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 March 1, 1997

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 25,453,179 shares of $.50 par value common stock outstanding on April 9, 1997.

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 | MARCH 1, 1997 | AUGUST 31, 1996 |
|---|---|---|
| | (Unaudited) | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | $ 34,910 | $ 797 |
| Marketable securities | -- | 4,316 |
| Receivables, less allowance for doubtful accounts ($1,815 and $702, respectively) | 36,948 | 30,029 |
| Dealer financing receivables less allowance for doubtful accounts ($208 and $197, respectively) | 12,696 | 11,491 |
| Inventories | 47,749 | 63,103 |
| Prepaid expenses | 3,212 | 3,253 |
| Deferred income taxes | 6,343 | 6,343 |
| Current assets of discontinued operations | -- | 7,285 |
| Total current assets | 141,858 | 126,617 |
| PROPERTY AND EQUIPMENT, at cost | | |
| Land | 1,500 | 1,501 |
| Buildings | 44,019 | 43,952 |
| Machinery and equipment | 66,930 | 67,456 |
| Transportation equipment | 7,757 | 7,878 |
| | 120,206 | 120,787 |
| Less accumulated depreciation | 82,100 | 80,858 |
| Total property and equipment, net | 38,106 | 39,929 |
| LONG-TERM NOTES RECEIVABLE, less allowances ($997 and $797, respectively) | 3,875 | 3,918 |
| INVESTMENT IN LIFE INSURANCE | 16,993 | 16,821 |
| DEFERRED INCOME TAXES, NET | 14,548 | 14,548 |
| OTHER ASSETS | 3,704 | 3,906 |
| LONG-TERM ASSETS OF DISCONTINUED OPERATIONS | -- | 14,857 |
| TOTAL ASSETS | $219,084 | $220,596 |

See Unaudited Condensed Notes to Consolidated Financial Statements

WINNEBAGO INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

Dollars in thousands

| LIABILITIES AND STOCKHOLDERS' EQUITY | MARCH 1, 1997 | AUGUST 31, 1996 |
|---|---|---|
| | (Unaudited) | |
| CURRENT LIABILITIES | | |
| Current maturities of long-term debt | $ 154 | $ 1,866 |
| Accounts payable, trade | 20,933 | 20,232 |
| Current liabilities of discontinued operations | -- | 17,532 |
| Provision for loss on disposal of electronic component assembly segment | -- | 4,074 |
| Income tax payable | 6,476 | -- |
| Accrued expenses: | | |
| Insurance | 2,688 | 2,947 |
| Product warranties | 3,386 | 3,489 |
| Vacation liability | 2,832 | 3,116 |
| Promotional | 4,419 | 2,193 |
| Other | 10,362 | 9,013 |

| | | |
|---|---|---|
| Total current liabilities | 51,250 | 64,462 |
| LONG-TERM DEBT | 1,496 | 1,692 |
| POSTRETIREMENT HEALTH CARE AND DEFERRED | 47,631 | 46,937 |
| MINORITY INTEREST IN DISCONTINUED OPERATIONS | -- | 2,194 |
| STOCKHOLDERS' EQUITY | | |
| Capital stock, common, par value $.50; authorized 60,000,000 shares | 12,923 | 12,920 |
| Additional paid-in capital | 23,203 | 23,723 |
| Reinvested earnings | 87,182 | 74,221 |
| | 123,308 | 110,864 |
| Less treasury stock, at cost | 4,601 | 5,553 |
| Total stockholders' equity | 118,707 | 105,311 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | $219,084 | $220,596 |

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 | | TWENTY-SIX WEEKS ENDED | TWENTY-SEVEN WEEKS ENDED |
|---|---|---|---|---|
| | March 1, 1997 | March 2, 1996 | March 1, 1997 | March 2, 1996 |
| Net revenues | $ 105,702 | $ 106,161 | $ 219,594 | $ 219,896 |
| Cost of goods sold | 95,503 | 92,639 | 194,316 | 190,405 |
| Gross profit | 10,199 | 13,522 | 25,278 | 29,491 |
| Operating expenses: | | | | |
| Selling and delivery | 6,663 | 5,139 | 13,001 | 11,578 |
| General and administrative | 6,866 | 5,510 | 11,751 | 11,073 |
| Total operating expenses | 13,529 | 10,649 | 24,752 | 22,651 |
| Operating (loss) income | (3,330) | 2,873 | 526 | 6,840 |
| Financial income | 745 | 384 | 1,114 | 707 |
| Pre-tax (loss) income from continuing operations | (2,585) | 3,257 | 1,640 | 7,547 |
| Provision for taxes | 1,089 | 1,059 | 2,608 | 2,677 |
| (Loss) income from continuing operations | (3,674) | 2,198 | (968) | 4,870 |
| Discontinued operations: | | | | |
| Income from discontinued Cycle-Sat operations (less applicable income tax provisions of $17 and $157, respectively) | -- | 40 | -- | 358 |
| 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 (loss) income | $ (3,674) | $ 2,238 | $ 15,504 | $ 5,228 |
| Net (loss) income per common share: | | | | |
| Continuing operations | $ (.15) | $ .09 | $ (.04) | $ .20 |
| Discontinued operations | -- | -- | -- | .01 |
| Gain from sale of Cycle-Sat | -- | -- | .65 | -- |
| Net (loss) income | $ (.15) | $ .09 | $ .61 | $ .21 |
| Weighted average number of shares of common stock outstanding | 25,431 | 25,346 | 25,405 | 25,346 |

