SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

__X__ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended May 30, 1998

OR

_____ 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 1-6403

WINNEBAGO INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

IOWA	42-0803978
(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: (515) 582-3535

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 ____.

There were 23,048,454 shares of $.50 par value common stock outstanding on July 8, 1998.

WINNEBAGO INDUSTRIES, INC. AND SUBSIDIARIES

INDEX TO REPORT ON FORM 10-Q

Part I Financial Information

WINNEBAGO INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

Dollars in thousands

ASSETS	MAY 30, 1998 (Unaudited)	AUGUST 30, 1997
CURRENT ASSETS		
Cash and cash equivalents	$ 54,268	$ 32,130
Receivables, less allowance for doubtful accounts ($2,270 and $1,429, respectively)	25,980	31,322
Dealer financing receivables less allowance for doubtful accounts ($182 and $155, respectively)	17,267	13,336
Inventories	50,634	53,584
Prepaid expenses	13,566	5,872
Deferred income taxes	4,917	4,917
Total current assets	166,632	141,161
PROPERTY AND EQUIPMENT, at cost		
Land	1,161	1,167
Buildings	38,662	42,455
Machinery and equipment	67,702	66,142
Transportation equipment	5,043	5,004
	112,568	114,768
Less accumulated depreciation	80,533	81,175
Total property and equipment, net	32,035	33,593
LONG-TERM NOTES RECEIVABLE, less allowances ($1,541 and $1,465, respectively)	5,768	5,692
INVESTMENT IN LIFE INSURANCE AND OTHER LONG-TERM INVESTMENTS	20,976	17,641
DEFERRED INCOME TAXES, NET	14,900	14,900
OTHER ASSETS	486	488
TOTAL ASSETS	$ 240,797	$ 213,475

See Unaudited Condensed Notes to Consolidated Financial Statements

WINNEBAGO INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

Dollars in thousands

LIABILITIES AND STOCKHOLDERS' EQUITY	MAY 30, 1998 (Unaudited)	AUGUST 30, 1997
CURRENT LIABILITIES		
Current maturities of long-term debt	$ - - -	$ 695
Accounts payable, trade	23,332	20,471
Income tax payable	20,100	- - -
Accrued expenses:		
Insurance	3,411	2,687
Product warranties	5,079	3,329
Vacation liability	3,539	3,012
Promotional	5,260	2,508
Other	8,938	8,524
Total current liabilities	69,659	41,226
POSTRETIREMENT HEALTH CARE AND DEFERRED COMPENSATION BENEFITS	51,069	48,367
STOCKHOLDERS' EQUITY		
Capital stock, common, par value $.50; authorized 60,000,000 shares	12,933	12,927
Additional paid-in capital	22,590	23,109
Reinvested earnings	106,653	92,179
	142,176	128,215
Less treasury stock, at cost	22,107	4,333
Total stockholders' equity	120,069	123,882
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 240,797	$ 213,475

See Unaudited Condensed Notes to Consolidated Financial Statements

WINNEBAGO INDUSTRIES, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

IN THOUSANDS EXCEPT PER SHARE DATA

	THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED	
	May 30, 1998	May 31, 1997	May 30, 1998	May 31, 1997
Net revenues	$ 150,515	$ 117,226	$ 395,120	$ 336,820
Cost of goods sold	129,610	101,046	341,437	295,362
Gross profit	20,905	16,180	53,683	41,458
Operating expenses:				
Selling and delivery	4,645	6,998	14,564	19,999
General and administrative	6,029	3,668	15,741	15,419
Total operating expenses	10,674	10,666	30,305	35,418
Operating income	10,231	5,514	23,378	6,040
Financial income	860	350	2,244	1,464
Pre-tax income from continuing operations	11,091	5,864	25,622	7,504
Provision for taxes	3,757	2,144	8,600	4,752
Income from continuing operations	7,334	3,720	17,022	2,752
Discontinued operations:				
Gain from sale of discontinued Cycle-Sat subsidiary (includes a loss on operations of $160 less applicable income tax credits of $123 and a gain on disposal of $16,632 less income taxes of $13,462)	- - -	- - -	- - -	16,472
Net income	$ 7,334	$ 3,720	$ 17,022	$ 19,224
Earnings per share - basic (Note 7):				
Income from continuing operations	$ .31	$ .15	$ .70	$ .11
Net income	$ .31	$ .15	$ .70	$ .76
Earnings per share - assuming dilution (Note 7):				
Income from continuing operations	$ .31	$ .15	$ .69	$ .11
Net income	$ .31	$ .15	$ .69	$ .75

See Unaudited Condensed Notes to Consolidated Financial Statements.

