

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 1, 1996

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
(State or other jurisdiction of
incorporation or organization)

42-0803978
(I.R.S. Employer
Identification No.)

P. O. Box 152, Forest City, Iowa
(Address of principal executive offices)

50436
(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 No .

There were 25,353,222 shares of \$.50 par value common stock outstanding on July 10, 1996.

WINNEBAGO INDUSTRIES, INC. AND SUBSIDIARIES

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Part I Financial Information

WINNEBAGO INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

Dollars in thousands

ASSETS	JUNE 1, 1996	AUGUST 26, 1995
-----	-----	-----
	(Unaudited)	
CURRENT ASSETS		
Cash and cash equivalents	\$ 14,675	\$ 8,881
Marketable securities	5,940	2,144
Receivables, less allowance for doubtful accounts (\$957 and \$1,184, respectively)	34,331	37,807
Dealer financing receivables less allowance for doubtful accounts (\$281 and \$255, respectively)	12,378	9,345
Inventories	55,829	53,161
Prepaid expenses	7,436	3,342
Deferred income taxes	6,224	6,224
	-----	-----
Total current assets	136,813	120,904
	-----	-----
PROPERTY AND EQUIPMENT, at cost		
Land	1,500	1,512
Buildings	43,435	43,014
Machinery and equipment	80,706	77,998
Transportation equipment	7,944	7,965
	-----	-----
	133,585	130,489
Less accumulated depreciation	90,187	87,511
	-----	-----
Total property and equipment, net	43,398	42,978
	-----	-----
LONG-TERM NOTES RECEIVABLE, less allowances (\$1,406 and \$950, respectively)	3,422	2,465
	-----	-----
INVESTMENT IN LIFE INSURANCE	16,885	15,942
	-----	-----
DEFERRED INCOME TAXES, NET	14,107	14,107
	-----	-----
INTANGIBLE AND OTHER ASSETS	14,439	15,234
	-----	-----
TOTAL ASSETS	\$229,064	\$211,630
	=====	=====

See Unaudited Condensed Notes to Consolidated Financial Statements

WINNEBAGO INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

Dollars in thousands

LIABILITIES AND STOCKHOLDERS' EQUITY	JUNE 1, 1996	AUGUST 26, 1995
-----	-----	-----
	(Unaudited)	
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 4,246	\$ 3,564
Notes payable	4,215	4,000
Dividend payable	2,535	--
Accounts payable, trade	21,451	22,581
Income tax payable	5,164	--
Accrued expenses:		
Insurance	6,329	4,620
Product warranties	3,593	3,184
Vacation liability	3,704	3,287
Promotional	5,637	1,916
Other	8,708	8,058
	-----	-----
Total current liabilities	65,582	51,210
	-----	-----
LONG-TERM DEBT AND OBLIGATIONS UNDER CAPITAL LEASES	10,046	12,678
	-----	-----

POSTRETIREMENT BENEFITS OTHER THAN PENSIONS	47,683	45,223
	-----	-----
MINORITY INTEREST IN CONSOLIDATED SUBSIDIARY	2,188	2,071
	-----	-----
STOCKHOLDERS' EQUITY		
Capital stock, common, par value \$.50; authorized 60,000,000 shares	12,920	12,915
Additional paid-in capital	23,723	23,658
Reinvested earnings	72,475	69,440
	-----	-----
	109,118	106,013
Less treasury stock, at cost	5,553	5,565
	-----	-----
Total stockholders' equity	103,565	100,448
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$229,064	\$211,630
	=====	=====

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		FORTY/THIRTY-NINE WEEKS ENDED	
	June 1, 1996	May 27, 1995	June 1, 1996	May 27, 1995
	-----	-----	-----	-----
Revenues:				
Manufactured products	\$ 144,038	\$ 118,338	\$ 363,203	\$ 354,066
Services	7,459	6,755	23,874	17,234
	-----	-----	-----	-----
Total net revenues	151,497	125,093	387,077	371,300
	-----	-----	-----	-----
Costs and Expenses:				
Cost of manufactured products	124,171	101,304	314,576	303,619
Cost of services	4,275	3,980	13,888	10,176
Selling and delivery	6,711	7,265	19,015	19,937
General and administrative	8,561	6,423	23,838	18,577
	-----	-----	-----	-----
Total costs and expenses	143,718	118,972	371,317	352,309
	-----	-----	-----	-----
Operating income	7,779	6,121	15,760	18,991
Financial (expense) income	(38)	457	43	1,281
	-----	-----	-----	-----
Income before taxes	7,741	6,578	15,803	20,272
Provision (credit) for taxes	2,330	--	5,164	(6,000)
	-----	-----	-----	-----
Net income	\$ 5,411	\$ 6,578	\$ 10,639	\$ 26,272
	=====	=====	=====	=====
Net income per common share	\$.21	\$.26	\$.42	\$ 1.04
	=====	=====	=====	=====
Weighted average number of shares of common stock outstanding	25,352	25,317	25,348	25,268
	=====	=====	=====	=====

See Unaudited Condensed Notes to Consolidated Financial Statements.