See Unaudited Condensed Notes to Consolidated Financial Statements.

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

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

| | TWENTY-SIX WEEKS ENDED March 1, 1997 | TWENTY-SEVEN WEEKS ENDED March 2, 1996 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net income | $ 15,504 | $ 5,228 |
| 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 | 3,826 | 3,318 |
| Realized and unrealized gains on investments, net | (137) | (149) |
| Investments in trading securities | -- | (3,157) |
| Proceeds from sale of trading securities | 4,453 | 1,737 |
| Other | 1,616 | 146 |
| Change in assets and liabilities: | | |
| (Increase) decrease in accounts receivable | (7,533) | 1,523 |
| Decrease (increase) in inventories | 15,354 | (4,846) |
| Increase in accounts payable and accrued expenses | 4,950 | 9,679 |
| Increase in postretirement benefits | 694 | 1,549 |
| Other | (2,194) | (1,269) |
| Net cash provided by operating activities | 6,722 | 13,759 |
| Cash flows provided (used) by investing activities: | | |
| Gross proceeds from the sale of Cycle-Sat subsidiary | 55,883 | -- |
| Payment to minority shareholder for sale of Cycle-Sat | (7,160) | -- |
| Purchases of property and equipment | (2,039) | (3,636) |
| Investments in dealer receivables | (21,695) | (20,022) |
| Collections of dealer receivables | 20,078 | 19,601 |
| Other | (440) | (500) |
| Net cash provided (used) by investing activities | 44,627 | (4,557) |
| Cash flows used by financing activities and capital transactions: | | |
| Payment of long-term debt of discontinued operation | (13,220) | -- |
| Payments of long-term debt and capital leases | (1,908) | (646) |
| Payment of cash dividends | (2,542) | (2,534) |
| Other | 434 | 76 |
| Net cash used by financing activities and capital transactions | (17,236) | (3,104) |
| Net increase in cash and cash equivalents | 34,113 | 6,098 |

| | | |
|---|---|---|
| Cash and cash equivalents - beginning of period | 797 | 8,508 |
| Cash and cash equivalents - end of period | $ 34,910 | $ 14,606 |

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 March 1, 1997, the consolidated results of operations for the 26 and 13 weeks ended March 1, 1997 and the 27 and 13 weeks ended March 2, 1996, and the consolidated cash flows for the 26 weeks ended March 1, 1997 and the 27 weeks ended March 2, 1996. The results of operations for the 26 weeks ended March 1, 1997, 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):

| | March 1, 1997 | August 31, 1996 |
|---|---|---|
| Finished goods.................... | $ 17,704 | $ 28,228 |
| Work in process.......... | 15,622 | 13,915 |
| Raw materials........... | 31,450 | 37,537 |
| | 64,776 | 79,680 |
| LIFO reserve................. | (17,027) | (16,577) |
| | $ 47,749 | $ 63,103 |

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 through March 31, 1998, 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 March 1, 1997, the Company was in compliance with these covenants. There were no outstanding borrowings under the line of credit at March 1, 1997 or August 31, 1996.

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 $150,954,000 and $129,135,000 under repurchase agreements with lending institutions as of March 1, 1997 and August 31, 1996, respectively. Included in these contingent liabilities as of March 1, 1997 and August 31, 1996 are approximately $34,278,000 and $33,216,000, respectively, of certain dealer receivables subject to recourse agreements with NationsCredit and Green Tree Financial Corporation.

