the class of equity securities, (2) any trust or fund in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity, (3) any relative or spouse of such person, or any relative of such spouse, or (4) any investment company for which such person or any Affiliate of such person serves as investment advisor.

(e) "Person" means an individual, corporation, limited liability company, partnership, association, joint stock company, trust, unincorporated organization or government or political subdivision thereof.

3. Termination Following a Change of Control. If a change of Control shall have occurred while the Executive is still an employee of the Company, and if the Executive's employment with the Company is terminated, within three years following such Change of Control, then the Executive shall be entitled to the compensation and benefits provided in Section 4, unless such termination is a result of: (a) the Executive's death; (b) the Executive's Disability (as defined in Section 3(a) below); (c) the Executive's Retirement (as defined in Section 3(b) below); (d) the Executive's termination by the Company for Cause (as defined in Section 3(c) below); or (e) the Executive's decision to terminate employment other than for Good Reason (as defined in Section 3(d) below).

(a) *Disability.* If, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been absent from his duties with the Company on a full-time basis for six months and within 30 days after written notice of termination is thereafter given by the Company the Executive shall not have returned to the full-time performance of the Executive's duties, the Company may terminate the Executive for "Disability."

(b) *Retirement.* The term "Retirement" as used in this Agreement shall mean termination by the Company or the Executive of the Executive's employment based on the Executive having attained the age of 65 or such other age as shall have been fixed in any arrangement established with the Executive's consent with respect to the Executive.

(c) *Cause.* The Company may terminate the Executive's employment for Cause. For purposes of this Agreement only, the Company shall have "Cause" to terminate the Executive's employment hereunder only on the basis of (i) fraud, misappropriation or embezzlement on the part of the Executive; or (ii) intentional misconduct or gross negligence on the part of the Executive which has resulted in material harm to the Company. Notwithstanding the foregoing, the Executive shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the company's Board of Directors at a meeting of the Board called and held for the purpose (after reasonable notice to the Executive and an opportunity for the Executive, together with the Executive's counsel, to be heard before the Board), finding that in the good faith opinion of the Board the Executive was guilty of conduct set forth in the second sentence of this Section 3(c) and specifying the particulars thereof in detail. Nothing herein shall limit the right of the Executive or his beneficiaries to contest the validity or propriety of any such determination.

(d) *Good Reason.* The Executive may terminate the Executive's employment for Good Reason at any time during the term of this Agreement. For purposes of this Agreement "Good Reason" shall mean any of the following (without the Executive's express written consent):

(i) the assignment to the Executive by the Company of duties inconsistent with the Executive's position, duties, responsibilities and status with the Company immediately prior to a Change in Control of the Company, or a change in the Executive's titles or offices as in effect immediately prior to a Change in Control of the Company, or any removal of the Executive from or any failure to re-elect the Executive to any of such positions, except in connection with the termination of his employment for Disability, Retirement or Cause or as a result of the Executive's death or by the Executive other than for good Reason;

(ii) a reduction by the Company in the Executive's base salary as in effect on the date hereof or as the same may be increased from time to time during the term of this Agreement or the Company's failure to increase (within 12 months of the Executive's last increase in base salary) the Executive's base salary after a Change in Control of the Company in an amount which at least equals, on a percentage basis, the average percentage increase in base salary for all officers of the company effected in the preceding 12 months.

(iii) any failure by the Company to continue in effect any benefit plan or arrangement (including, without limitation, the Company's 401(K) plan, nonqualified deferred compensation plan, profit sharing plan, group life insurance plan, and medical, dental, accident and disability plans) in which the Executive is participating at the time of a Change of Control (or any other plans providing the Executive with substantially similar benefits) (hereinafter referred to as "Benefit Plans"), or the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Benefit Plan or deprive the Executive of any material fringe benefit enjoyed by the Executive at the time of a Change in Control of the Company;

(iv) any failure by the Company to continue in effect any incentive plan or arrangement (including, without limitation, the Company's Officers Incentive Compensation Plan, Officers Long-Term Incentive Plan, bonus and contingent bonus arrangements and credits and the right to receive performance awards and similar incentive compensation benefits) in which the Executive is participating at the time of a Change of Control (or any other plans or arrangements providing him with substantially similar benefits) (hereinafter referred to as "Incentive Plans") or the taking of any action by the Company which would adversely affect the Executive's participation in any such Incentive Plan or materially reduce the Executive's benefits under any such Incentive Plan by reducing such benefits, when expressed as a percentage of his base salary, by more than 10 percentage points in any fiscal year as compared to the immediately preceding fiscal year;

(v) any failure by the Company to continue in effect any plan or arrangement to receive securities of the Company in which the Executive is participating at the time of a Change of Control (or plans or arrangements providing him with substantially similar benefits) (hereinafter referred to as "Securities Plans") or the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Securities Plan;

(vi) a relocation of the Company's principal executive offices to a location outside of Forest City, Iowa, or the Executive's relocation to any place other than the location at which the Executive performed the Executive's duties prior to a Change in Control of the Company, except for required travel by the Executive on the Company's business to an extent substantially consistent with the Executive's business travel obligations at the time of a Change in Control of the Company;

(vii) any failure by the Company to provide the Executive with the number of paid vacation days to which the Executive is entitled at the time of a Change in Control of the Company;

(viii) any material breach by the Company of any provision of this Agreement;

(ix) any failure by the Company to obtain the assumption of this Agreement by any successor or assign of the Company; or

(x) any purported termination of the Executive's employment which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 3(e) below.