Dollars in thousands

	FORTY WEEKS ENDED	THIRTY-NINE WEEKS ENDED
	June 1, 1996	May 27, 1995
Cash flows from operating activities:		
Net income	\$ 10,639	\$ 26,272
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	7,173	6,166
Deferred income taxes	--	(6,000)
Realized and unrealized gains on investments, net	(381)	(355)
Investments in trading securities	(10,157)	(3,135)
Proceeds from the sale of trading securities	6,742	4,168
Minority shareholders' portion of consolidated subsidiary's net income	117	38
Other	216	819
Change in assets and liabilities:		
Decrease in accounts receivable	2,939	1,267
Increase in inventories	(2,308)	(12,939)
Increase in accounts payable and accrued expenses	5,582	1,222
Increase in postretirement benefits	2,460	1,421
Other	1,479	(6,443)
Net cash provided by operating activities	24,501	12,501
Cash flows used by investing activities:		
Purchases of property and equipment	(6,693)	(8,216)
Investments in dealer receivables	(32,822)	(25,607)
Collections of dealer receivables	29,775	25,474
Other	(2,030)	(8,860)
Net cash used by investing activities	(11,770)	(17,209)
Cash flows used by financing activities and capital transactions:		
Payments of long-term debt and capital leases	(3,128)	(1,399)
Payments of cash dividends	(5,070)	(5,052)
Proceeds from issuance of long-term debt	1,000	11,879
Other	261	551
Net cash (used) provided by financing activities and capital transactions	(6,937)	5,979
Net increase in cash and cash equivalents	5,794	1,271
Cash and cash equivalents - beginning of period	8,881	847
Cash and cash equivalents - end of period	\$ 14,675	\$ 2,118

SEE UNAUDITED CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

- 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 June 1, 1996, the consolidated results of operations for the 40 and 13 weeks ended June 1, 1996 and the 39 and 13 weeks ended May 27, 1995, and the consolidated cash flows for the 40 weeks ended June 1, 1996 and the 39 weeks ended May 27, 1995.
- The results of operations for the 40 weeks ended June 1, 1996, are not necessarily indicative of the results to be expected for the full year. Service revenues, in the Consolidated Statements of Operations, consist of revenues generated by Cycle-Sat, Inc. (Cycle-Sat) and Winnebago Acceptance Corporation (WAC), subsidiaries of the Company.
- 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):

	June 1, 1996	August 26, 1995
Finished Goods	\$20,741	\$19,855

Work In Process	15,008	14,223
Raw Materials	36,446	34,704
	-----	-----
	72,195	68,782
LIFO Reserve	16,366	15,621
	-----	-----
	\$55,829	\$53,161
	=====	=====

4. Since March 1992, the Company has had a financing and security agreement with NationsCredit Corporation (NationsCredit) a NationsBank Company.

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 pursuant to 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, 1997, 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 covenants including maintenance of minimum net worth, working capital and current ratio. As of June 1, 1996, the Company was in compliance with these covenants. There were no outstanding borrowings under the line of credit at June 1, 1996 or August 26, 1995.

The Company and Cycle-Sat maintain a line of credit with Firststar Bank Cedar Rapids (Firststar). Terms of the agreement limit the amount advanced to the lesser of \$4,500,000 or the sum of 80 percent of Cycle-Sat's eligible accounts receivable and 50 percent of its inventory. Borrowings pursuant to the agreement bear interest at the 90-day LIBOR rate, plus 150 basis points (7.4 percent per annum at June 1, 1996 and August 26, 1995). The agreement contains certain restrictive covenants. Borrowings under the line of credit are secured by Cycle-Sat's accounts receivable and inventories and have been guaranteed by the Company. The line of credit expires January 31, 1997. The outstanding balance under the line of credit was \$4,215,000 at June 1, 1996 and \$4,000,000 at August 26, 1995. As of June 1, 1996, Cycle-Sat had exceeded the available borrowing limit by \$356,000 which constitutes an event of default under the agreement.