5. Fiscal year-to-date the Company paid cash for the following (dollars in thousands):

| | Twenty-Six Weeks Ended | Twenty-Seven Weeks Ended |
|---|---|---|
| | March 1, | March 2, |

| | 1997 | 1996 |
|---|---|---|
| Interest | $ 355 | $ 978 |
| Income taxes | 10,175 | 520 |

6. The Company, as a result of the continuing sluggish RV market conditions in central Europe, decided to close the rental and retail operations of its subsidiary, Winnebago Industries Europe GmbH (WIE), located in Kirkel, Germany. The 13 and 26 weeks ended March 1, 1997 were negatively impacted by charges aggregating $5 million as a result of this decision. The $5 million of charges are principally reflected in cost of goods sold, selling expenses and general and administrative expenses.

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

## RESULTS OF OPERATIONS

Thirteen Weeks Ended March 1, 1997 Compared to Thirteen Weeks Ended March 2, 1996.

Net revenues for the 13 weeks ended March 1, 1997 were $105,702,000, a decrease of $459,000, or 0.4 percent from the 13 week period ended March 2, 1996. Motor home shipments (Classes A and C) were 1,828 units, a decrease of 40 units, or 2.1 percent, during the second quarter of fiscal 1997 compared to the second quarter of fiscal 1996. Even though the Company did record a negative impact to the financial statements for its German subsidiary, WIE, during the second quarter of fiscal 1997, the long-term outlook for the motor home sales domestically appears favorable.

Gross profit, as a percent of net revenues, was 9.6 percent for the 13 weeks ended March 1, 1997 compared to 12.7 percent for the 13 weeks ended March 2, 1996. This decrease can be attributed primarily to reductions in valuations of the units and parts inventories at WIE and by an increase in discount programs to sell specific units into the U.S. marketplace.

Selling and delivery expenses were $6,663,000 or 6.3 percent of net revenues during the second quarter of fiscal 1997 compared to $5,139,000 or 4.8 percent of net revenues during the second quarter of fiscal 1996. The increases in dollars and percentage is due to increases in product promotional expenses.

General and administrative expenses increased by $1,356,000 to $6,866,000 comparing the 13 weeks ended March 1, 1997 to the 13 weeks ended March 2, 1996 and increased as a percentage of net revenues to 6.5 percent from 5.2 percent. The increases in dollars and percentage were caused primarily by the increases in legal reserves at WIE and the Company, an increase in the allowance for doubtful receivables at WIE and an increase in the bad debt reserve at the Company's finance subsidiary, Winnebago Acceptance Corporation (WAC), partially offsetting these increases was a reduction in the Company's product liability reserve.

The Company had net financial income of $745,000 for the second quarter of fiscal 1997 compared to net financial income of $384,000 for the comparable quarter of fiscal 1996. During the 13 weeks ended March 1, 1997, the Company recorded $636,000 of interest income, gains of $93,000 in foreign currency transactions and $16,000 of realized and unrealized gains in its trading securities portfolio. During the 13 weeks ended March 2, 1996, the Company recorded $228,000 of interest income, $188,000 of realized and unrealized gains in its trading securities portfolio and losses of $32,000 in foreign currency transactions.

For the 13 weeks ended March 1, 1997, the Company had pre-tax income from domestic continuing operations of $3,115,000 and a pre-tax loss from WIE of $5,700,000, of which $5,000,000 was due to the Company's decision to close the rental and retail operations of WIE (See Note 6). The $5,700,000 pre-tax loss of WIE is 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 $1,089,000 resulting in a consolidated net loss of $3,674,000 or $.15 per share. For the comparable period of fiscal 1996, the Company had pre-tax income of $3,257,000 from continuing operations and a provision for taxes of $1,059,000 resulting in income from continuing operations of $2,198,000 and income from discontinued Cycle-Sat operations of $40,000 (net of income tax provisions of $17,000) resulting in net income of $2,238,000 or $.09 per share.

Twenty-Six Weeks Ended March 1, 1997 Compared to Twenty-Seven Weeks Ended March 2, 1996

Net revenues for the 26 weeks ended March 1, 1997 were $219,594,000, a decrease of $302,000, or 0.1 percent from the 27 week period ended March 2, 1996. Motor home shipments (Classes A and C) were 3,786 units, a decrease of 146 units, or 3.7 percent, during the 26 weeks ended March 1, 1997 when compared to the 27 weeks ended March 2, 1996. Even though motor home shipments decreased by 3.7 percent, net revenues remained relatively constant due to an increase in the average motor home sales price when comparing the two periods.

Gross profit, as a percent of net revenues, was 11.5 percent for the 26 weeks ended March 1, 1997 compared to 13.4 percent for the 27 weeks ended March 2, 1996. This decrease can be attributed primarily to reductions in valuations of the units and parts inventories at WIE and by an increase in discount programs to sell specific units into the U.S. marketplace.