WINNEBAGO INDUSTRIES, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

Dollars in thousands
Increase (decrease) in cash and cash equivalents

	THIRTY-NINE WEEKS ENDED	
	May 30, 1998	May 31, 1997
Cash flows from operating activities:		
Net income	$ 17,022	$ 19,224
Adjustments to reconcile net income to net cash from operating activities:		
Pre-tax gain on sale of Cycle-Sat subsidiary	- - -	(29,811)
Depreciation and amortization	4,143	5,437
Realized and unrealized gains on investments, net	- - -	(137)
Proceeds from sale of trading securities	- - -	4,453
Other	1,431	1,130
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(2,287)	1,273
Decrease in inventories	2,950	10,569
Increase in accounts payable and accrued expenses	9,028	3,898
Increase in income taxes payable	20,100	- - -
Increase in postretirement benefits	2,559	1,028
Other	- - -	(2,194)
Net cash provided by operating activities	54,946	14,870
Cash flows provided (used) by investing activities:		
Gross proceeds from the sale of Cycle-Sat subsidiary	- - -	55,883
Payments to minority shareholder from sale of Cycle-Sat	- - -	(7,160)
Purchases of property and equipment	(3,194)	(3,125)
Investments in dealer receivables	(44,559)	(28,782)
Collections of dealer receivables	40,601	29,191
Other	(4,126)	1,580
Net cash (used) provided by investing activities	(11,278)	47,587
Cash flows used by financing activities and capital transactions:		
Payments for purchase of common stock	(19,572)	- - -
Payment of long-term debt of discontinued operations	- - -	(13,220)
Payments of long-term debt and capital leases	(695)	(2,002)
Payment of cash dividends	(2,548)	(2,542)
Other	1,285	536
Net cash used by financing activities and capital transactions	(21,530)	(17,228)
Net increase in cash and cash equivalents	22,138	45,229
Cash and cash equivalents - beginning of period	32,130	797
Cash and cash equivalents - end of period	$ 54,268	$ 46,026

See Unaudited Condensed Notes to Consolidated Financial Statements.

WINNEBAGO INDUSTRIES, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. In the opinion of management, the accompanying unaudited consolidated condensed financial statements contain all adjustments, consisting of normal recurring accruals, necessary to present fairly the consolidated financial position as of May 30, 1998, the consolidated results of operations for the 39 and 13 weeks ended May 30, 1998 and May 31, 1997, and the consolidated cash flows for the 39 weeks ended May 30, 1998 and May 31, 1997. The results of operations for the 39 weeks ended May 30, 1998, are not necessarily indicative of the results to be expected for the full year.

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

Inventories are composed of the following (dollars in thousands):

	May 30, 1998	August 30, 1997
Finished goods................	$ 22,409	$ 27,577
Work in process...............	13,618	13,842
Raw materials.................	33,144	29,907
	69,171	71,326
LIFO reserve..................	(18,537)	(17,742)
	$ 50,634	$ 53,584

3. Since March, 1992, the Company has had a financing and security agreement with NationsCredit Corporation (NationsCredit). Terms of the agreement limit borrowings to the lesser of $30,000,000 or 75 percent of eligible inventory (fully manufactured recreation vehicles and motor home chassis and related components). Borrowings are secured by the Company's receivables and inventory. Borrowings under the agreement bear interest at the prime rate, as defined in the agreement, plus 50 basis points. The line of credit is available and continues during successive one-year periods unless either party provides at least 90-days' notice prior to the end of the one-year period to the other party that they wish to terminate the line of credit. The agreement also contains certain restrictive covenants including maintenance of minimum net worth, working capital and current ratio. As of May 30, 1998, the Company was in compliance with these covenants. There were no outstanding borrowings under the line of credit at May 30, 1998 or August 30, 1997.

4. It is customary practice for companies in the recreation vehicle industry to enter into repurchase agreements with lending institutions which have provided wholesale floor plan financing to dealers. The Company's agreements provide for the repurchase of its products from the financing institution in the event of repossession upon a dealer's default. The Company was contingently liable for approximately $162,888,000 and $115,637,000 under repurchase agreements with lending institutions as of May 30, 1998 and August 30, 1997, respectively. Included in these contingent liabilities as of May 30, 1998 and August 30, 1997 are approximately $24,954,000 and $24,868,000, respectively, of certain dealer receivables subject to recourse agreements with NationsCredit and Green Tree Financial Corporation.