(e) *Notice of Termination.* Any termination by the Company pursuant to Section 3(a), (b) or (c) shall be communicated by a Notice of Termination. For purposes of this Agreement, a "Notice of Termination" shall mean a written notice which shall indicate those specific termination provisions in this Agreement relied upon and which sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provisions so indicated. For purposes of this Agreement, no such purported termination by the Company shall be effective without such Notice of Termination.

(f) *Date of Termination.* "Date of Termination" shall mean (a) if this Agreement is terminated by the Company for Disability, 30 days after Notice of Termination is given to the Executive (provided that the Executive shall not have returned to the performance of the Executive's duties on a full-time basis during such 30-day period) or (b) if the Executive's employment is terminated by the Company for any other reason, the date on which a Notice of Termination is given; *provided* that if within 30 days after any Notice of Termination is given to the Executive by the Company the Executive notified the Company that a dispute exists concerning the termination, the Date of Termination shall be the date the dispute is finally determined, whether by mutual agreement by the parties or upon final judgment, order or decree of a court of competent jurisdiction (the time for appeal therefrom having expired and no appeal having been perfected).

4. Severance Compensation upon Termination of Employment. If the Company shall terminate the Executive's employment other than pursuant to Section 5(a), (b) or (c) or if the Executive shall terminate his employment for Good Reason, then the Company shall pay to the Executive as severance pay in a lump sum, in cash, on the fifth day following the Date of Termination, an amount equal to three (3) times the average of the aggregate annual compensation paid to the Executive during the three (3) fiscal years of the Company immediately preceding the Change of Control by the Company subject to United States income taxes (or, such fewer number of fiscal years if the Executive has not been employed by the Company during each of the preceding three (3) fiscal years).

5. Excise Tax-Additional Payment.

(a) Notwithstanding anything in this Agreement or any written or unwritten policy of the Company to the contrary, (i) if it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement, any other agreement between the Company and the Executive or otherwise (a "Payment"), would be subject to the excise tax imposed by section 4999 of the Internal Revenue Code of 1986, as amended, (the "Code") or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), or (ii) if the Executive shall otherwise become obligated to pay the Excise Tax in respect of a Payment, then the Company shall pay to the Executive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon such Payment.

(b) All determinations and computations required to be made under this Section 5, including whether a Gross-Up Payment is required under clause (ii) of paragraph 5(a) above, and the amount of any Gross-Up Payment, shall be made by the Company's regularly engaged independent certified public accountants (the "Accounting Firm"). The Company shall cause the Accounting Firm to provide detailed supporting calculations both to the Company and the Executive within 15 business days after such determination or computation is requested by the Executive. Any initial Gross-Up Payment determined pursuant to this Section 5 shall be paid by the Company to the Executive within 5 days of the receipt of the Accounting Firm's determination. A determination that no Excise Tax is payable by the Executive shall not be valid or binding unless accompanied by a written opinion of the Accounting Firm to the Executive that the Executive has substantial authority not to report any Excise Tax on his federal income tax return. Any determination by the Accounting Firm shall be binding upon the Company and the Executive, except to the extent the Executive becomes obligated to pay an Excise Tax in respect of a Payment. In the event that the Company or the subsidiary exhausts or waives its remedies pursuant to paragraph 5(c) and the Executive thereafter shall become obligated to make a payment of any Excise Tax,

and if the amount thereof shall exceed the amount, if any, of any Excise Tax computed by the Accounting Firm pursuant to this paragraph 5(b) in respect to which an initial Gross-Up Payment was made to the Executive, the Accounting Firm shall within 15 days after Notice thereof determine the amount of such excess Excise Tax and the amount of the additional Gross-Up Payment to the Executive. All expenses and fees of the Accounting Firm incurred by reason of this Section 5 shall be paid by the Company.

