

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 February 25, 1995

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)

42-0802678

(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 25,309,536 shares of \$.50 par value common stock outstanding on April 6, 1995.

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	FEBRUARY 25, 1995 (Unaudited)	AUGUST 27, 1994
CURRENT ASSETS		
Cash and cash equivalents	\$ --	\$ 847
Marketable securities	3,080	3,301
Receivables, less allowance for doubtful accounts (\$1,586 and \$1,545, respectively)	33,270	36,602
Dealer financing receivables less allowance for doubtful accounts (\$348 and \$279, respectively)	10,966	8,565
Prepaid income taxes	3,423	--
Inventories	66,704	55,450
Prepaid expenses	3,390	3,870
Deferred income taxes	6,581	2,252
Total current assets	127,414	110,887
PROPERTY AND EQUIPMENT, at cost		
Land	1,568	1,539
Buildings	42,095	40,905
Machinery and equipment	76,311	75,139
Transportation equipment	7,930	7,985
	127,904	125,568
Less accumulated depreciation	85,788	83,970
Total property and equipment, net	42,116	41,598
LONG-TERM NOTES RECEIVABLE, less allowances (\$950 and \$2,024, respectively)	4,076	4,884
INVESTMENT IN LIFE INSURANCE	16,177	15,479
NET DEFERRED INCOME TAXES	5,720	4,049
OTHER ASSETS	4,549	4,851
TOTAL ASSETS	\$ 200,052	\$ 181,748

See Unaudited Condensed Notes to Consolidated Financial Statements

WINNEBAGO INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

Dollars in thousands

LIABILITIES AND STOCKHOLDERS' EQUITY	FEBRUARY 25, 1995 (Unaudited)	AUGUST 27, 1994
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 2,028	\$ 2,504
Notes payable	1,900	2,300
Accounts payable, trade	23,079	24,985
Accrued expenses:		
Insurance	4,973	4,175
Product warranties	3,687	3,557
Vacation liability	3,412	3,241
Promotional	4,260	2,111
Other	8,852	9,491
Total current liabilities	52,191	52,364
LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS	4,436	4,140
POSTRETIREMENT BENEFITS OTHER THAN PENSIONS	44,316	43,391

MINORITY INTEREST IN CONSOLIDATED SUBSIDIARY	2,166	2,143
STOCKHOLDERS' EQUITY		
Capital stock, common, par value \$.50; authorized 60,000,000 shares	12,913	12,911
Additional paid-in capital	24,167	24,175
Reinvested earnings	66,440	49,270
	103,520	86,356
Less treasury stock, at cost	6,577	6,646
Total stockholders' equity	96,943	79,710
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 200,052	\$ 181,748

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	
	February	February	February	February
	25,	26,	25,	26,
	1995	1994	1995	1994
Revenues:				
Manufactured products	\$ 111,270	94,251	235,728	193,840
Services	4,178	4,750	10,479	9,717
Total net revenues	115,448	99,001	246,207	203,557
Costs and Expenses:				
Cost of manufactured products	95,314	82,290	202,315	167,806
Cost of services	2,723	2,736	6,196	5,623
Selling and delivery	6,594	6,220	12,672	12,246
General and administrative	5,747	6,365	12,024	12,779
Other expense	126	94	107	170
Minority interest in net income (loss) of consol. subsidiary	(123)	25	23	85
Total costs and expenses	110,381	97,730	233,337	198,709
Operating income	5,067	1,271	12,870	4,848
Financial income	1,018	10	824	175
Income from operations before income taxes*	6,085	1,281	13,694	5,023
Provision (credit) for income taxes	(6,000)	--	(6,000)	--
Income from operations*	12,085	1,281	19,694	5,023
Cumulative effect of change in accounting principle	--	--	--	(20,420)
Net income (loss)	\$ 12,085	1,281	19,694	(15,397)
Income (loss) per common share:				
Income from operations*	\$.48	.05	.78	.20
Cumulative effect of change in accounting principle	--	--	--	(.81)
Net income (loss)	\$.48	.05	.78	(.61)
Weighted average number of shares of common stock outstanding	25,244	25,165	25,243	25,151

* BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE.

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	TWENTY-SIX WEEKS ENDED	
	February 25, 1995	February 26, 1994
Cash flows from operating activities:		
Net income (loss)	\$ 19,694	\$ (15,397)
Adjustments to reconcile net income (loss) to net cash from operating activities:		
Cumulative effect of change in accounting principle	--	20,420
Depreciation and amortization	4,084	3,831
Employee stock bonus plan	--	437
Deferred income taxes	(6,000)	--
Realized and unrealized gains on investments, net	(282)	(84)
Postretirement benefits other than pensions	925	2,253
Minority shareholders' portion of consolidated subsidiary's gain	23	85
Other	783	(58)
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	4,008	(2,839)
Increase in inventories	(11,254)	(7,915)
Increase (decrease) in accounts payable and accrued expenses	303	(5,653)
Increase in other categories, net	(2,943)	(828)
Net cash provided (used) by operating activities	9,341	(5,748)
Cash flows from investing activities:		
Investments in marketable securities	(1,937)	(6,371)
Proceeds from the sale of marketable securities	2,440	5,935
Purchases of property and equipment	(5,283)	(4,980)
Investments in dealer receivables	(18,717)	(18,112)
Proceeds from dealer receivables	16,218	17,890
Investment in other assets and notes receivable	(910)	(2,040)
Other	642	397
Net cash used by investing activities	(7,547)	(7,281)
Cash flows from financing activities and capital transactions:		
Net increase in notes payable	--	2,050
Payments of long-term debt and capital leases	(880)	(802)
Payments of cash dividends	(2,524)	--
Proceeds from issuance of long-term debt	700	777
Other	63	328
Net cash (used) provided by financing activities and capital transactions	(2,641)	2,353
Net decrease in cash and cash equivalents	(847)	(10,676)
Cash and cash equivalents - beginning of period	847	11,238
Cash and cash equivalents - end of period	\$ --	\$ 562

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 February 25, 1995, and results of operations and cash flows for the 26 and 13 weeks ended February 25, 1995 and February 26, 1994.
- The results of operations for the 26 weeks ended February 25, 1995, 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):

	February 25, 1995	August 27, 1994
Finished Goods.....	\$ 25,054	\$ 21,675

Work In Process.....	15,255	13,807
Raw Materials.....	40,857	33,800
	81,166	69,282
LIFO Reserve.....	14,462	13,832
	\$ 66,704	\$ 55,450

4. Since March, 1992, the Company has had a \$12,000,000 financing and security agreement with NationsCredit Corporation (NationsCredit) formerly Chrysler First Commercial Corporation. Terms of the agreement limit borrowings to the lesser of \$12,000,000 or 75% of eligible inventory (fully manufactured recreation vehicles ready for delivery to a dealer). Borrowings are secured by the Company's receivables and inventory. The agreement requires a graduated interest rate based upon the bank's reference rate as defined in the agreement. The line of credit is available for a term of one year 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 prohibits any advances, loans, or additional guarantees of any obligation to any subsidiary or affiliate in excess of \$5,000,000 or \$7,500,000 in the aggregate for all subsidiaries and affiliates from the date of the agreement. The agreement also includes certain restrictive covenants including maintenance of minimum net worth, working capital and debt to equity ratio. As of February 25, 1995, the Company was in compliance with these covenants. There were no outstanding borrowings under the line of credit at February 25, 1995 or August 27, 1994.

On January 31, 1995, the Company and Cycle-Sat amended the line of credit with Firststar Bank Cedar Rapids (Firststar) originally dated February 24, 1994. Terms of the amended agreement limit the amount advanced to the lesser of \$4,500,000 or the sum of the base of 80 percent of Cycle-Sat's eligible accounts receivable and 50 percent of its inventory. The agreement contains restrictive covenants related to the maintenance of a minimum tangible net worth and other operating and debt ratios as defined in the agreement. As of February 25, 1995, Cycle-Sat was in compliance with these 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 February 1, 1996. The outstanding balance under the line of credit at February 25, 1995 was \$1,900,000 with an interest rate of 7.8125 percent per annum (90-day LIBOR plus 1.5 percent) and at August 27, 1994, \$2,300,000 with an interest rate of 9.0 percent per annum. As of February 25, 1995, Cycle-Sat had \$126,000 of unused borrowings available.