5. For the periods indicated, the Company paid cash for the following (dollars in thousands):

	THIRTY-NINE WEEKS ENDED	
	May 30, 1998	May 31, 1997
Interest	$ 364	$ 522
Income taxes	6,849	14,035

6. As of May 30, 1998, the Company has repurchased approximately $19.6 million, or 2.1 million shares, of its common stock since announcing the plan on December 29, 1997 to repurchase up to $36.5 million of its common stock within 18 months (1,920,600 shares were from the Estate of John K. Hanson with an aggregate purchase price of approximately $17 million). Subsequent to May 30, 1998, the Company repurchased approximately an additional 486,000 shares of its common stock with an aggregate purchase price of approximately $5.7 million.

7. Effective December 15, 1997, the Company adopted Statement of Financial Accounting Standards No. 128, "EARNINGS PER SHARE" (SFAS No. 128). Earnings per share amounts presented for the 13 and 39 weeks ended May 31, 1997 have been restated for the adoption of SFAS No. 128. The following table reflects the calculation of basic and diluted earnings per share.

	THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED	
IN THOUSANDS EXCEPT PER SHARE DATA	MAY 30, 1998	MAY 31, 1997	MAY 30, 1998	MAY 31, 1997
EARNINGS PER SHARE - BASIC				
Income from continuing operations	$ 7,334	$ 3,720	$ 17,022	$ 2,752
Weighted average shares outstanding	23,642	25,460	24,434	25,423
Income per share from continuing operations - basic	$ .31	$ .15	$ .70	$ .11
EARNINGS PER SHARE - ASSUMING DILUTION				
Income from continuing operations	$ 7,334	$ 3,720	$ 17,022	$ 2,752
Weighted average shares outstanding	23,642	25,460	24,434	25,423
Dilutive impact of options outstanding	270	88	196	112
Weighted average shares & potential dilutive shares outstanding	23,912	25,548	24,630	25,535
Income per share from continuing operations - assuming dilution	$ .31	$ .15	$ .69	$ .11

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Thirteen Weeks Ended May 30, 1998 Compared to Thirteen Weeks ended May 31, 1997

Net revenues for the 13 weeks ended May 30, 1998 were $150,515,000, an increase of $33,289,000, or 28.4 percent from the 13 week period ended May 31, 1997. Motor home shipments (Class A and C) were 2,554 units, an increase of 535 units, or 26.5 percent, during the third quarter of fiscal 1998 compared to the third quarter of fiscal 1997. During the 13 weeks ended May 30, 1998, industry demand for motorized recreation vehicles remained strong which resulted in a much improved spring selling season. The Company's 1998 products continued to be received well by dealers and retail customers. Orders for the Company's motor homes continue to run considerably ahead of last year and long-term prospects remain bright.

Gross profit, as a percent of net revenues, was 13.9 percent for the 13 weeks ended May 30, 1998 compared to 13.8 percent for the 13 weeks ended May 31, 1997. The Company's increased volume of production and sales of motor homes resulted in the improved margins.

Selling and delivery expenses were $4,645,000 or 3.1 percent of net revenues during the third quarter of fiscal 1998 compared to $6,998,000 or 6.0 percent of net revenues during the third quarter of fiscal 1997. The decreases in dollars and percentage can be attributed primarily to significant decreases in promotional programs during the third quarter of fiscal 1998 when compared to the third quarter of fiscal 1997. Operating expenses for Winnebago Industries Europe GmbH (WIE), a subsidiary of the Company, are reflected in the third quarter results of fiscal 1997. Due to the sale of this subsidiary during the fourth quarter of fiscal 1997, WIE had no impact on the Company's results for the third quarter of fiscal 1998. Increased sales volume, during the third quarter of fiscal 1998, also contributed to the decrease in percentage.

General and administrative expenses increased by $2,361,000 to $6,029,000 comparing the 13 weeks ended May 30, 1998 to the 13 week period ended May 31, 1997 and increased as a percentage of net revenues to 4.0 percent from 3.1 percent. The increases in dollars and percentage can be attributed primarily to increases in the Company's employee bonus programs, an increase in bad debt accruals for Winnebago Acceptance Corporation (WAC), a finance subsidiary, and increased costs in the Company's postretirement health care benefits.

The Company had net financial income of $860,000 for the third quarter of fiscal 1998 compared to net financial income of $350,000 for the comparable quarter of fiscal 1997. During the 13 weeks ended May 30, 1998, the Company recorded $719,000 of interest income and gains of $141,000 in foreign currency transactions. During the 13 weeks ended May 31, 1997, the Company recorded $616,000 of interest income and losses of $266,000 in foreign currency transactions.