(c) The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of a Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten business days after the Executive knows of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the thirty-day period following the date on which it gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

(i) give the Company any information reasonably requested relating to such claim,

(ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,

(iii) cooperate with the Company in good faith in order effectively to contest such claim, and

(iv) permit the Company to participate in any proceedings relating to such claim;

provided, *however*, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax, including interest and penalties with respect thereto, imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this paragraph 5(c), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company or the subsidiary shall determine; *provided*, *however*, that if the Company or the subsidiary directs the Executive to pay such claim and sue for a refund, the Company or the subsidiary shall advance the amount of such payment to the Executive, on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax, including interest or penalties with respect thereto, imposed with respect to such advance or with respect to any imputed income with respect to such advance; and *further provided*, that any extension of the statue of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, control of the contest by the Company shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by the Executive of an amount advanced by the Company or the subsidiary pursuant to paragraph 5(c), the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to compliance with the requirements of Section 5 by the Company or the subsidiary) promptly pay to the Company or the subsidiary the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company or the subsidiary pursuant to paragraph 5(c), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of thirty days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall off-set, to the extent thereof, the amount of Gross-Up Payment required to be paid.

(e) Both the Company and the Executive acknowledge that no legal right to receive a Gross-Up Payment pursuant to this Section 5 shall exist unless and until such time as an Excise tax has been assessed. The payment of severance benefits pursuant to Section 4 of this Agreement (or the payment of any other benefits under this Agreement) does not create a legal right on behalf of the Executive to receive a Gross-Up Payment.

6. No Obligation To Mitigate Damages; No Effect on Other Contractual Rights.

(a) The Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for under this Agreement be reduced by any compensation earned by the Executive as the result of employment by another employer after the Date of Termination, or otherwise.

(b)The provisions of this Agreement, and any payment provided for hereunder, shall not reduce any amounts otherwise payable, or in any way diminish the Executive's existing rights, or rights which would accrue solely as a result of the passage of time, under any Benefit Plan, Incentive Plan or Securities Plan, employment agreements or other contract, plan or arrangement.

7. Successor to the Company.

(a) The Company will require any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) of all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to the Executive, expressly, absolutely and unconditionally to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. Any failure of the Company to obtain such agreement prior to the effectiveness of any such succession or assignment shall be a material breach of this Agreement and shall entitle the Executive to terminate the Executive's employment for Good Reason. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor or assign to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 7 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b)This Agreement shall inure to the benefit of and be enforceable by the Executive's personal and legal representatives, executors, administrators, successors, heirs, distributes, devisees and legatees. If the Executive should die while any amounts are still payable to him hereunder, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's devisee, legatee, or other designee or, if there be no such designee, to the Executive's estate.

8. No Guaranty of Employment. Nothing in this Agreement shall be deemed to entitle the Executive to continued employment with the Company prior to a Change of Control, and the rights of the Company to terminate the employment of the Executive, prior to a Change of Control, shall continue as fully as if this Agreement were not in effect.

9. Notice. For purposes of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt registered, postage prepaid, as follows:

If to the Company:

Winnebago Industries, Inc.
Attn: General Counsel
605 W. Crystal Lake Road
P.O. Box 152
Forest City, Iowa 50436

If to the Executive:

Randy J. Potts
905 Spring Valley Road
Forest City, IA 50436

or such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

10. Miscellaneous. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Iowa.

11. Validity. The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

12. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

13. Legal Fees and Expenses. The Company shall pay all legal fees and expenses which the Executive may incur as a result of the Company's contesting the validity, enforceability or the Executive's interpretation of, or determinations under, this Agreement.

14. Confidentiality. The Executive shall retain in confidence any and all confidential information known to the Executive concerning the Company and its business so long as such information is not otherwise publicly disclosed.

15. Section 409A. This Agreement is intended to satisfy the short-term deferral exception to Internal Revenue code Section 409A and the regulations thereunder. This Agreement shall be administered accordingly; and if necessary, amended to ensure satisfaction of the short-term deferral exception.

IN WITNESS WHEREOF, the parties have executed this agreement on the date set out above.

COMPANY:

WINNEBAGO INDUSTRIES, INC.

BY: 

Robert J. Olson
Chairman of the Board, Chief Executive Officer
and President

EXECUTIVE:

Randy J. Potts

EXHIBIT 10z.

THE WINNEBAGO INDUSTRIES, INC

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

Effective as of January 1, 2009.

WINNEBAGO INDUSTRIES, INC.
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

ARTICLE I - PURPOSE; EFFECTIVE DATE

1.1. **Purpose**. The purpose of this Supplemental Executive Retirement Plan (hereinafter, the "Plan") is to provide supplemental benefits to a select group of highly compensated employees of WINNEBAGO INDUSTRIES, INC. (and its selected subsidiaries and/or affiliates) generally payable upon the participant's termination of service. This Plan is intended to be an amendment and restatement of the Winnebago Executive Split Dollar life Insurance Program, previously maintained by the Company, including all arrangements between the Company and the Participants such as shared interest in specific life insurance policies. It is intended that the Plan will aid in retaining and attracting individuals of exceptional ability by providing them with these benefits.