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 \$151,550,000 and \$118,954,000 under repurchase agreements with lending institutions as of February 25, 1995, and August 27, 1994, respectively. Included in these contingent liabilities are approximately \$51,654,000 and \$36,231,000, respectively, of certain dealer receivables subject to recourse agreements with ITT Commercial Finance Corporation, NationsCredit and John Deere Credit, Inc.

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

	Twenty-Six Weeks Ended	
	February 25, 1995	February 26, 1994
Interest	\$ 605	\$ 369
Income Taxes	3,914	1,418

7. At February 25, 1995, Postretirement Health Care and Deferred Compensation Benefits included postretirement benefits related to health care and other benefits of \$23,762,000 and deferred compensation of \$20,554,000.

Net postretirement benefit cost for the 13 and 26 weeks ended February 25, 1995 consisted of the following components:

	Thirteen Weeks	Twenty-Six Weeks
Service cost - benefits earned during the period	\$ 261,000	\$ 523,000
Interest cost on accumulated postretirement benefit obligation	293,000	586,000
Amortization of (gain)/loss	(95,000)	(190,000)
	\$ 459,000	\$ 919,000

8. At August 27, 1994, the Company had a valuation allowance of \$15,400,000 related to its deferred tax assets due to uncertainty as to future utilization of those assets. During 1995, the valuation allowance has been reduced as income is earned. In addition, in the second quarter of fiscal 1995, the Company recognized a tax benefit of \$6,000,000 due to continued trend of earnings which increased the likelihood that the Company will realize its gross deferred tax assets in the future thus eliminating the need for a portion of the valuation allowance. Future changes in the valuation allowance will depend upon future operating results.

A reconciliation of the expected income tax provision at Federal statutory rates with the amount provided for the 13 and 26 weeks ended February 25, 1995 is as follows (dollars in thousands):

	Thirteen Weeks	Twenty-Six Weeks
U.S. Federal Statutory Rate	\$ 2,130	\$ 4,793
Other	(172)	(159)
Reduction of Valuation Allowance	(7,958)	(10,634)
TOTAL	\$ (6,000)	\$ (6,000)

For the 13 and 26 weeks ended February 26, 1994, the tax expense associated with the current income was equal to the reduction of the valuation allowance.

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

RESULTS OF OPERATIONS

Thirteen Weeks Ended February 25, 1995 Compared to Thirteen Weeks Ended February 26, 1994

Net revenues of manufactured products for the 13 weeks ended February 25, 1995 increased \$17,019,000 or 18.1 percent from the 13 week period ended February 26, 1994. Motor home shipments increased by 261 units or 14.0 percent during the 13 weeks ended February 25, 1995 when compared to the second quarter of fiscal 1994. The growth in the Company's revenues is attributed to the excellent acceptance of the Company's 1995 model year products. The Company is cautiously optimistic about the outlook for the remainder of the 1995 fiscal year; however, recent increases in interest rates by the Federal Reserve Board could have a detrimental effect on the Company's revenue growth.

Service revenues for the 13 weeks ended February 25, 1995 decreased \$572,000 or 12.0 percent from the 13 weeks ended February 26, 1994. This decrease can be attributed to reduced revenues (\$734,000 or 16.1 percent) by Cycle-Sat due to weak movie promotion activity.

Cost of manufactured products, as a percent of manufactured product revenue, was 85.7 percent for the 13 weeks ended February 25, 1995 compared to 87.3 percent for the 13 weeks ended February 26, 1994. This decrease can be attributed primarily to the increase in motor home sales and production volume.

Cost of services, as a percent of service revenue, increased to 65.2 percent from 57.6 percent when comparing the 13 weeks ended February 25, 1995 to the 13 weeks ended February 26, 1994. This increase in percentage can be attributed primarily to the decrease in Cycle-Sat revenues.

Selling and delivery expenses increased by \$374,000 but decreased to 5.7 percent of net revenues from 6.3 percent of net revenues when comparing the 13 weeks ended February 25, 1995 to the comparable period of fiscal 1994. The increase in dollars can be attributed primarily to increases in advertising expenses. The decrease in percentage can be attributed primarily to the increase in revenues.

General and administrative expenses decreased by \$618,000 when comparing the 13 weeks ended February 25, 1995 to the 13 weeks ended February 26, 1994. The decrease when comparing the two periods can be attributed primarily to a

reduction in the Company's cost for postretirement benefits offset partially by increases in the Company's self-insurance reserves.

The Company had other expense of \$126,000 during the 13 weeks ended February 25, 1995 compared to other expense of \$94,000 during the 13 weeks ended February 26, 1994. The primary reason for the increase when comparing the two periods was the increase during the current period in the Company's provision for losses on the resale of motor homes repurchased by the Company under its repurchase agreements with financial institutions offset partially by an increase in lease income from the Company's public warehousing activities.

The Company had net financial income of \$1,018,000 for the 13 weeks ended February 25, 1995 compared to income of \$10,000 for the comparable period of fiscal 1994. The Company recorded \$705,000 of realized and unrealized gains compared to \$15,000 of gains in its marketable securities portfolio during the second quarters of fiscal 1995 and 1994, respectively. The Company recorded \$106,000 of net interest income during the 13 weeks ended February 25, 1995 compared to net interest expense of \$36,000 during the comparable period of fiscal 1994. Also recorded were foreign exchange gains of \$207,000 and \$31,000 for the 13 weeks ended February 25, 1995 and February 26, 1994, respectively.

The Company reported a \$6,000,000 credit for income taxes during the quarter ended February 25, 1995 due to an increased likelihood that it will be able to realize a portion of its deferred tax assets in the future.

For the 13 weeks ended February 25, 1995, the Company reported net income of \$12,085,000 or \$.48 per share which included a net loss of \$487,000 (\$.02 per share) from Cycle-Sat operations. For the 13 weeks ended February 26, 1994, the Company reported net income of \$1,281,000 or \$.05 per share which included income of \$99,000 from Cycle-Sat operations.

Twenty-Six Weeks Ended February 25, 1995 Compared to Twenty-Six Weeks Ended February 26, 1994

Net revenues of manufactured products for the 26 weeks ended February 25, 1995 increased \$41,888,000 or 21.6 percent from the 26 weeks ended February 26, 1994. Motor home shipments increased by 613 units or 15.6 percent during the 26 weeks ended February 25, 1995 when compared to the first half of fiscal 1994. This growth in the Company's revenues is attributed to an excellent acceptance of the Company's 1995 model year products.

Service revenues for the 26 weeks ended February 25, 1995 increased \$762,000 or 7.8 percent from the 26 weeks ended February 26, 1994. This increase can be attributed to an increase in revenues from established customers as well as revenues generated with new customers by Cycle-Sat.

Cost of manufactured products, as a percent of manufactured product revenue, was 85.8 percent for the 26 weeks ended February 25, 1995 compared to 86.6 percent for the 26 weeks ended February 26, 1994. This decrease can be attributed primarily to the increase in motor home sales and production volume.

Cost of services, as a percent of service revenue, increased to 59.1 percent from 57.9 percent when comparing the 26 weeks ended February 25, 1995 to the 26 weeks ended February 26, 1994. This increase in percentage can be attributed to decreases in Cycle-Sat's revenues during the second quarter of fiscal 1995.

Selling and delivery expenses increased by \$426,000 but decreased to 5.1 percent of net revenues from 6.0 percent of net revenues when comparing the 26 weeks ended February 25, 1995 to the comparable period of fiscal 1994. The increase in dollars can be attributed primarily to increases in advertising expenses. The decrease in percentage can be attributed primarily to the increase in revenues.

General and administrative expenses decreased by \$755,000 when comparing the first half of fiscal 1995 to the first half of fiscal 1994. The decrease when comparing the two periods can be attributed primarily to a reduction in the Company's cost for postretirement benefits offset partially by increases in the Company's self-insurance reserves.

The Company had other expense of \$107,000 during the 26 weeks ended February 25, 1995 compared to other expense of \$170,000 during the 26 weeks ended February 26, 1994. The primary reason for the decrease when comparing the two periods was an increase in lease income from the Company's public warehousing activities offset partially by an increase in the current period of the Company's provision for losses on the resale of motor homes repurchased by the Company under its repurchase agreements with financial institutions.

The Company had net financial income of \$824,000 for the 26 weeks ended February 25, 1995 compared to income of \$175,000 for the comparable period of fiscal 1994. The Company recorded foreign exchange gains of \$313,000 and \$26,000 for the 26 weeks ended February 25, 1995 and February 26, 1994, respectively.