Selling and delivery expenses were $13,001,000 or 5.9 percent of net revenues during the 26 weeks ended March 1, 1997 compared to $11,578,000, or 5.3 percent of net revenues during the 27 weeks ended March 2, 1996. The increases in dollars and percentage is due to increases in product promotional expenses.

General and administrative expenses increased by $678,000 to $11,751,000 when comparing the 26 weeks ended March 1, 1997 to the 27 weeks ended March 2, 1996. Also, the percentage increased to 5.4 percent of net revenues from 5.0 percent of net revenues when comparing the same periods. The increases in dollars and percentage were caused primarily by the increases in legal reserves at WIE and the Company, an increase in the allowance for doubtful receivables at WIE and an increase in the bad debt reserve at the Company's finance subsidiary, WAC, partially offsetting these increases was a reduction in the Company's product liability reserve.

The Company had net financial income of $1,114,000 for the first half of fiscal 1997 compared to net financial income of $707,000 for the comparable period of fiscal 1996. During the 26 weeks ended March 1, 1997, the Company recorded $945,000 of interest income, $137,000 of realized and unrealized gains in its trading securities portfolio and $32,000 of gains in foreign currency transactions. During the 27 weeks ended March 2, 1996, the Company recorded $482,000 of interest income, $148,000 of realized and unrealized gains in its trading securities portfolio and $77,000 of gains in foreign currency transactions.

For the 26 weeks ended March 1, 1997, the Company had pre-tax income from domestic continuing operations of $7,440,000 and a pre-tax loss from WIE of $5,800,000 of which $5,000,000 was due to the write down of selected assets caused by excess inventory buildup and the Company's decision to close the rental and retail operations of WIE (See Note 6). The $5,800,000 pre-tax loss of WIE is 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 $2,608,000 resulting in a loss from continuing operations of $968,000 or $.04 per share.

For the 26 weeks ended March 1, 1997, the Company recorded a gain from the sale of the discontinued Cycle-Sat subsidiary of $16,472,000 (net of income taxes of $13,462,000), or $.65 per share.

For the 27 weeks ended March 2, 1996, the Company reported income from discontinued Cycle-Sat operations of $358,000 (net of income tax provisions of $157,000), or $.01 per share.

During the 26 weeks ended March 1, 1997, the Company had net income of $15,504,000, or $.61 per share, compared to $5,228,000, or $.21 per share for the 27 weeks ended March 2, 1996.

## LIQUIDITY AND FINANCIAL CONDITION

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

At March 1, 1997, working capital was $90,608,000, an increase of $28,453,000 from the amount at August 31, 1996. The increase in the Company's working capital was caused primarily by proceeds from the sale of the Cycle-Sat subsidiary. The Company's principal sources and uses of cash during the 26 weeks ended March 1, 1997 are set forth in the unaudited consolidated condensed statement of cash flows for that period.

Principal known demands at March 1, 1997 on the Company's liquid assets for the remainder of fiscal 1997 include approximately $8,000,000 of income taxes partially due to the gain on the sale of Cycle-Sat, $3,500,000 of capital expenditures (primarily equipment replacement) and $2,500,000 of cash dividends declared by the Board of Directors on March 20, 1997 (payable July 7, 1997).

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.

# Part II  Other Information

Item 4 Submission of Matters to a Vote of Security Holders

(a) The annual meeting of shareholders was held December 18, 1996.

(b) The election of eight directors was the only shareholder business transacted at the annual meeting. The breakdown of the votes was as follows*:

| | VOTES CAST FOR | VOTES CAST AGAINST | VOTES ABSTAINED |
|---|---|---|---|
| Gerald E. Boman | 21,048,736 | 316,120 | 195,061 |
| Jerry N. Currie | 21,150,466 | 214,390 | 195,061 |
| Fred G. Dohrmann | 20,913,994 | 450,862 | 195,061 |
| John V. Hanson | 20,909,784 | 455,072 | 195,061 |
| Gerald C. Kitch | 21,147,556 | 217,300 | 195,061 |
| Joseph M. Shuster | 21,163,439 | 201,417 | 195,061 |
| Frederick M. Zimmerman | 21,164,839 | 200,017 | 195,061 |
| Francis L. Zrostlik | 21,153,863 | 210,993 | 195,061 |

* There were no broker non-votes.

Item 6 Exhibits and Reports on Form 8-K

(a) Exhibit - See Exhibit Index on page 12.