1.2. **Effective Date**. This amended and restated Plan shall be initially effective as of January 1, 2009. It is the intent that all of the benefits provided under this Plan will be subject to the terms of Section 409A of the Code.

1.3. **Plan Type**. For purposes of §409A, benefits payable to the Participants, and their beneficiaries, under this Plan, shall be considered to be benefits payable from a non-account balance plan as defined in Treas. Reg. §1.409A -l(c)(2)(i)(C), or as otherwise provided by the Code.

ARTICLE II - DEFINITIONS

For the purpose of this Plan, the following terms shall have the meanings indicated, unless the context clearly indicates otherwise:

2.1. **Beneficiary**. "Beneficiary" means the person, persons or entity as designated by the Participant, entitled under Article VI to receive any Plan benefits payable after the Participant's death.

2.2. **Board**. "Board" means the Board of Directors of the Company.

2.3. **Code**. "Code" means the Internal Revenue Code of 1986, as may be amended from time to time. Any reference in this Plan to "applicable guidance", "further guidance" or other similar term shall include any proposed, temporary or final regulations, or any other guidance, promulgated with respect to or in connection with Section 409A by the U.S. Department of Treasury or the Internal Revenue Service.

2.4. **Committee**. "Committee" means the Committee appointed by the Board to administer the Plan pursuant to Article VII.

2.5. **Company**. "Company" means WINNEBAGO INDUSTRIES, INC. an Iowa-based corporation, and any directly or indirectly affiliated subsidiary corporations, any other affiliate designated by the Board, or any successor to the business thereof.

2.6. **Disability**. "Disability means a physical or mental condition whereby the Participant: (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering employees of the participant's employer.

2.7. **Distribution Election**. "Distribution Election" means the form prescribed by the Committee and completed by the Participant, indicating the chosen form of payment for benefits payable under this Plan, as elected by the Participant.

2.8. **Early Retirement Date**. "Early Retirement Date" means the termination of a Participant's employment with the Company, for reasons other than death or Disability, at any time prior to the Participant's Normal Retirement Date.

2.9. **Normal Retirement Benefit**. "Normal Retirement Benefit" means the amount payable under the terms of this Plan to a Participant based upon termination, for reason other than death, at the Normal Retirement Date. Such benefit amount shall be stated in the Participation Agreement as either (i) an annual dollar amount payable in the form of a fifteen (15) year installment payment, or (ii) a lump sum option. The Participant shall choose the form of the Normal Retirement Benefit as provided in section 4.5, below. The Normal Retirement Benefit stated in the Participation Agreement shall be increased by 5% for each full year of continuous service performed by the Participant for the Company after the Normal Retirement Date.

2.10. **Normal Retirement Date**. "Normal Retirement Date" means the termination of a Participant's employment with the Company, for reasons other than death or Disability, on or after the attainment of age sixty-five (65).

2.11. **Participant**. "Participant" means any individual who is eligible, pursuant to Section 3.1, below, to participate in this Plan. Such individual shall remain a Participant in this Plan during employment with the Company, and until such time as all benefits payable under this Plan have been paid in accordance with the provisions hereof.

2.12. **Participation Agreement**. "Participation Agreement" means document entered into between the Participant and the Company which contains, among other things, information specific to that Participant, including the Normal Retirement Benefit, and an acknowledgement of the performance of any conditions required for participation in this Plan.

2.13. **Plan**. "Plan" means this Supplemental Executive Retirement Plan as amended from time to time.

2.14. **Specified Employees**. "Specified Employees" means a Participant who is determined by the Committee to be a "specified employee" under the provisions of Treas. Reg. §1.409A-l(i) and other applicable guidance, provided that the Company (or a member of the same group of controlled entities as the Company) is publicly traded on an established stock exchange.

2.15. **Supplemental Retirement Benefit**. "Supplemental Retirement Benefit" means the Normal Retirement Benefit determined under Article IV of this Plan, and adjusted as appropriate for early termination, early commencement, and alternative forms of payment elected by the Participant.

2.16. **Termination**. "Termination", "terminates employment" or any other similar such phrase means a Participant's "separation from service" with the Company, for any reason, within the meaning of Section 409A of the Code, and Treas. Reg. §1.409A-l(h) and other applicable guidance.

ARTICLE III - ELIGIBILITY AND PARTICIPATION

3.1. **Eligibility and Participation**. The Compensation Committee of the Board shall have the sole right to set eligibility requirements and offer participation into the Plan according to the following guidelines:

a) **Eligibility**. Eligibility to participate in the Plan shall be limited to those select key employees of Company who are designated by the Committee from time to time, and who were participants in the Winnebago Executive Split Dollar life Insurance Program as of January 1, 2008.

b) **Participation**. An individual's participation in the Plan shall be effective upon the individual first becoming eligible to participate, completion of a Participation Agreement, and a Distribution Election form, and acceptance of each by the Committee. Subject to Section 3.2, participation in the Plan shall continue until such time as the Participant terminates employment with Company and as long thereafter as the Participant is eligible to receive benefits under this Plan.