Recorded during the 26 weeks ended February 25, 1995 was \$282,000 of realized and unrealized gains in the Company's marketable securities portfolio compared to gains of \$84,000 during the 26 weeks ended February 26, 1994. The Company, also recorded \$230,000 of net interest income during the first half of fiscal 1995 compared to net interest income of \$65,000 during the first half of fiscal 1994.

For the 26 weeks ended February 25, 1995, the Company reported net income of \$19,694,000 or \$.78 per share which included the aforementioned \$6,000,000 tax credit and income of \$137,000 (\$.01 per share) from Cycle-Sat operations. For the 26 weeks ended February 26, 1994, the Company reported income from operations of \$5,023,000 or \$.20 per share which included income of \$340,000 (\$.01 per share) from Cycle-Sat operations.

In fiscal 1994, the Company was required to adopt the remaining portion of FASB Statement No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" related to health care and other benefits. This change in accounting principle resulted in a cumulative non-cash charge at the beginning of fiscal 1994 of \$20,420,000 or \$.81 per share. With the adoption on FASB No. 106, the 26 weeks ended February 26, 1994 net loss was \$15,397,000 or \$.61 per share.

LIQUIDITY AND FINANCIAL CONDITION

Presently, 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 February 25, 1995, working capital was \$75,223,000 an increase of \$16,700,000 from the amount at August 27, 1994. The Company's principal sources and uses of cash during the 26 weeks ended February 25, 1995 are set forth in the unaudited consolidated condensed statement of cash flows for that period.

Principal expected demands at February 25, 1995 on the Company's liquid assets for the remainder of fiscal 1995 include approximately \$3,000,000 for capital expenditures consisting primarily of building additions, tooling, equipment replacement and new equipment. Subsequent to the quarter ended February 25, 1995, Cycle-Sat finalized the purchase of a majority of the assets of the T.F.I. Division of MPO Videotronics (MPO), a private company headquartered in Newbury Park, California, on March 31, 1995 for \$10,100,000. Cycle-Sat is financing the acquisition through a term loan with Firststar Bank and terms provided by MPO which aggregate \$8,600,000. The agreement with Firststar is guaranteed by Winnebago Industries, Inc.

Based upon available cash, marketable securities and financing resources, described in Note 4 as supplemented by the discussion in the preceding paragraph, management believes that the Company has adequate sources of funds to meet its remaining fiscal 1995 cash requirements.

Part II Other Information

Item 1 Legal Proceedings

Subsequent to the quarter ended February 25, 1995, the Company received a letter from Eileen Harrington, Associate Director for Marketing Practices of the Federal Trade Commission (FTC), dated March 28, 1995 in which she referenced the FTC's investigation of the Company's possible violations of Section 5 of the FTC Act in connection with its marketing and sale of the diesel-powered LeSharo and Phasar motor homes and Centauri vans and indicated that after further review of the matter, the FTC had concluded that no further action was warranted by the Commission at this time and that accordingly the investigation had been closed. The FTC had issued to the Company on April 23, 1991 Civil Investigative Demands to produce documents and answers to written interrogatories in connection with an investigation of whether the Company engaged in deceptive practices in selling approximately 7,800 of the aforescribed vehicles which were produced between 1983 and 1986. After narrowing the FTC Civil Investigative Demands through a Motion to Quash and subsequent stipulated order, the Company produced responsive documents at its corporate offices in December, 1991 and January, 1992. The Company then had no further contact with the FTC for approximately 26 months when the Company's FTC counsel in Washington, DC received a letter dated March 22, 1994 from the FTC staff in which it was suggested that the FTC staff had concluded that the Company had engaged in violations of Section 5 of the FTC Act in connection with the marketing and sale of the subject vehicles. Such letter also suggested a willingness to pursue consent negotiations with the Company or otherwise that the staff would be preparing a recommendation to the Commission that it issue a complaint against the Company seeking consumer redress and other equitable relief.

Item 4 Submission of Matters to a Vote of Security Holders

- (a) The annual meeting was held December 14, 1994.
- (b) The election of nine 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
John K. Hanson	22,442,742	18,476	74,720
Gerald E. Boman	22,449,108	12,110	74,720
David G. Croonquist	22,454,839	6,379	74,720
Fred G. Dohrmann	22,448,377	12,841	74,720
Keith D. Elwick	22,456,194	5,024	74,720
Donald W. Olson	22,446,135	15,083	74,720
Joseph M. Shuster	22,459,318	1,900	74,720
Frederick M. Zimmerman	22,460,318	900	74,720
Francis L. Zrostlik	22,456,698	4,520	74,720

Item 6 Exhibits and Reports on Form 8-K

- (a) Exhibit - See Exhibit Index on page 13.
- (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 April 7, 1995 /s/ Fred G. Dohrmann
Fred G. Dohrmann
President and Chief Executive Officer

Date April 7, 1995 /s/ Ed F. Barker
Ed F. Barker
Vice President, Controller and Chief
Financial Officer

EXHIBIT INDEX

4.c Amendment to Line of Credit Agreement and Term Loan Agreement among Winnebago Industries, Inc., Cycle-Sat, and Firststar Bank Cedar Rapids.

27 Financial Data Schedule - Article 5

FIRST AMENDMENT TO
CREDIT AGREEMENT
(REVOLVING LINE OF CREDIT FACILITY)

This First Amendment to Credit Agreement ("First Amendment") is dated as of January 31, 1995 and is by and between Cycle Sat, Inc., a corporation duly organized and validly existing under the laws of the State of Iowa, (the "Borrower") and Firststar Bank Cedar Rapids, N.A. (the "Bank");

WHEREAS, the Borrower and the Bank have previously entered into a Credit Agreement (the "Agreement") dated as February 24, 1994; and

WHEREAS, the Borrower has requested and the Bank has approved certain further credit consideration which require amendments to the Agreement;

NOW, THEREFORE, do the parties agree to amend the Agreement as follows:

1. LINE OF CREDIT. Section 1 of the Agreement shall be deleted in its entirety and replaced with the following:

"The Borrower has requested that the Bank provide the Borrower with a line of credit in an aggregate principal amount at any time not to exceed \$4,500,000 for working capital purposes including repayment of intercompany indebtedness. The line of credit is evidenced by a promissory note (together with any renewals or substitutions the "Promissory Note")."

2. REVOLVING LINE OF CREDIT BORROWING LIMIT. Section 3 of the Agreement shall be amended in part to read as follows:

"...provided that the aggregate principal amount advance is limited to the lesser of \$4,500,000 or the sum of the following borrowing base:

80% of "Eligible Accounts Receivable"; and
50% of "Inventory"."

3. AFFIRMATIVE COVENANTS.

1. The first sentence of Section 7.e.(i) shall be deleted in its entirety and replaced with the following "...The Borrower will maintain as of fiscal year end 1996 a tangible net worth of not less than \$1,500,000 and not less than \$7,500,000 as of fiscal year end 1997. This ratio will not be applicable during fiscal 1995..."

2. Section 7.e. shall be amended to include the following subsections:

(ii) Current Ratio. The Borrower will maintain at all times a ratio of current assets to current liabilities of not less than 1.0 to 1.

(iii) Leverage Ratio. The Borrower will maintain at all times a ratio of total liabilities to Tangible Net Worth of not greater than 8.5 to 1 for fiscal year-end 1996 and 2.5 to 1 for fiscal year-end 1997 and thereafter. This ratio will not be applicable during fiscal 1995.

(iv) Cash Flow/Debt. The Borrower will maintain at all times a ratio of Operating Cash Flow to Total Debt Service of not less than 1.05 to 1. "Operating Cash Flow" means the net income of the Borrower plus income taxes, interest expense, depreciation, non-cash amortization and other non-cash items, and adjusted to eliminate extraordinary items and adjusted on a consistent basis to reflect increases or decreases that result from acquisition, sales or exchanges of property. "Total Debt Service" means all principal and interest due and payable during any period of computation arising from all of the Borrower's indebtedness."

3. The following shall be added as Section 7.e. (v):

"(v) In the event that the Borrower realizes a leverage ratio of 3.0 to 1 and maintains a collateral coverage equal to or in excess of total outstanding obligation to the Bank,, then the guarantee of Winnebago Industries, Inc. will be returned to the Guarantor, with the specific understanding that if these levels are not maintained a new guaranty will be immediately executed. Collateral coverage shall be computed as 80% of accounts receivable, 50% of inventory and 50% of net book value of equipment."