For the 13 weeks ended May 30, 1998, the Company had income before taxes of $11,091,000 and a provision for taxes of $3,757,000 resulting in net income of $7,334,000 or $.31 per basic share. For the 13 weeks ended May 31, 1997, the Company had income before taxes of $5,864,000 and a provision for taxes of $2,144,000 resulting in net income of $3,720,000 or $.15 per basic share.

Thirty-Nine Weeks Ended May 30, 1998 Compared to Thirty-Nine Weeks Ended May 31, 1997

Net revenues for the 39 weeks ended May 30, 1998 were $395,120,000, an increase of $58,300,000, or 17.3 percent from the 39 week period ended May 31, 1997. Motor home shipments (Class A and C) were 6,625 units, an increase of 820 units, or 14.1 percent, during the 39 weeks ended May 30, 1998 when compared to the 39 weeks ended May 31, 1997. Industry demand for motorized recreation vehicles continued to remain strong as did the dealer's acceptance of the Company's 1998 products.

Gross profit, as a percent of net revenues, was 13.6 percent for the 39 weeks ended May 30, 1998 compared to 12.3 percent for the 39 weeks ended May 31, 1997. The increase in gross profit percentage during the 39 weeks ended May 30, 1998 was due primarily to increased volume of production and sales of motor homes. When comparing the 39 weeks ended May 30, 1998 to the 39 weeks ended May 31, 1997, the Company allowed a significantly larger amount of discounts during the period ended May 31, 1997 to encourage sluggish motor home sales. Also during the period ended May 31, 1997, the Company recorded reductions in valuations of finished goods and parts inventories at WIE.

Selling and delivery expenses were $14,564,000 or 3.7 percent of net revenues during the 39 weeks ended May 30, 1998 compared to $19,999,000 or 5.9 percent of net revenues during the 39 weeks ended May 31, 1997. The decrease in dollars and percentage can be attributed primarily to significant decreases in promotional programs during the first three quarters of fiscal 1998 when compared to the first three quarters of fiscal 1997. Operating expenses for WIE are reflected in the Company's results for the 39 weeks ended May 31, 1997. Due to the sale of WIE, during the fourth quarter of fiscal 1997, there are no expenses for WIE reflected in the 39 weeks ended May 30, 1998. Increased sales volume, during the first three quarters of fiscal 1998, also contributed to the decrease in percentage.

General and administrative expenses increased by $322,000 to $15,741,000 comparing the first three quarters of fiscal 1998 to the first three quarters of fiscal 1997 but decreased as a percentage of net revenues to 4.0 percent from 4.6 percent. Results for the 39 weeks ended May 30, 1998 included increased costs in the Company's employee bonus programs and product liability expenses whereas the 39 weeks ended May 31, 1997 reflected operating expenses of WIE. Increased sales volume during the first three quarters of fiscal 1998 contributed to the decrease in percentage.

The Company had net financial income of $2,244,000 for the 39 weeks ended May 30, 1998 compared to net financial income of $1,464,000 for the 39 weeks ended May 31, 1997. During the first three quarters of fiscal 1998, the Company recorded $2,090,000 of interest income and gains of $154,000 in foreign currency transactions. During the first three quarters of fiscal 1997, the Company recorded $1,562,000 of interest income, $137,000 of realized and unrealized gains in its trading securities portfolio and losses of $235,000 in foreign currency transactions.

For the 39 weeks ended May 30, 1998, the Company had pre-tax income of $25,622,000 and a provision for taxes of $8,600,000 resulting in income of $17,022,000 or $.70 per basic share. For the 39 weeks ended May 31, 1997, the Company had pre-tax income from continuing operations of $13,882,000 and a pre-tax loss from WIE of $6,378,000. The $6,378,000 pre-tax loss of WIE was considered an operating loss of a foreign subsidiary that does not qualify for a tax deduction; therefore, the Company was required to record a provision for taxes of $4,752,000 resulting in income from continuing operations of $2,752,000 or $.11 per basic share for the 39 weeks ended May 31, 1997.

For the 39 weeks ended May 31, 1997, the Company recorded a gain from the sale of the discontinued Cycle-Sat subsidiary of $16,472,000 (net of income taxes of $13,339,000), or $.65 per basic share.

During the 39 weeks ended May 30, 1998, the Company had net income of $17,022,000, or $.70 per basic share, compared to $19,224,000, or $.76 per basic share for the 39 weeks ended May 31, 1997.

LIQUIDITY AND FINANCIAL CONDITION

The Company meets its working capital and capital equipment requirements and cash requirements of subsidiaries with funds generated internally and borrowings under agreements with financial institutions.