3.2. **Change in Status**. If the Committee determines that a Participant's employment performance is no longer at a level that warrants reward through participation in this Plan, but does not terminate the Participant's employment with Company, participation herein and eligibility to receive benefits hereunder shall be limited to the Supplemental Retirement Benefit determined as if the Participant were to have terminated service as of the date designated by the Board ("Participation Termination Date").

ARTICLE IV - SUPPLEMENTAL BENEFITS

4.1. **Normal Retirement Benefit**. If a Participant terminates services at or after the Normal Retirement Date, Company shall pay to Participant a Supplemental Retirement Benefit equal to the amount of the Normal Retirement Benefit as set forth in the Participant's Participation Agreement, and elected by the Participant as provided in section 4.5, below.

4.2. **Early Retirement Benefit**. If a Participant terminates services before the Normal Retirement Date, Company shall pay to the Participant an annual Supplemental Retirement Benefit equal to the amount of the Normal Retirement Benefit, as elected by the Participant as provided in section 4.5, below, and reduced as provided below:

a) Early Termination Factor - 2-1/2% for each year that the Participant's termination (or if earlier, the Participation Termination Date described above in section 3.2, above) occurs before age 65; plus,

b) Early Payout Factor - 2-1/2% for each year that the commencement of payment occurs before age 65, in the event that the Participant chooses a time of payment other than defined under the Normal Retirement Benefit.

4.3. **Disability Benefit**. If a Participant suffers a Disability, the Participant shall continue to be considered a Participant in this Plan during the period of Disability until the earlier of the Participant's Normal Retirement Date or date of termination, at which time the Participant shall be paid a Supplemental Benefit as provided in paragraph 4.1 or 4.2 as applicable.

4.4. **Payment to Specified Employees**. Notwithstanding anything else to the contrary, payments of benefits under this Article caused by the termination of employment (other than by reason of death) of a Participant who is determined to meet the definition of Specified Employee at the time of termination shall be payable as otherwise provided, except that the initial payment shall be made no earlier than the six (6) months following the termination of employment with the Company.

4.5. **Alternate Time and/or Form of Payment**. A Participant, who is not then receiving benefits under this Plan or under the Winnebago Executive Split Dollar life Insurance Program, shall choose a time and/or form of benefit payment with respect to the Normal Retirement Benefit, provided that such choice is of one of the forms listed below, is applicable to the entire benefit payable under this Article, and such choice is filed with the Committee on or before December 31, 2008. This provision is intended to comply with the relief of the provisions of Section 409A(a)(3) and (4) of the Code and any regulations or further guidance issued thereon and which is permitted by Treasury Notice 2005-2 and subsequent guidance, so that any election filed by December 31, 2008 does not apply to any amounts which were otherwise payable in 2008, nor does it accelerated any payment into 2008. The times and forms of benefit which may be chosen by the Participant are:

a) Lump sum equivalent payable at Termination (but in no event prior to Participant's age 55);

b) Lump sum equivalent payable at the later of Termination or Normal Retirement Age;

c) 15 annual installments commencing at Termination (but in no event prior to Participant's age 55); and

d) 15 annual installments commencing at the later of Termination or Normal Retirement Age.

If no election is made by the Participant prior to December 31, 2008, the Participant will be deemed to have elected 15annual installments commencing at the later of Termination or Normal Retirement Age. Subject to section 4.4, all payments under section 4.1 and 4.2 shall commence on or about the April 1 immediately following the date chosen above, and subsequent payments, if appropriate, shall be made on or about the anniversary of the initial payment.

4.6. **Death Benefits**. In the event of death of a Participant, a benefit shall be paid in lieu of any other further benefit which may be due under this Plan following the date of death in the following manner, based on the time of death, or as may otherwise be provided for in the Participation Agreement:

If death occurs....	**The death benefit shall be equal to...**
Prior to commencement of benefit payments	20 times the annual Normal Retirement Benefit
After commencement of payments, but prior to the 5th installment payment	The number of remaining installment payments plus 5 times the annual Normal Retirement Benefit
After the 5th but prior to the 11th annual installment	The number of remaining installment payments plus 3 times the annual Normal Retirement Benefit
After the 11th but prior to the 15th annual installment	The number of remaining installment payments plus 1 times the annual Normal Retirement Benefit
After completion of Supplemental Retirement Benefit (including payment of a lump sum)	$ 0

The Death Benefit under this section shall be payable in a lump sum to the Participant's Beneficiary as soon as practical, but in no event later than sixty (60) days after all information necessary to calculate the benefit amount has been received by Company.