5. 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 \$142,270,000 and \$120,487,000 under repurchase agreements with lending institutions as of June 1, 1996, and August 26, 1995, respectively. Included in these contingent liabilities are approximately \$34,672,000 and \$37,616,000, respectively, of certain dealer receivables subject to recourse agreements with NationsCredit and John Deere Credit, Inc.
6. For the 40 weeks ended June 1, 1996 and the 39 weeks ended May 27, 1995 the Company paid cash for the following (dollars in thousands):

	Forty Weeks Ended ----- June 1, 1996 -----	Thirty-Nine Weeks Ended ----- May 27, 1995 -----
Interest	\$ 1,511	\$ 1,023
Income Taxes	3,335	6,989

7. At June 1, 1996, Postretirement Health Care and Deferred Compensation Benefits included postretirement benefits related to health care and other benefits of \$26,499,000 and deferred compensation of \$21,184,000.

Net postretirement benefit cost for the 13 and 40 weeks ended June 1, 1996 consisted of the following components:

	Thirteen Weeks -----	Forty Weeks -----
Service cost - benefits earned during the period	\$ 366	\$ 1,125
Interest cost on accumulated postretirement benefit obligation	380	1,166
Amortization of (gain)/loss	(30)	(93)
	-----	-----
	\$ 716	\$ 2,198
	=====	=====

8. The Company has guaranteed certain debt obligations of an unaffiliated party totaling \$4,500,000. The unaffiliated party is currently experiencing financial difficulties. The Company, at this time, is unable to reasonably estimate the loss, if any, it will incur with respect to this contingency.

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

RESULTS OF OPERATIONS

Thirteen Weeks Ended June 1, 1996 Compared to Thirteen Weeks Ended May 27, 1995

Net revenues of manufactured products for the 13 weeks ended June 1, 1996 increased \$25,700,000 or 21.7 percent from the 13 weeks ended May 27, 1995. Motor home shipments increased by 382 units or 16.8 percent during the 13 weeks ended June 1, 1996 when compared to the third quarter of fiscal 1995. In the Company's opinion, the Company's strong results for the third fiscal quarter of 1996 is a direct result of the quality of its products. The Company is cautiously optimistic about the remainder of fiscal 1996.

Service revenues for the 13 weeks ended June 1, 1996 increased \$704,000 or 10.4 percent from the comparable period of fiscal 1995. Cycle-Sat recorded revenues of \$7,134,000, an increase of \$699,000 or 10.9 percent primarily due to increased revenues generated through the acquisition by Cycle-Sat of the TFI division of MPO Videotronics (TFI) during the third quarter of fiscal 1995.

Cost of manufactured products, as a percent of manufactured product revenues, was 86.2 percent for the 13 weeks ended June 1, 1996 compared to 85.6 percent for the 13 weeks ended May 27, 1995. This percentage increase was primarily caused by lower margins realized by the Company on its manufactured products.

Cost of services, as a percent of service revenues, decreased during the third quarter of fiscal 1996 to 57.3 percent from 58.9 percent during the third quarter of fiscal 1995. This percentage decrease is attributed to the increase in Cycle-Sat's revenues and the fixed costs of its operations remaining relatively constant.

Selling and delivery expenses decreased by \$554,000 to \$6,711,000 comparing the 13 weeks ended June 1, 1996 to the 13 weeks ended May 27, 1995 and decreased as a percentage of net revenues to 4.4 percent from 5.8 percent. The decreases in dollars and percentage primarily reflects decreases in the Company's promotional and advertising costs.

General and administrative expenses increased by \$2,138,000 to \$8,561,000 comparing the 13 weeks ended June 1, 1996 to the 13 weeks ended May 27, 1995 and increased as a percentage of net revenues to 5.7 percent from 5.1 percent. The increases in dollars and percentage primarily reflect increases in the Company's provisions for its retirement programs and bad debts reserves and by increased spending by Cycle-Sat.

The Company had net financial expense of \$38,000 for the third quarter of fiscal 1996 compared to net financial income of \$457,000 for the comparable quarter of fiscal 1995. During the 13 weeks ended June 1, 1996, the Company recorded realized and unrealized gains in its marketable securities portfolio of \$232,000, foreign currency translation losses of \$153,000 and \$117,000 of interest expense. During the 13 weeks ended May 27, 1995, the Company recorded \$74,000 of realized and unrealized gains in its marketable securities portfolio, \$616,000 of foreign currency translation gains, and interest expense of \$233,000.

For the 13 weeks ended June 1, 1996, the Company reported net income of \$5,411,000 or \$.21 per share which consisted primarily of income from manufactured products operations of \$5,156,000 (\$.20 per share) and from Cycle-Sat operations of \$11,000. For the 13 weeks ended May 27, 1995, the Company reported net income of \$6,578,000 or \$.26 per share which consisted primarily of income from manufactured products operations of \$6,056,000 (\$.24 per share) and income from Cycle-Sat operations of \$58,000.

Due to the trend of earnings Winnebago Industries has realized the past three years, the Company has fully reflected the benefit of prior tax losses that had existed. The 13 weeks ended June 1, 1996 reflect the impact of income tax expense of \$2,330,000 compared with \$0 income tax expense for the comparable period of fiscal 1995.