At May 30, 1998, working capital was $96,973,000, a decrease of $2,962,000 from the amount at August 30, 1997. The Company's principal use of cash during the 39 weeks ended May 30, 1998 was $19,572,000 for the purchase of shares of the Company's Common Stock. The Company's principal sources and uses of cash during the 39 weeks ended May 30, 1998 are set forth in the unaudited consolidated condensed statement of cash flows for that period.

Principal known demands at May 30, 1998 on the Company's liquid assets for the remainder of fiscal 1998 include approximately $2,300,000 of cash dividends declared by the Board of Directors on March 19, 1998 (payable on July 6, 1998 to shareholders of record as of June 5, 1998) and $1,300,000 of capital expenditures (primarily equipment replacement). On December 29, 1997, the Company's Board of Directors authorized the repurchase of outstanding shares of the Company's Common Stock. As of May 30, 1998, approximately $16,900,000 remained under this authorization and may be used by the Company from time to time to repurchase additional shares.

Management currently expects its cash on hand, funds from operations and borrowings available under existing credit facilities to be sufficient to cover both short-term and long-term operating requirements.

NEW ACCOUNTING STANDARDS

Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income" was issued in June, 1997 and must be adopted by the Company no later than fiscal 1999. The statement requires companies to disclose comprehensive income and its components in the general purpose financial statements.

SFAS No. 131, "Disclosure About Segments of the Enterprise and Related Information" was issued in June, 1997 and must be adopted by the Company no later than fiscal 1999. The statement establishes standards which redefine how operating segments are determined and requires public companies to report financial and descriptive information about reportable operating segments.

SFAS No. 132, "Employer's Disclosures About Pensions and Other Postretirement Benefits" was issued in February, 1998 and must be adopted by the Company no later than fiscal 1999. The statement revises employers' disclosures about pension and other postretirement benefit plans. It does not change the measurement or recognition of those plans.

The Company has not completed the process of evaluating the effects of SFAS No. 130, SFAS No. 131, and SFAS No. 132 but does not believe the new accounting pronouncements will significantly effect the Company's financial condition or operating results.

FORWARD LOOKING INFORMATION

Except for the historical information contained herein, certain of the matters discussed in this report are "forward looking statements" as defined in the Private Securities Litigation Reform Act of 1995, which involve risks and uncertainties, including, but not limited to demand from customers, effects of competition, the general state of the economy, interest rates, consumer confidence, changes in the product or customer mix or revenues and in the level of operating expenses and other factors which may be disclosed throughout this Form 10-Q. Any forecasts and projections in this report are "forward-looking statements," and are based on management's current expectations of the Company's near-term results, based on current information available pertaining to the Company, including the aforementioned factors. Actual results could differ materially.

MILLENNIUM CHANGE

The Company has conducted a comprehensive review of its computer systems to identify the systems that could be affected by the "Year 2000" issue and began an implementation plan in September, 1996 to resolve this issue. It is anticipated that all reprogramming efforts will be completed by end of fiscal 1998. The remainder of calendar year 1998 is planned to be used for testing. The Company's Purchasing and Information Systems areas have prepared a survey of its active vendors requesting the status of their "Year 2000" initiatives. The Company plans on a follow-up to this survey before the end of the 1998 fiscal year to monitor their status.

The Company presently estimates that the planned modifications to existing systems caused by the "Year 2000" compliance issue, will cost an aggregate of approximately $200,000. These costs will continue to be expensed as incurred.

Part II

Item 5 Other Information

The Company produces and sells motor homes using chassis provided by four different chassis suppliers, one of these being General Motors Corporation - Chevrolet Motor Division. While the Company does maintain a limited number of raw chassis on hand, a prolonged strike may have an adverse effect on the Company's ability to supply motor homes built on Chevrolet chassis to the motor home market. The Company is currently working with its other chassis suppliers to help alleviate any shortages which may result due to a prolonged strike.

Item 6 Exhibits and Reports on Form 8-K

(a) No exhibits are being filed as a part of this report.

(b) The Company did not file any reports on Form 8-K during the period covered by this report.

SIGNATURES

Pursuant to the requirements 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.
(Registrant)

Date July 8, 1998	/s/ Bruce D. Hertzke Bruce D. Hertzke Chairman of the Board, Chief Executive Officer, and President
Date July 8, 1998	/s/ Edwin F. Barker Edwin F. Barker Vice President - Chief Financial Officer

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3-MOS
AUG-29-1998
MAY-30-1998
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