4.7. **Withholding; Payroll Taxes**. Company shall withhold from payments hereunder any taxes required to be withheld from such payments under local, state or federal law. A Beneficiary, however, may elect not to have withholding of federal income tax pursuant to Section 3405 (a) (2) of the Code, or any successor provision thereto.

4.8. **Payment to Guardian**. If a Plan benefit is payable to a minor or a person declared incompetent or to a person incapable of handling the disposition of property, the Committee may direct payment to the guardian, legal representative or person having the care and custody of such minor, or incompetent person. The Committee may require proof of incompetency, minority, incapacity

or guardianship as it may deem appropriate prior to distribution. Such distribution shall completely discharge the Committee and Company from all liability with respect to such benefit.

ARTICLE V - BENEFICIARY DESIGNATION

5.1. **Beneficiary Designation**. Each Participant shall have the right, at any time, to designate one (1) or more persons or entity as Beneficiary (both primary as well as secondary) to whom benefits under this Plan shall be paid in the event of Participant's death prior to complete distribution of the Participant's benefits. Each Beneficiary designation shall be in a written form prescribed by the Committee and shall be effective only when filed with the Committee during the Participant's lifetime.

5.2. **Changing Beneficiary**. Any Beneficiary designation may be changed by a Participant without the consent of the previously named Beneficiary by the filing of a new Beneficiary designation with the Committee.

5.3. **No Beneficiary Designation**. If any Participant fails to designate a Beneficiary in the manner provided above, if the designation is void, or if the Beneficiary designated by a deceased Participant dies before the Participant or before complete distribution of the Participant's benefits, the Participant's Beneficiary shall be the person in the first of the following classes in which there is a survivor:

a) The Participant's surviving spouse;

b) The Participant's children in equal shares, except that if any of the children predeceases the Participant but leaves surviving issue, then such issue shall take by right of representation the share the deceased child would have taken if living;

c) The Participant's estate.

5.4. **Effect of Payment**. Payment to the Beneficiary shall completely discharge the Company's obligations under this Plan.

ARTICLE VI - ADMINISTRATION

6.1. **Committee; Duties**. This Plan shall be administered by the Committee, which shall have the authority to make, amend, interpret and enforce all appropriate rules and regulations for the administration of the Plan and decide or resolve any and all questions, including interpretations of the Plan, as they may arise in such administration. A majority vote of the Committee members shall control any decision. Members of the Committee may be Participants under this Plan.

6.2. **Compliance with Section 409A of the Code**. It is intended that the Plan comply with the provisions of Section 409A of the Code, so as to prevent the inclusion in gross income of any amounts deferred hereunder in a taxable year that is prior to the taxable year or years in which

such amounts would otherwise actually be paid or made available to Participants or Beneficiaries. This Plan shall be construed, administered, and governed in a manner that effects such intent, and the Committee shall not take any action that would be inconsistent with such intent. Although the Committee shall use its best efforts to avoid the imposition of taxation, interest and penalties under Section 409A of the Code, the tax treatment of deferrals under this Plan is not warranted or guaranteed. Neither the Company, the Board, any director, officer, employee and advisor, nor the Committee (nor its designee) shall be held liable for any taxes, interest, penalties or other monetary amounts owed by any Participant, Beneficiary or other taxpayer as a result of the Plan. For purposes of the Plan, the phrase "permitted by Section 409A of the Code," or words or phrases of similar import, shall mean that the event or circumstance shall only be permitted to the extent it would not cause an amount deferred or payable under the Plan to be includible in the gross income of a Participant or Beneficiary under Section 409A(a)(l) of the Code.

6.3. **Agents**. The Committee may, from time to time, employ agents and delegate to them such administrative duties as it sees fit, and may from time to time consult with counsel who may be counsel to the Company.

6.4. **Binding Effect of Decisions**. The decision or action of the Committee with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final, conclusive and binding upon all persons having any interest in the Plan.

6.5. **Indemnity of Committee**. The Company shall indemnify and hold harmless the members of the Committee against any and all claims, loss, damage, expense or liability arising from any action or failure to act with respect to this Plan on account of such member's service on the Committee, except in the case of gross negligence or willful misconduct.

ARTICLE VII - CLAIMS PROCEDURE

7.1. **Claim**. Any person or entity claiming a benefit, requesting an interpretation or ruling under the Plan (hereinafter referred to as "Claimant"), or requesting information under the Plan shall present the request in writing to the Committee, which shall respond in writing as soon as practical, but in no event later than ninety (90) days after receiving the initial claim (or no later than forty-five (45) days after receiving the initial claim regarding a Disability under this Plan).

7.2. **Denial of Claim**. If the claim or request is denied, the written notice of denial shall state:

a) The reasons for denial, with specific reference to the Plan provisions on which the denial is based;

b) A description of any additional material or information required and an explanation of why it is necessary, in which event the time frames listed in section 8.1 shall be one hundred and eighty (180) and seventy-five (75) days from the date of the initial claim respectively; and

c) An explanation of the Plan's claim review procedure.