Forty Weeks Ended June 1, 1996 Compared to Thirty-Nine Weeks Ended May 27, 1995

Net revenues of manufactured products for the 40 weeks ended June 1, 1996 increased \$9,137,000 or 2.6 percent from the 39 weeks ended May 27, 1995. Motor home shipments decreased by 227 units or 3.3 percent during the 40 weeks ended June 1, 1996 when compared to the 39 weeks ended May 27, 1995. The increase in the Company's revenues is attributed to the strong quarter the Company had during the third quarter of fiscal 1996. Even though the third quarter of fiscal 1996 showed an increase in revenues, the year-to-date unit sales were down when compared to last year due to a product mix change more heavily weighed to more expensive units with a slide-out feature.

Service revenues for the 40 weeks ended June 1, 1996 increased \$6,640,000 or 38.5 percent from the 39 weeks ended May 27, 1995. Cycle-Sat recorded revenues of \$22,818,000, an increase of \$6,510,000, or 39.9 percent, primarily due to increased revenues as a result of the acquisition by Cycle-Sat of TFI.

Cost of manufactured products, as a percent of manufactured product revenues, was 86.6 percent for the 40 weeks ended June 1, 1996 compared to 85.8 percent for the 39 weeks ended May 27, 1995. This percentage increase was primarily caused by lower motor home production volume.

Cost of services, as a percent of service revenues, decreased to 58.2 percent from 59.0 percent when comparing the 40 weeks ended June 1, 1996 to the 39 weeks ended May 27, 1995. This percentage decrease is attributed to the increase in Cycle-Sat's sales while its fixed costs remained constant.

Selling and delivery expenses decreased by \$922,000 to \$19,015,000 comparing the 40 weeks ended June 1, 1996 to the 39 weeks ended May 27, 1995 and decreased as a percentage of net revenues to 4.9 percent from 5.4 percent. The decreases in dollars and percentage primarily reflects decreases in the Company's promotional and advertising costs and net delivery expenses.

General and administrative expenses increased by \$5,261,000 to \$23,838,000 comparing the 40 weeks ended June 1, 1996 to the 39 weeks ended May 27, 1995 and increased as a percentage of net revenues to 6.2 percent from 5.0 percent. The increases in dollars and percentage were caused primarily by increases in the Company's provisions for its retirement programs, provisions for product liability expenses and increases in Cycle-Sat's spending.

The Company had net financial income of \$43,000 for the 40-week period ended June 1, 1996 compared to net financial income of \$1,281,000 for the nine months ended May 27, 1995. During the 40 weeks ended June 1, 1996, the Company recorded realized and unrealized gains in its marketable securities portfolio of \$381,000, interest expense of \$262,000 and foreign currency translation losses of \$76,000. During the 39 weeks ended May 27, 1995, the Company recorded realized and unrealized gains in its marketable securities portfolio of \$355,000, interest expense of \$3,000, and foreign currency translation gains of \$929,000.

For the 40 weeks ended June 1, 1996, the Company reported net income of \$10,639,000 or \$.42 per share which consisted primarily of income from manufactured products operations of \$9,498,000 (\$.37 per share) and from Cycle-Sat operations of \$233,000 (\$.01 per share). For the 39 weeks ended May 27, 1995, the Company reported net income of \$26,272,000 or \$1.04 per share which consisted primarily of income from manufactured products operations of \$18,719,000 (\$.74 per share), \$6,000,000 (\$.24 per share) credit for income taxes and income of \$195,000 (\$.01 per share) from Cycle-Sat operations.

The results of the 40 weeks ended June 1, 1996 reflect the impact of income tax expense of \$5,164,000, compared with a \$6,000,000 credit for income taxes for the 39 weeks ended May 27, 1995.

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 borrowed under agreements with financial institutions.

At June 1, 1996, working capital was \$71,231,000, an increase of \$1,537,000 from the amount at August 26, 1995. The Company's principal sources and uses of cash during the 40 weeks ended June 1, 1996 are set forth in the unaudited consolidated condensed statement of cash flows for that period

Principal known demands at June 1, 1996 on the Company's liquid assets for the remainder of fiscal 1996 include approximately \$1,850,000 of capital expenditures (primarily equipment replacements) for manufactured product operations and approximately \$1,300,000 of capital expenditures for an Uplink Encoding System for the Digital Cypher Transmission System which will be used by Cycle-Sat.

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 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 10, 1996

/s/ Fred G. Dohrmann
Fred G. Dohrmann
President and Chief Executive Officer

Date July 10, 1996

/s/ Ed F. Barker
Ed F. Barker
Vice President, Controller and Chief
Financial Officer

3-MOS
AUG-31-1996
JUN-01-1996
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