(b) The Company filed a current report on Form 8-K on December 4, 1996.

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 April 10, 1997

/s/ Fred G. Dohrmann
Fred G. Dohrmann
Chairman of the Board and Chief Executive Officer

Date April 10, 1997

/s/ Edwin F. Barker
Edwin F. Barker
Vice President - Chief Financial Officer

EHIBIT INDEX

3b. Amended by-laws of the Registrant.

27 Financial Data Schedule.

# BY-LAWS
# OF
# WINNEBAGO INDUSTRIES, INC.

AS AMENDED

## ARTICLE I. OFFICES

The principal office of the Corporation in the State of Iowa, shall be located in the City of Forest City, County of Winnebago, State of Iowa.

The Corporation may have such other offices, either within or without of the State of Iowa, as the Board of Directors may designate or as the business of the Corporation may require from time to time.

## ARTICLE II. SHAREHOLDERS

Section 1. Annual Meeting

The Annual Meeting of the Shareholders shall be held on a date in the month of December of each year, commencing with the December, 1987 meeting, to be annually set by the Board of Directors with written notice thereof to be given not less than ten (10) days prior thereto by the Secretary, to be held in Forest City, Iowa, at such place as may be designated by the Board of Directors, for the purpose of electing directors and for the transaction of such other business as may come before the meeting.

## ARTICLE III. BOARD OF DIRECTORS

Section 1. General Powers

The business and affairs of this Corporation shall be managed by its Board of Directors.

Section 2. Number, Tenure and Qualifications

The number of directors constituting the Board of Directors of the Corporation shall be ten (10) until increased or decreased by proper amendment thereto. Each director shall hold office until the next annual meeting of the shareholders and until his successor shall have been elected and qualified. Directors need not be residents of the State of Iowa nor shareholders of the Corporation.

Section 3. Regular Meetings

The regular meeting of the Board of Directors shall be held without other notice than these By-Laws, immediately after, and at the same place as, the Annual Meeting of the Shareholders. The Board of Directors may provide, by resolution, the time and place, either within or without the State of Iowa, for the holding of additional regular meetings without other notice than such resolution.

Section 4. Special Meetings

Special meetings of the Board of Directors may be called by or at the request of the President or any one director. The persons or person authorized to call special meetings of the Board of Directors may fix the time for holding any special meetings of the Board of Directors so called, but the place shall be the same as the regular meeting place unless another place is unanimously agreed upon at the time and ratified by appropriate resolution.

Section 5. Notice of Meetings

Notice of any special meeting of the Board of Directors shall be given at least five (5) days previously thereto by written notice delivered personally or mailed to each director at his business address, or by telegram. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with sufficient postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company; any director may waive notice of any meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the expressed purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 6. Committees

The Board of Directors may, by resolution adopted by a majority of the whole board, designate from among its members an Executive Committee and one or more other committees. Any such committee, to the extent provided in the resolution, shall have and may exercise all the authority of the Board of Directors; provided, however, that no such committee shall have such authority in reference to any matter for which such authority is specifically reserved to the full Board of Directors by the terms of the Iowa Business Corporation Act, as amended. Each such committee shall keep regular minutes of its meetings and report the same to the Board of Directors when required.

## ARTICLE IV. OFFICERS

### Section 1. Number

The officers of the Corporation shall be a President, Vice President, a Secretary and a Treasurer. Such other officers, assistant officers and acting officers as may be deemed necessary, may be elected or appointed by the Board of Directors. Any two or more offices may be held by the same person if so nominated and elected.

### Section 2. Election and Term of Office

The officers of the Corporation to be elected by the Board of Directors shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the shareholders. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. The officers of the Corporation shall hold office until their successors are chosen and qualify or until their death or resignation. Any officer elected by the Board of Directors may be removed at any time by the affirmative vote of a majority of the Board of Directors in office. Any vacancy occurring in any office in the Corporation shall be filled by the Board of Directors.

## ARTICLE V. FISCAL YEAR

The fiscal year of this Corporation shall begin on the 1st day of September and end on the last day of August, in each year.

## ARTICLE VI. AMENDMENTS

These By-Laws may be altered, amended or repealed and new By-Laws may be adopted by the Board of Directors at any regular or special meeting of the Board of Directors.

5

3-MOS
AUG-30-1997
MAR-01-1997
34,910
0
38,763
1,815
47,749
141,858
120,206
82,100
219,084
51,250
0
0
0
0
123,308
219,084
105,702
105,702
95,503
95,503
13,529
0
745
(2,585)
1,089
(3,674)
0
0
0
(3,674)
(.15)
0