7.3. **Review of Claim**. Any Claimant whose claim or request is denied or who has not received a response within sixty (60) days (or one hundred and eighty (180) days in the event of a claim regarding a Disability) may request a review by notice given in writing to the Committee. Such request must be made within sixty (60) days (or one hundred and eighty (180) days in the event of a claim regarding a Disability) after receipt by the Claimant of the written notice of denial, or in the event Claimant has not received a response sixty (60) days (or one hundred and eighty (180) days in the event of a claim regarding a Disability) after receipt by the Committee of Claimant's claim or request. The claim or request shall be reviewed by the Committee which may, but shall not be required to, grant the Claimant a hearing. On review, the claimant may have representation, examine pertinent documents, and submit issues and comments in writing.

7.4. **Final Decision**. The decision on review shall normally be made within sixty (60) days (or forty- five (45) days in the event of a claim regarding a Disability) after the Committee's receipt of claimant's claim or request. If an extension of time is required for a hearing or other special circumstances, the Claimant shall be notified and the time limit shall be one hundred twenty (120) days (or ninety (90) days in the event of a claim regarding a Disability). The decision shall be in writing and shall state the reasons and the relevant Plan provisions. All decisions on review shall be final and bind all parties concerned.

ARTICLE VIII - AMENDMENT AND TERMINATION OF PLAN

8.1. **Amendment**. The Board may at any time amend the Plan by written instrument, notice of which is given to all Participants and to Beneficiary receiving installment payments, except that no amendment shall reduce the amount vested or accrued benefit as of the date the amendment is adopted.

8.2. **Company's Right to Terminate**. The Board may, in its sole discretion, terminate the entire Plan, or terminate a portion of the Plan that is identified as a non-account balance plan as defined in Treas. Reg. §1.409A -l(c)(2)(i)(C), and require distribution of all benefits due under the Plan or portion thereof, provided that:

a) The termination of the Plan does not occur proximate to a downturn in the financial health, as determined by the Committee, of the Company;

b) The Company also terminates all other plans or arrangements which are considered to be of a similar type as defined in Treas. Reg. § 1.409A -l(c)(2)(i), or as otherwise provided by the Code, as the portion of the Plan which has been terminated;

c) No payments made in connection with the termination of the Plan occur earlier than 12 months following the Plan termination date other than payments the Plan would have made irrespective of Plan termination;

d) All payments made in connection with the termination of the Plan are completed within 24 months following the Plan termination date;

e) The Company does not establish a new plan of a similar type as defined in Treas. Reg. §1.409A -l(c)(2)(i), within 3 years following the Plan termination date of the portion of the Plan which has been terminated; and,

f) The Company meets any other requirements deemed necessary to comply with provisions of the Code and applicable regulations which permit the acceleration of the time and form of payment made in connection with plan terminations and liquidations.

ARTICLE IX - MISCELLANEOUS

9.1. **Unfunded Plan**. This plan is an unfunded plan maintained primarily to provide deferred compensation benefits for a select group of "management or highly-compensated employees" within the meaning of Sections 201, 301, and 401 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and therefore is exempt from the provisions of Parts 2, 3 and 4 of Title 1 of ERISA.

9.2. **Unsecured General Creditor**. Notwithstanding any other provision of this Plan, Participants and Participants' Beneficiary shall be unsecured general creditors, with no secured or preferential rights to any assets of Company or any other party for payment of benefits under this Plan. Any property held by Company for the purpose of generating the cash flow for benefit payments shall remain its general, unpledged and unrestricted assets. Company's obligation under the Plan shall be an unfunded and unsecured promise to pay money in the future.

9.3. **Trust Fund**. Company shall be responsible for the payment of all benefits provided under the Plan. At its discretion, Company may establish one (1) or more trusts, with such trustees as the Board may approve, for the purpose of assisting in the payment of such benefits. The assets of any such trust shall be held for payment of all Company's general creditors in the event of insolvency. To the extent any benefits provided under the Plan are paid from any such trust, Company shall have no further obligation to pay them. If not paid from the trust, such benefits shall remain the obligation of Company.

9.4. **Nonassignability.** Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be unassignable and non- transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgements, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

9.5. **Not a Contract of Employment; Not a Contract for Services**. This Plan shall not constitute an agent's contract or a contract for services of any kind between the Company and the Participant. Nothing in this Plan shall give a Participant the right to retain the Participant's full time soliciting agent's contract or otherwise be retained in the service of the Company or to interfere with the right of the Company to terminate its relationship with a Participant at any time, in accordance

with the terms of the Participant's full time soliciting agent's contract or other contract governing the relationship between the parties.