4. TERM LOAN AND PAYMENT PROVISIONS. The following section shall be added as Section 8 and all subsequent sections shall be renumbered.

"8. TERM LOAN AND PAYMENT PROVISIONS.

a. Term Loan Definitions.

(i) "Term Loan" shall have the meaning ascribed hereto in the following subsections 8.a. through 8.f.

(ii) "Term Loan Interest Rate" means the rate of interest to be charged by the Bank to the Borrower hereunder, which is the 90 day LIBOR rate, plus 2.5 percent, as adjusted in accordance with the Term Loan Promissory Note.

(iii) "Term Loan Promissory Note" means the promissory note and all of its terms and provisions, in substantially the form of Exhibit A attached hereto, to be delivered by the Borrower to the Bank pursuant hereto.

(iv) "Term Loan Termination Date" means September 28, 1999, or earlier upon the occurrence of an Event of Default or otherwise as provided herein.

b. Borrowing. Subject to the terms and conditions of the Agreement, the Bank shall lend to the Borrower the principal sum of \$4,400,000.

c. Term Loan Promissory Note. The Borrower shall execute and deliver to the Bank the Term Loan Promissory Note with this Amendment. The Term Loan Promissory Note, together with this Amendment and the other documents referred to herein, shall evidence the Borrower's indebtedness to the Bank under the Term Loan.

d. Interest. In accordance with the Term Loan Promissory Note, the Borrower shall pay interest to the Bank upon the outstanding daily principal balance of the Term Loan, which interest shall be computed at the close of each day, at the Term Loan Interest Rate (on the basis of actual days elapsed in the year of 360 days). Until the Term Loan Termination Date, such interest shall be paid monthly in arrears, commencing on the first day of the next succeeding month following the month in which this Amendment is executed, and continuing on the first day of each successive month thereafter. At the Term Loan Termination Date, all sums due hereunder shall be due and payable. All payments shall be made to the Bank on or before the required due dates in immediately available funds.

e. Repayment. The Borrower shall pay principal, interest and charges that are "directly attributable" to the Term Loan in accordance with the provisions of the Term Loan Promissory Note.

f. Determination of Balances. The records of the Bank shall be prima facie evidence as to the amount of advances, outstanding principal balance, and accrued interest and charges.

6. SAVINGS. All terms and conditions of the Agreement not specifically modified herein shall remain in full force and effect.

IMPORTANT: READ BEFORE SIGNING. THE TERMS OF THIS AGREEMENT SHOULD BE READ CAREFULLY BECAUSE ONLY THOSE TERMS IN WRITING ARE ENFORCEABLE. NO OTHER TERMS OR ORAL PROMISES NOT CONTAINED IN THIS WRITTEN CONTRACT MAY BE LEGALLY ENFORCED. YOU MAY CHANGE THE TERMS OF THIS AGREEMENT ONLY BY ANOTHER WRITTEN AGREEMENT.

Cycle-Sat, Inc.

By: /s/ Loren A. Swenson
Loren A. Swenson, CEO/President

By: /s/ William B. Grandy
William B. Grandy, CFO/Vice Pres.

Firststar Bank Cedar Rapids, N.A.

By: /s/ Dirk A Thierer
Dirk A Thierer, Vice President

Guarantor

Winnebago Industries,

By: /s/ Fred G. Dohrmann

VARIABLE BALANCE PROMISSORY NOTE

Br 2030

(Not a Consumer Credit Transaction)

DAT

INCR.\$1,500,000.00

Maker Cycle-Sat, Inc. --

Note No. 1247441--9001

Note Date JANUARY 31, 1995

Maturity Date FEBRUARY 1, 1996

MAXIMUM CREDIT AMOUNT: FOUR MILLION FIVE THOUSAND AND NO/100

(S 4,500,000.00)

Purpose Working capital

FOR VALUE RECEIVED, the undersigned, jointly and severally, as principals, promise to pay to the order of FIRSTAR BANK CEDAR RAPIDS, NA, Cedar Rapids, Iowa, (hereinafter referred to as "Bank") its successors and assigns; the Maximum Credit Amount; or so much of the Maximum Credit Amount as may be advanced under this Note by any holder of this Note.

with interest thereon to be adjusted daily beginning 01/31/95 to be equal to 1.500 percentage points above the 90 day LIBOR to adjust every 90 days, as the same may be on the dates of adjustment;

per annum; said principal and interest to be paid as follows:

Interest shall be due monthly beginning 03/01/95, and thereafter on the 1ST of each month with the principal balance and any remaining interest due at maturity.

Each such payment shall be applied first in payment of interest due on the unpaid balance and the remainder in reduction of the principal. All interest shall be computed for the actual number of days elapsed upon the actual principal balance from time to time outstanding on the basis of a year of 360 days.

The Maximum Credit Amount set forth above represents the total amount which Bank has agreed to advance from time to time to the undersigned. Except as otherwise provided below, the undersigned may, up to the Maximum Credit Amount, at any time, and from time to time prior to the Maturity Date of this note, borrow, repay, and reborrow from Bank and the liability of the undersigned hereunder shall be the principal amount from time to time outstanding pursuant to this note plus interest as provided above.

Bank's determination as to the outstanding balance owed by the undersigned hereunder shall be conclusive and Bank's documentation to support said outstanding balance will be sufficient to establish and sustain the undersigned's obligation hereunder. Advances may be made by credit by Bank to the undersigned's depository account. Requests for advances may be made to Bank at the request of any one of the undersigned and such requests may be in writing, orally, or by telephone. The undersigned agree to assume full responsibility for preserving evidence of payments until this note has been presented to the undersigned, marked paid.

Bank may require any and all documentation and additional confirmation as to authorization for any requested advance. Upon the failure of the undersigned to provide said data in a form satisfactory to Bank, or upon the occurrence of an Event of Default (has hereinafter defined), or upon the occurrence of any event which would constitute an Event of Default but for the requirement that notice be given or time elapse or both, Bank may, at its option, refuse to honor any request for an advance of funds.

If referred to or used herein, the term "Prime Rate" (or any similar reference) shall mean that rate of interest described as the "Prime Rate" of Bank announced from time to time by Bank and determined at the sole discretion of Bank management as part of its internal procedures. No representation is made by Bank to the undersigned that the "Prime Rate" is the lowest, the best, or a

favored rate.

This note is secured by all existing and future liens and security interests created by security agreements, mortgages, or any other collateral documents now or hereafter between Bank and the undersigned or now or hereafter between Bank and any endorsers, sureties, or guarantors of this note and payment may be accelerated according to any of said agreements and documents. The undersigned and all endorsers, sureties, and guarantors of this note are hereinafter collectively referred to as the "Obligors." In addition to Bank's common law rights of set off, the undersigned hereby grant to Bank a security interest and lien in any credit balance or other money now or hereafter owed them by Bank, and, in addition, the undersigned agree that Bank may, without notice or demand, set off against any such credit balance or other asset(s) any amount unpaid under this note, whether due or not.

The undersigned represent and warrant that the extension of credit evidenced by this note is for business, commercial, or agricultural purposes, or is to an organization.

OTHER PROVISIONS: Continuation of obligation represented by Note # 9001 dated 02/24/94.

The security document(s) by which is note is secured include, but not limited to:

Security Agreement dated 2-24-94;
Credit Agreement dated 2-24-94 as amended.

THE ADDITIONAL TERMS AND CONDITIONS SET FORTH ON PAGE TWO OF THIS NOTE ARE A PART OF THIS NOTE. THE UNDERSIGNED HEREBY ACKNOWLEDGE THE RECEIPT OF A COPY OF THIS NOTE

119 John K. Hanson Drive
Forest City, IA 50436

Cycle - Sat, Inc .

By:
Loren A. Swenson, CEO/President

By:
William B. Grandy, CFO/Vicc Pres.