9.6. **Protective Provisions**. A Participant will cooperate with Company by furnishing any and all information requested by Company, in order to facilitate the payment of benefits hereunder, and by taking such physical examinations as Company may deem necessary and taking such other action as may be requested by Company.

9.7. **Governing Law**. The provisions of this Plan shall be construed and interpreted according to the laws of the State of Iowa, except as preempted by federal law.

9.8. **Validity**. If any provision of this Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal and invalid provision had never been inserted herein.

9.9. **Notice**. Any notice required or permitted under the Plan shall be sufficient if in writing and hand delivered or sent by registered or certified mail. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification. Mailed notice to the Committee shall be directed to the company's address. Mailed notice to a Participant or Beneficiary shall be directed to the individual's last known address in company's records.

9.10. **Successors**. The provisions of this Plan shall bind and inure to the benefit of Company and its successors and assigns. The term successors as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise acquire all or substantially all of the business and assets of Company, and successors of any such corporation or other business entity.

WLNNEBAGO INDUSTRIES, INC.

BY: 

Vice President, General Counsel & Secratary

DATED: November 20, 2008

EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements No. 333-31595, No. 333-47123, and No. 333-113246 on Form S-8 of our reports dated October 27, 2009, relating to the financial statements of Winnebago Industries, Inc. (the "Company") (which report expresses an unqualified opinion and includes an explanatory paragraph related to the Company's change in the method of accounting for unrecognized tax benefits described in Note 11), and the effectiveness of the Company's internal control over financial reporting, appearing in this Annual Report on Form 10-K of Winnebago Industries, Inc. for the year ended August 29, 2009.

/s/ Deloitte & Touche LLP
Deloitte & Touche LLP
Minneapolis, Minnesota

October 27, 2009

EXHIBIT 31.1

CERTIFICATION BY CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert J. Olson, Chief Executive Officer of Winnebago Industries, Inc., certify that:

1. I have reviewed this Annual Report on Form 10-K of Winnebago Industries, Inc. (the "Registrant");

2. Based on my knowledge, this Annual Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Annual Report;

3. Based on my knowledge, the financial statements and other financial information included in this Annual Report fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Annual Report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the Registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Annual Report is being prepared;

   b) designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Annual Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Annual Report based on such evaluation; and

   d) disclosed in this Annual Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in this case) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financing reporting;and,

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's Board of Directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information and;

   b) any fraud, whether or not material, that involved management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: October 27, 2009

By: /s/ Robert J. Olson
Robert J. Olson
Chairman of the Board, Chief Executive Officer and President

EXHIBIT 31.2

**CERTIFICATION BY CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Sarah N. Nielsen, Chief Financial Officer of Winnebago Industries, Inc., certify that:

1. I have reviewed this Annual Report on Form 10-K of Winnebago Industries, Inc. (the "Registrant");

2. Based on my knowledge, this Annual Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Annual Report;

3. Based on my knowledge, the financial statements and other financial information included in this Annual Report fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Annual Report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the Registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Annual Report is being prepared;

   b) designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Annual Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Annual Report based on such evaluation; and

   d) disclosed in this Annual Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in this case) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financing reporting;and,

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's Board of Directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information and;

   b) any fraud, whether or not material, that involved management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: October 27, 2009

By: /s/ Sarah N. Nielsen
Sarah N. Nielsen
Vice President, Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)

In connection with this Annual Report on Form 10-K of Winnebago Industries, Inc. for the period ended August 29, 2009, I, Robert J. Olson, Chairman of the Board, Chief Executive Officer and President of Winnebago Industries, Inc., certify that pursuant to 18 U.S.C. §1350 as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(a) This Annual Report on Form 10-K ("periodic report") of Winnebago Industries, Inc. (the "issuer"), for the fiscal year ended August 29, 2009 as filed with the Securities and Exchange Commission on the date of this certificate, which this statement accompanies, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and

(b) the information contained in this periodic report fairly represents, in all material respects, the financial condition and results of operations of the issuer.

Date: October 27, 2009

By: /s/ Robert J. Olson
Robert J. Olson
Chairman of the Board, Chief Executive Officer and President

Exhibit 32.2

CERTIFICATION PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)

In connection with this Annual Report on Form 10-K of Winnebago Industries, Inc. for the period ended August 29, 2009, I, Sarah N. Nielsen, Chief Financial Officer of Winnebago Industries, Inc., certify that pursuant to 18 U.S.C. §1350 as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(a) This Annual Report on Form 10-K ("periodic report") of Winnebago Industries, Inc. (the "issuer"), for the fiscal year ended August 29, 2009 as filed with the Securities and Exchange Commission on the date of this certificate, which this statement accompanies, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and

(b) the information contained in this periodic report fairly represents, in all material respects, the financial condition and results of operations of the issuer.

Date: October 27, 2009

By: /s/ Sarah N. Nielsen
Sarah N. Nielsen
Vice President, Chief Financial Officer