S.S. or Fed l D. 42-1246889

ORIGINAL

Page 1 of 2

ADDITIONAL TERMS AND CONDITIONS

1. The Obligors, jointly and severally: (i) waive presentment, demand, notice of demand, protest, notice of protest, notice of nonpayment, and any other notice required to be given under the law to any of the Obligors in connection with the delivery, acceptance, performance, default, or enforcement of this note, of any endorsement, surety agreement or guaranty of this note, or of any document or instrument evidencing any security for payment of this note; (ii) consent to any and all acceptances of partial payments, delays, extensions, renewals, or other modifications of this note or waivers of any term hereof, any release or discharge by Bank of any of the Obligors, any agreement by Bank not to sue any Obligor, the release, substitution, or exchange of any security for the payrment hereof, the failure to act on the part of Bank and any indulgence shown by Bank from time to time and in one or more instances (without notice to or consent of any of the Obligors), and agree that no such act, failure to act, or failure to exercise any right or remedy on the pan of the Bank shall in any way affect or impair the obligations of any of the Obligors or be construed as a waiver by Bank of, or otherwise affect, any of Bank's rights under this note, under any endorsement, surety agreement or guaranty of this note, or under any document or instrument evidencing any security for payment of this note; (iii) agree that Bank is not required to first resort to any collateral for payment before bringing an action hereon (or on any endorsement, surety agreement or guaranty of this note) against the Obligors or any one or more of them; and (iv) agree to pay, on demand, all costs and expenses of collection of this note or of any endorsement or any guaranty hereof and/or the enforcement of Bank's rights with respect to, or the administration, supervision, preservation, protection of, or realization upon, any property securing payment hereof, including, but not limited to, attorneys' fees and court costs, wrth such fees and expenses being advances hereunder.

2. The occurrence of any one or more of the following shall constitute an event of default under this note ("Event of Default"): (i) the failure of the Obligors to timely pay and discharge any obligations, liabilities, or

indebtedness of any of the Obligors to Bank, whether under this note or any other agreement, note or instrument now or hereafter existing, as and when due (whether at maturity or by acceleration and no prior demand therefor by Bank being necessary); (ii) death of any of the Obligors (if an individual), or a proceeding being filed or commenced (voluntarily or involuntarily) for the dissolution or liquidation of any of the Obligors; (iii) the failure by the Obligors to timely pay any installment of principal or interest or the failure to perform any of the covenants, agreements or conditions of any other note, the collateral for which is also collateral for this note; (iv) the insolvency or business failure of any of the Obligors, or the appointment of a custodian, trustee, liquidator or receiver for any of the Obligors or for any of the property of the Obligors; (v) any assignment for the benefit of creditors by or against any of the Obligors, or the filing of a petition (whether voluntarily or involuntarily) by or against the Obligors under any bankruptcy, insolvency, or debtor's relief law; (vi) the occurrence of any readjustment of indebtedness, composition or extension of any indebtedness of any of the Obligors; (vii) any attachments, liens or additional security interest being placed upon any of the collateral for this note; (viii) acquisition at any time or from time to time of title to the whole of or any part of the collateral for this note by any person or entity other than any of the Obligors; (ix) Bank determining that any representation or warranty made by any of the Obligors to Bank is, or was when made, untrue or materially misleading; (x) the occurrence of any default as defined in any security document which secures this note; (xi) Bank deeming itself insecure; or (xii) the occurrence of a default in the due observance or performance of or breach of any agreement of this note regarding these obligations between the Obligors and Bank. (xiii) any change in the stock ownership of Obligor.

3. Upon the occurrence of an Event of Default, the entire principal balance plus accrued interest outstanding hereunder and any or all other liabilities, indebtedness and obligations of the Obligors to Bank (however acquired or evidenced) shall, at the option of Bank, become immediately due and payable, without presentment, notice, protest or demand of any kind (all of which are expressly waived by the Obligors), and to the extent permitted by law, the rate of interest on the unpaid principal and accrued interest shall, at the option of Bank, be increased to four percent (4%) over the interest rate (as shown on the face of this note), compounded monthly, or four percent (4%) over the Prime Rate of Bank ("Bank Default Rate"). The Bank Default Rate will change each time and as of the date that the Prime Rate of Bank changes. Failure at any time to exercise any of the aforesaid options or any other rights of Bank hereunder shall not constitute a waiver by Bank thereof, nor shall it prevent Bank from exercising any of the aforesaid options or rights at a later date. If this note is payable on demand, the acceptance by Bank of any partial payment hereof, from any of the Obligors, shall not affect the demand tenor of this note.

4. This note is delivered in and shall be construed in accordance with the laws of the State of Iowa, and all litigation arising out of this note or of any endorsement or guaranty of this note or any security given for payment hereof shall be brought only in the courts of the State of Iowa or the courts of the United States which are situated in the State of Iowa and the Obligors, jointly and severally, consent to and confer personal jurisdiction upon the courts of the State of Iowa or the courts of the United States which are situated in the State of Iowa, and expressly waive any objections as to venue in any of such courts, and agree that service of process may be made on the Obligors by mailing a copy of the summons to their respective addresses.

5. In the event any one or more of the provisions of this note shall for any reason be held to be invalid, illegal, or unenforceable, in whole or in part or in any respect, or in the event that any one or more of the provisions of this note operate or would prospectively operate to invalidate this note, then and in either of those events, such provision or provisions only shall be deemed null and void and shall not affect any other provision of this note and the remaining provisions of this note shall remain operative and in full force and effect and shall in no way be affected, prejudiced, or disturbed thereby.

6. The Obligors shall from time to time, upon request by Bank, permit a representative of Bank to inspect and make copies of the Obligors' books and records at all reasonable times. The Obligors shall furnish Bank such financial information in a form acceptable to Bank as Bank may from time to time request.

7. Bank may, at its option, sell participations in or assign all or part of this note to another bank or entity. Bank may furnish any information concerning Borrower in the possession of Bank from time to time to such assignee or participant.

8. IMPORTANT: READ BEFORE SIGNING. THE TERMS OF THIS AGREEMENT SHOULD BE READ CAREFULLY BECAUSE ONLY THOSE TERMS IN WRITING ARE ENFORCEABLE. NO OTHER TERMS OR ORAL PROMISES NOT CONTAINED IN THIS WRITTEN CONTRACT MAY BE LEGALLY ENFORCED. YOU MAY CHANGE THE TERMS OF THIS AGREEMENT ONLY BY ANOTHER WRITTEN AGREEMENT.

JANUARY 31, 1995

FIRSTAR BANK CEDAR RAPIDS, N.A.

Firstar Bank Cedar Rapids, N.A.
222 Second Avenue SE
Cedar Rapids. IA 52401

RE: Account Name: Cycle-Sat, Inc.
Loan Dated: JANUARY 31, 1995
Loan Number: 1247441--9001
Principal Amount: \$4,500,000.00

ID #42-1246889

To Whom It May Concern:

The following named individuals are authorized to make oral or written requests for advances under the above-referenced note, and all future renewals:

Name	Title
Loren A. Swenson	CEO/President
William B. Grandy	CF0/Vice President

Firstar Bank Cedar Rapids, N.A. is entitled to rely upon the oral or written requests for advances of any one of the named individuals until the authority granted herein is revoked in writing.

Each of the undersigned acknowledges that a request made by any one of the above-named individuals shall be binding upon and consented to by remaining signators.

Each of the undersigned acknowledge receipt of a copy of this document.

JANUARY 31, 1995
Date

Cycle-Sat, Inc.

BY:

Loren A. Swenson, CEO/President

BY:

William B. Grandy, CF0/Vice Pres.

ADDITIONAL TERMS AND CONDITIONS

1. The Obligors, jointly and severally: (i) waive presentment, demand, notice of demand, protest, notice of protest, notice of nonpayment, and any other notice required to be given under the law to any of the Obligors in connection with the delivery, acceptance, performance, default, or enforcement of this note, of any endorsement, surety agreement or guaranty of this note, or of any document or instrument evidencing any security for payment of this note; (ii) consent to any and all acceptances of partial payments, delays, extensions, renewals, or other modifications of this note or waivers of any term hereof, any release or discharge by Bank of any of the Obligors, any agreement by Bank not to sue any Obligor, the release, substitution, or exchange of any security for the payrment hereof, the failure to act on the part of Bank and any indulgence shown by Bank from time to time and in one or more instances (without notice to or consent of any of the Obligors), and agree that no such act, failure to act, or failure to exercise any right or remedy on the pan of the Bank shall in any way affect or impair the obligations of any of the Obligors or be construed as a waiver by Bank of, or otherwise affect, any of Bank's rights under this note,

under any endorsement, surety agreement or guaranty of this note, or under any document or instrument evidencing any security for payment of this note; (iii) agree that Bank is not required to first resort to any collateral for payment before bringing an action hereon (or on any endorsement, surety agreement or guaranty of this note) against the Obligors or any one or more of them; and (iv) agree to pay, on demand, all costs and expenses of collection of this note or of any endorsement or any guaranty hereof and/or the enforcement of Bank's rights with respect to, or the administration, supervision, preservation, protection of, or realization upon, any property securing payment hereof, including, but not limited to, attorneys' fees and court costs, wrth such fees and expenses being advances hereunder.

2. The occurrence of any one or more of the following shall constitute an event of default under this note ("Event of Default"): (i) the failure of the Obligors to timely pay and discharge any obligations, liabilities, or indebtedness of any of the Obligors to Bank, whether under this note or any other agreement, note or instrument now or hereafter existing, as and when due (whether at maturity or by acceleration and no prior demand therefor by Bank being necessary); (ii) death of any of the Obligors (if an individual), or a proceeding being filed or commenced (voluntarily or involuntarily) for the dissolution or liquidation of any of the Obligors; (iii) the failure by the Obligors to timely pay any installment of principal or interest or the failure to perform any of the covenants, agreements or conditions of any other note, the collateral for which is also collateral for this note; (iv) the insolvency or business failure of any of the Obligors, or the appointment of a custodian, trustee, liquidator or receiver for any of the Obligors or for any of the property of the Obligors; (v) any assignment for the benefit of creditors by or against any of the Obligors, or the filing of a petition (whether voluntarily or involuntarily) by or against the Obligors under any bankruptcy, insolvency, or debtor's relief law; (vi) the occurrence of any readjustment of indebtedness, composition or extension of any indebtedness of any of the Obligors; (vii) any attachments, liens or additional security interest being placed upon any of the collateral for this note; (viii) acquisition at any time or from time totime of title to the whole of or any part of the collateral for this note by any person or entity other than any of the Obligors; (ix) Bank determining that any representation or warranty made by any of the Obligors to Bank is, or was when made, untrue ro materially misleading; (x) the occurrence of any default as defined in any security document which secures this note; (xi) Bank deeming itself insecure; or (xii) the occurrence of a default in the due observance or performance of or breach of any agreement of this note regarding these obligations between the Obligors and Bank. (xiii) any change in the stock ownership of Obligor.

3. Upon the occurrence of an Event of Default, the entire principal balance plus accrued interest outstanding hereunder and any or all other liabilities, indebtedness and obligations of the Obligors to Bank (however acquired or evidenced) shall, at the option of Bank, become irnmediately due and payable, without presentment, notice, protest or demand of any kind (all of which are expressly waived by the Obligors), and to the extent permitted by law, the rate of interest on the unpaid principal and accrued interest shall, at the option of Bank, be increased to four percent (4%) over the interest rate (as shown on the face of this note), compounded monthly, or four percent (4%) over the Prime Rate of Bank ("Bank Default Rate"). The Bank Default Rate will change each time and as of the date that the Prime Rate of Bank changes. Failure at any time to exercise any of the aforesaid options or any other rights of Bank hereunder shall not constitute a waiver by Bank thereof, nor shall it prevent Bank from exercising any of the aforesaid options or rights at a later date. If this note is payable on demand, the acceptance by Bank of any partial payment hereof, from any of the Obligors, shall not affect the demand tenor of this note.

4. This note is delivered in and shall be construed in accordance with the laws of the State of Iowa, and all litigation arising out of this note or of any endorsement or guaranty of this note or any security given for payment hereof shall be brought only in the courts of the State of Iowa or the courts of the United States which are situated in the State of Iowa and the Obligors, jointly and severally, consent to and confer personal jurisidiction upon the courts of the State of Iowa or the courts of the United States which are situated in the State of Iowa, and expressly waive any objections as to venue in any of such courts, and agree that service of process may be made on the Obligors by mailing a copy of the summons to their respective addresses.

5. In the event any one or more of the provisions of this note shall for any reason be held to be invalid, illegal, or unenforceable, in whole or in part or in any respect, or in the event that any one or more of the provisions of this note operate or would prospectively operate to invalidate this note, then and in either of those events, such provision or provisions only shall be deemed null and void and shall not affect any other provision of this note and the remaining provisions of this note shall remain operative and in full force and effect and shall in no way be affected, prejudiced, or disturbed thereby.

6. The Obligors shall from time to time, upon request by Bank, permit a representative of Bank to inspect and make copies of the Obligors' books and records at all reasonable times. The Obligors shall furnish Bank such financial information in a form acceptable to Bank as Bank may from time to time request.

7. Bank may, at its option, sell participations in or assign all or part of this note to another bank or entity. Bank may furnish any information concerning Borrower in the possession of Bank from time to time to such assignee or participant.

8. IMPORTANT: READ BEFORE SIGNING. THE TERMS OF THIS AGREEMENT SHOULD BE READ CAREFULLY BECAUSE ONLY THOSE TERMS IN WRITING ARE ENFORCEABLE. NO OTHER TERMS OR ORAL PROMISES NOT CONTAINED IN THIS WRITTEN CONTRACT MAY BE LEGALLY ENFORCED. YOU MAY CHANGE THE TERMS OF THIS AGREEMENT ONLY BY ANOTHER WRITTEN AGREEMENT.

ORIGINAL Obligor

Page 2 of 2

G U A R A N T Y
UNLIMITED AND CONTINUING

ID #42-1246889

THIS GUARANTY is given by the undersigned (hereinafter referred to as the "Guarantors") to induce Firststar Bank Cedar Rapids, N.A., (hereinafter referred to as "Lender") to extend credit to, or otherwise become the creditor of Cvcle-Sat, Inc. (hereinafter referred to as "Borrower"). Guarantors understand that the Lender is willing to become the creditor of Borrower only if Guarantors guaranty the faithful performance of all the terms and conditions upon which such credit is extended to borrower, and Guarantors are desirous of having Lender extend such credit to Borrower upon such terms and conditions as are agreed upon by Lender and Borrower.

In consideration of the foregoing, it is agreed:

1. Guarantors, jointly and severally, absolutely and unconditionally, guaranty to Lender, its successors and assigns, the prompt payment to Lender, its successors and assigns, of all loans, drafts, overdrafts, checks, notes and any and all other debts, obligations and liabilities of every kind of Borrower to Lender, including extensions, renewals or refundings thereof (including extensions, renewals or refundings made after receipt by Lender of written notice of termination or revocation hereof), whether as maker, co-maker, drawer, guarantor, indorser, or otherwise, whether direct or indirect, liquidated or unliquidated, absolute or contingent, joint or several, now existing or hereafter arising, due or to become due, whether originally contracted with Lender, and whether such indebtedness is from time to time reduced and thereafter increased or entirely extinguished and thereafter reincurred, including interest and charges and to the extent not prohibited by law, all costs, expenses, fees and attorneys' fees at any time paid or incurred by Lender, or its successors or assigns, in efforts to collect all or part of the foregoing liabilities and obligations or to realize upon any collateral securing the foregoing liabilities and obligations (the foregoing are hereinafter collectively referred to as the "Liabilities"). All of the Liabilities shall conclusively be presumed to have been created or accepted by Lender in reliance on this Guaranty.

In addition to the foregoing obligations of Guarantors, to the extent not prohibited by law, Guarantors shall be obligated to Lender for any and all costs and expenses incurred by Lender to realize upon this Guaranty, including, but not limited to, reasonable attorneys' fees, legal expenses and court costs.

2. This Guaranty is a continuing guaranty and shall remain in effect until notice of termination in writing is given to Lender. Termination shall be effective only upon receipt of such notice by Lender. Such termination will be effective only with respect to those Liabilities incurred or contracted by Borrower or acquired by Lender after the date on which such written notice is received by Lender. Notwithstanding the giving of such termination notice and notwithstanding any other provision contained in this Guaranty, this Guaranty shall remain in full force and effect as to all of the following: (i) all of those Liabilities existing on the date of receipt by Lender of the notice of termination, (ii) all renewals and extensions thereof, (iii) all Liabilities arising out of any loan commitments existing prior to the receipt by Lender of the notice of termination, and (iv) all costs, expenses, fees and attorneys' fees at any time paid or incurred by Lender, or its successors or assigns, in efforts to collect the Liabilities, or to realize upon this Guaranty or any collateral securing the Liabilities whether or not such costs, expenses or fees are incurred by Lender before or after the delivery of the notice of termination until full payment of the Liabilities and other obligations to Lender. Termination of this Guaranty by notice or by operation of law shall affect the Liabilities in such order as Lender may elect and without any obligation to account to any of the Guarantors for the manner or order of application. Any

termination of this Guaranty by a Guarantor shall only be effective as to the Guarantor who has given written notice and shall not be effective as to any of the other Guarantors.

3. This Guaranty shall be construed as an absolute, continuing and unlimited guaranty of payment and to the extent permitted by law shall be valid and enforceable against Guarantors without regard to the regularity, validity or enforceability of any of the Liabilities. This Guaranty shall be both in supplement of and in addition to any other guaranty or guaranties, indemnity or indemnities which shall be furnished to Lender by Guarantors or by any other person or persons to secure the Liabilities. The failure of any person or entity to sign this Guaranty shall not release or affect the liability of any signator hereto.

4. Guarantors, jointly and severally, agree, without affecting Guarantors' liability to Lender hereunder, that Lender may, without notice to or consent of Guarantors, upon such terms as Lender may deem advisable: (a) from time to time, extend credit to or otherwise become the creditor of Borrower, (b) renew, extend, modify, or amend the terms of any of the Liabilities or any agreement pursuant to which any of the Liabilities were created or security therefor is held, including, but not limited to, extending the time of payment of any of the Liabilities, (c) release, surrender, exchange, modify, substitute, impair, realize upon or deal with any collateral securing any of the Liabilities, (d) settle or compromise any claim of Lender against Borrower, or against any other person, firm, or corporation, whose obligation is held by Lender as collateral security for any of the Liabilities, (e) exercise or refrain from exercising any rights against Borrower, Guarantors, other guarantors, or any collateral securing the Liabilities, (f) settle, release or otherwise enter into agreements regarding the Liabilities with any party primarily or secondarily liable on the Liabilities, and (g) apply any collateral for the Liabilities in such order as it may elect and without any obligation to account to Guarantors for the manner or order of application. Guarantors hereby waive all defenses, counterclaims, and offsets which Guarantors, jointly and severally, might have by reason of Lender taking any of the foregoing actions and all such actions shall be binding upon Guarantors, jointly and severally.

5. Guarantors, jointly and severally, waive: (a) notice of Borrowers incurring any of the Liabilities, (b) notice of acceptance of this Guaranty by Lender, (c) notice of presentment, demand for payment, protest or dishonor of any of the Liabilities, or the obligation of any person, firm, or corporation, held by Lender as collateral security for the Borrower's obligation, (d) notice of the failure of any person, firm, or corporation to pay to Lender any indebtedness held by Lender as collateral security for any of the Liabilities, (e) all defenses, offsets and counterclaims which Guarantors may at any time have to any claim of Lender against Borrower, and (f) notice of any default on the part of Borrower and any demand for the payment of the Liabilities; provided however, if this Guaranty is for a "Consumer Credit Transaction", as defined in the Iowa Consumer Credit Code, Lender shall give such notices, if any as may be required by law.

6. Guarantors, jointly and severally, represent and warrant that, at the time of the execution and delivery of this Guaranty, there are no conditions to the effectiveness of this Guaranty and nothing exists to impair the effectiveness of the liability of Guarantors to Lender hereunder, or to prevent this Guaranty from taking immediate effect with respect to the guaranty by Guarantors of the Borrower's obligations to Lender under the Liabilities.

7. Actions to enforce this Guaranty may be brought successively against one or more of Guarantors, jointly or severally, and against less than all of Guarantors without impairing or affecting the rights of Lender against the others. Guarantors may, however, agree among themselves that no release or settlement shall impair their rights as among themselves. Any claim, including a claim for contribution, which any of the Guarantors may have against a co-guarantor indebted or under liability to Lender, either direct or indirect, or against Borrower, shall not be enforced or payment made until the indebtedness or liability of the co-guarantor or Borrower to Lender is paid in full. The collateral given to secure this Guaranty by a co-guarantor indebted or under liability to Lender shall be applied in payment of the indebtedness or liability of the co-guarantor to Lender before any part is applied on a claim of Borrower or a co-guarantor, including, but not limited to, a claim for contribution of one or more of the Guarantors against a co-guarantor. Lender may, at its option, proceed in the first instance against Guarantors, jointly and severally, to collect any obligation covered by this Guaranty, without first proceeding against Borrower, or any other person, firm, or corporation, and without first resorting to any property at any time held by Lender as collateral or security for the payment of the Liabilities or for the performance of Guarantors' obligations under this Guaranty.

THIS GUARANTY SPECIFICALLY INCLUDES ALL THE ADDITIONAL PROVISIONS SET FORTH ON PAGE 2 HEREOF, THE SAME BEING INCORPORATED BY REFERENCE

8. The obligations of Guarantors hereunder shall not in any manner be affected by any of the following: (i) the failure on the part of the Lender to realize upon, perfect any interest in, or protect any of the Liabilities or security therefore or take any action with respect thereto, (ii) any impairment, modification, change, release or limitation of any of the Liabilities resulting from the operation of any present or future provision of the Bankruptcy Code or similar statute, or from the decision of any court, (iii) any act or omission by Lender arising out of Lender's administration of the Liabilities or which in any way alters the scope of the Guarantors' risk, or (iv) any change, exchange or alteration of any collateral or other security held by Lender for payment of the Liabilities or the surrender or release of any such collateral or security.

9. This Guaranty shall not be discharged or in any way affected by the death of Guarantors.

10. This Guaranty is secured by all of the following: (a) all collateral previously, now or hereafter pledged to Lender by any of the Guarantors, (b) all security interests previously, now or hereafter granted to Lender by any of the Guarantors and (c) all real estate mortgages previously, now or hereafter granted to Lender by any of Guarantors (whether such pledge, security interest or real estate mortgage specifically relates to the Liabilities or not); provided, however, this Guaranty shall not be secured by any such pledge, security interest or real estate mortgage given in a "Consumer Credit Transaction", as defined in the Iowa Consumer Credit Code, unless specifically provided for therein. Guarantors hereby grant to Lender a security interest in all accounts, deposits and property of Guarantors in the possession of Lender, and Lender shall have the right to set off, at any time without notice to Guarantors, any and all deposits and other sums due from Lender to Guarantor(s).

11. Guarantors, jointly and severally, agree that in the event any payment made by or on behalf of Borrower respecting any of the Liabilities, or any portion of any such payment, shall at any time be repaid by the recipient in compliance with an order (whether or not final) by a court of competent jurisdiction pursuant to any provision of the Bankruptcy Code, as now existing or hereafter amended, or any provision of applicable state law, the Liabilities shall not be deemed to have been paid to the extent of the repayment so made and the obligations of each Guarantor shall continue in full force and effect, and Lender and Lender's successors and assigns will continue to be entitled to the full benefits of this Guaranty.

12. All payments received by Lender from Guarantors shall be deemed to have been made by all Guarantors together with any other guarantors who may be obligated to Lender on account of the Liabilities, unless Lender is otherwise advised in writing by all Guarantors and all such other parties. Upon payment, in full, by Guarantors of the Liabilities, Lender will assign and transfer all of Lender's rights, if any, in and to the Liabilities (without recourse or any express or implied warranties) to Guarantors and any other guarantors who may be obligated to Lender on account of the Liabilities, any such transfer to be in common (regardless of the source or sources of payment of the Liabilities) unless Lender is otherwise instructed in writing by all of Guarantors and all such other parties. Guarantors waive all rights of subrogation to any collateral and remedies of Lender against Borrower, and other persons or entities, until all of the Liabilities have been paid in full and discharged.

13. Guarantors hereby release Lender from any duty it may have to disclose to Guarantors, or any one of them, facts which Lender might now have or in the future have concerning the financial condition of Borrower, even though such facts might materially increase the risk of Guarantors.

14. In the event any portion of this Guaranty shall, for any reason, be held to be invalid, illegal or unenforceable in whole or in part, the remaining provisions shall not be affected thereby and shall continue to be valid and enforceable and if, for any reason, a court finds that any provision of this Guaranty is invalid, illegal or unenforceable as written, but that by limiting such provision it would become valid, legal and enforceable then such provision shall be deemed to be written, construed and enforced as so limited.

15. This Guaranty constitutes the entire agreement of Guarantors with respect to the subject matter of this Guaranty, and supersedes all negotiations, preliminary agreements and all prior and contemporaneous discussions between Guarantors and Lender in connection with the subject matter of this Guaranty. No course of dealing, course of performance or trade usage, and no parol evidence of any nature shall be used to supplement or modify any terms of this Guaranty.

16. This Guaranty is delivered and made in, and shall be construed pursuant to the laws of, the State of Iowa, and is binding, jointly and severally, upon Guarantors and their heirs, legal representatives, successors and assigns, and shall inure to the benefit of Lender, its successors and

assigns. This Guaranty may be enforced by any party to whom all or any part of the Liabilities may be sold, transferred or assigned. If less than all of the Liabilities are sold, transferred or assigned, Lender shall have the right to enforce this Guaranty as to the remainder of the Liabilities. Words and phrases herein shall be construed as in the singular or plural number, and as masculine, feminine or neuter gender according to the context.

17. Guarantors hereby acknowledge that they have (i) each received a copy of this Guaranty, (ii) read and understand this Guaranty, and (iii) been advised by Lender to consult with legal counsel before signing this Guaranty.

In Witness Whereof Guarantors have signed this Guaranty on this 31ST day of JANUARY, 1995

IMPORTANT: READ BEFORE SIGNING. THE TERMS OF THIS AGREEMENT SHOULD BE READ CAREFULLY BECAUSE ONLY THOSE TERMS IN WRITING ARE ENFORCEABLE. NO OTHER TERMS OR ORAL PROMISES NOT CONTAINED IN THIS WRITTEN CONTRACT MAY BE LEGALLY ENFORCED. YOU MAY CHANGE THE TERMS OF THIS AGREEMENT ONLY BY ANOTHER WRITTEN AGREEMENT.

Winnebago Industries, Inc., Guarantor

BY /s/ Fred G. Dohrmann
Fred G. Dohrmann, President & CEO

BY /s/ Raymond M. Beebe
Raymond M. Beebe, V.P., Sec., & General Counsel

STATE OF IOWA, County of HANCOCK, ss.

On this 31ST day of JANUARY A.D., 1995, before me, a Notary Public in and for said County State of Iowa, personally appeared: Fred G. Dohrmann and Raymond M. Beebe to me personally known, who being by me duly sworn did say respectively, that they are President and Vice President, General Counsel and Secretary of said corporation executing the within and foregoing instrument to which this is attached, that (the seal affixed thereto is the seal of said) corporation, that said instrument was signed (and sealed) on behalf of said corporation by authority of its Board of Directors; and that each of them as such officers acknowledged the execution of said instrument to be the voluntary act and deed of said corporation, by it and by them voluntarily executed.

Notary Public in and for the State of Iowa

CUSTOMER COPY

Page 2 of 2

Has the subject property or adjoining properties ever been used for:

- Industrial purposes YES / NO
- wastetreatment/storage/Disposal/Recycling YES / NO
- Incineration YES / NO
- Gasoline/Service Stations YES / NO
- Printing Facility YES / NO
- Dry Cleaners YES / NO
- Analytical/Photo development laboratory YES / NO
- Junkyard/Auto Salvage Yard YES / NO

Please provide a detailed explanation for any "YES" answer given above on attached sheet

Please provide and attach a detailed listing of any wastewater discharges (other than sanitary and stormwater to sewers).

The foregoing questionnaire consisting of sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 and 14 was completed by _____
(Print)

(include name and title) who by the signature below evidences the authority to answer this questionnaire on behalf of _____
(Print)(Borrower)

By executing this questionnaire, Borrower acknowledges that the response given in this questionnaire are material to the loans already made or to be made in the future Borrower is under a continuing obligation to correct and update responses given in this questionnaire. All representations and responses given here in survive any closing and Firststar Bank may continue to rely on the responses as accurate and current until otherwise advised by the Borrower.

Cycle-Sat, Inc.
(Borrower)

By: /s/ William B. Grandy
Title: CFO
Date: 3-6-95

Firststar Bank Cedar Rapids, N.A.

February 3, 1995

William B. Grandy, CFO
Cycle Sat, Inc.
119 John K. Hanson Dr.
Forest City, IA 50436

Dear William B. Grandy:

The Commercial Division of Firststar Bank Cedar Rapids, N.A., is pleased to be working with you in the financial planning for your business.

As a part of our commercial lending process, we are sending you the enclosed term sheet. We make this proposal available to you to initiate discussion on lending terms prior to loan negotiations and any final loan agreement and documentation.

We value our commercial lending customers and look forward to discussing your lending needs further. If you have any questions regarding the sheet, please contact me. We appreciate your interest in banking Firststar Bank Cedar Rapids, N.A., and look forward to working with you on your business lending needs.

Sincerely,

/s/ Dirk A. Thierer
Dirk A. Thierer
Commercial Lending Department

jms

Enclosure

TERM SHEET

Firststar Bank Cedar Rapids, N.A., (the "Bank") is pleased to present the following proposal for your consideration:

Borrower: Cycle Sat, Inc.

Unlimited Guarantors: Winnebago Industries, Inc.

Working Capital Facility

- A. Aggregate Amount and Purpose: The Working Capital facility shall be on a revolving basis in amount up to \$4,500,000 for general working capital purposes.
- B. Interest: The Working Capital Facility will be evidenced by a promissory note which will bear interest at 90-day Libor Rate, plus 150 basis points, rate to change every 90 days.
- C. Borrowing Ability: Borrowings under the working Capital Facility

will be limited to the lesser of \$4,500,000 or an amount equal to the sum of the following Borrowing Base:

80% of (Eligible Accounts Receivable); and
50% of Inventory

"Eligible Accounts Receivable" means a receivable which is acceptable to the Bank in its sole discretion.

- D. Borrowing Base Certificate: The sum of the Borrowing Base will be determined each month by submission of a Borrowing Base Certificate by the 20th of each month, accurate to the first day of such month.
- E. Maturity: The working Capital Facility will mature 2/1/96. Consideration will be given at that time to the renewal of this facility.

Term Loan Facility

- A. Facility Amount and Purpose: The Term Loan Facility will be in the amount of \$4,400,000 and will be used for acquisition of TFI.
- B. Interest: The Term Loan Facility will be evidenced by a promissory note which will bear interest at 90-day Libor Rate, plus 250 basis points, rate to change every 90 days.
- C. Payments and Maturity: Interest only for the first 18 months, payable quarterly. Then principal and interest payments to amortize balance over 36 months, payable quarterly. The Term Loan Facility will mature 8/1/99 after the date of the promissory note.

Security

All Facilities: All facilities will be cross collateralized by a first lien on all the Borrower's assets, tangible and intangible, including assignments of material leases and contracts.

Financial Ratios:

The loan documentation evidencing the transactions shall contain covenants regarding financial ratios restricting the Borrower which will be established by Bank prior to closing.

Conditions Precedent to Closing

- A. Completion of loan documents detailing the terms and conditions of the financing which will include, but not necessarily be limited to, affirmative and negative covenants, events of default, dividend, borrowing, lending, and expenditure restrictions, as well as various representations and warranties, all to be in form and substance satisfactory to the Bank.
- B. Execution and delivery of documents creating a first perfected security interest in favor of the Bank, as outlined in "Security," above.
- C. Execution and delivery of all other collateral and closing documentation as the Bank may require, in form and substance satisfactory to the Bank and the resolution of any business and legal issues that may arise.
- D. Representation from the Borrower that there has not been a material adverse change in either its financial position or any other matters in which the Bank reviewed in its evaluation of the credit request.

Expenses

The Borrower shall reimburse the Bank for all costs and fees (including legal expenses) incurred by the Bank in connection with the preparation, negotiation, and execution of loan documentation.

Deposit Accounts

The Borrower will maintain all deposit accounts at the Bank so long as any loans to Bank are outstanding.

Term Sheet

This Term Sheet sets forth the principal terms and conditions upon which

the Bank will make credit facilities described herein available to the Borrower but does not constitute a binding commitment to do so. The Bank shall not have any duty to make any advance under any of such credit facilities until execution and delivery of loan documents described herein and in form and substance satisfactory to the Bank and such satisfaction of all conditions precedent set for in such loan documents.

Closing Date

The credit facilities described herein shall be fully documented and closed on or before 4/1/95.

If you wish to proceed with negotiations based upon this Term Sheet, please execute a copy of this Term Sheet and return it to me by 4/1/95.

Firststar Bank Cedar Rapids, N.A.

By: /s/ Dirk A. Thierer
Dirk A. Thierer, Vice President

Cycle Sat

By: /s/ William B. Grandy
William B. Grandy, CFO

1,000
3-MOS
AUG-26-1995
FEB-25-1995

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	3,080	
	46,170	
	1,934	
	66,704	
	127,414	
		127,904
	85,788	
	200,052	
52,191		
		0
		12,913
0		
	0	
	84,030	
200,052		
		115,448
	115,448	
		98,037
	98,037	
	12,344	
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(1,018)		
	6,085	
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12,085		
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