WINNEBAGO INDUSTRIES INC
Form 10-K
October 24, 2007

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

x **Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended August 25, 2007; or**

o **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from _____ to _____

Commission File Number 001-06403

WINNEBAGO INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Iowa (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: (641) 585-3535

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED

Common Stock ($.50 par value) and Preferred Share Purchase Rights	The New York Stock Exchange, Inc. Chicago Stock Exchange, Inc.

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

None

Indicate by check mark if the Registrant is a well-known seasoned issuer (as defined in Rule 405 of the Securities Act). Yes ü No ____

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

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 ü No ____

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check One):

Large Accelerated Filer ü Accelerated Filer _ Non-Accelerated Filer _

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

Aggregate market value of the common stock held by nonaffiliates of the registrant: $963,835,435 (28,157,623 shares at the closing price on the New York Stock Exchange of $34.23 on February 23, 2007).

Common stock outstanding on October 9, 2007, 29,553,807 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant s Proxy Statement relating to the registrant s December 2007 Annual Meeting of Shareholders, scheduled to be held December 18, 2007, are incorporated by reference into Part II and Part III of this Annual Report on Form 10-K where indicated.

Winnebago Industries, Inc.
2007 Form 10-K Annual Report
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WINNEBAGO INDUSTRIES, INC.

FORM 10-K

Report for the Fiscal Year Ended August 25, 2007

Forward Looking Information

Certain of the matters discussed in this Annual Report on Form 10-K are forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which involve risks and uncertainties, including, but not limited to, the effect of global tensions, a decline in consumer confidence, availability and price of fuel, a significant increase in interest rates, a slowdown in the economy, availability of chassis and other key component parts, sales order cancellations, slower than anticipated sales of new or existing products, new product introductions by competitors, and other factors which may be disclosed throughout this Annual Report on Form 10-K. Although we believe that the expectations reflected in the forward looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Undue reliance should not be placed on these forward looking statements, which speak only as of the date of this report. We undertake no obligation to publicly update or revise any forward looking statements whether as a result of new information, future events or otherwise, except as required by law or the rules of the New York Stock Exchange.

PART I

ITEM 1. Business

General

The Company, we, our, and us are used interchangeably to refer to Winnebago Industries, Inc. or Winnebago Industries, Inc. and its subsidiarie as appropriate in the context.

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

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

Available Information

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

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Principal Products

Net revenues by major product classes:

(In thousands)	Year Ended Aug. 25, 2007	%	Aug. 26, 2006	%	Aug. 27, 2005	%	Aug. 28, 2004	%	Aug. 30, 2003	%
Motor homes	$ 815,895	93.8	$ 808,715	93.6	$ 946,350	95.4	$1,070,264	96.1	$ 801,027	94.8
Motor home parts and services	16,413	1.9	15,901	1.8	16,401	1.7	15,199	1.3	17,285	2.0
Other manufactured products	37,844	4.3	39,787	4.6	29,224	2.9	28,691	2.6	26,898	3.2
Total net revenues	$ 870,152	100.0	$ 864,403	100.0	$ 991,975	100.0	$1,114,154	100.0	$ 845,210	100.0

Motor Homes

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

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

Class B models are panel-type trucks to which sleeping, kitchen, and/or toilet facilities are added. These models also have a top extension to provide more headroom.

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

We manufacture and sell Class A and Class C motor homes under the Winnebago and Itasca brand names. Our current product offerings are as follows:

Type	Winnebago	Itasca
Class A (gas)	Vista, Sightseer, Voyage, Adventurer, Destination	Sunstar, Sunova, Sunrise, Suncruiser, Latitude
Class A (diesel)	Destination, Journey, Tour, Vectra	Latitude, Meridian, Ellipse, Horizon
Class C	Access, Outlook, Aspect, View	Impulse, Spirit, Cambria, Navion

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

Our Class A and Class C motor homes are sold by dealers in the retail market with manufacturer s suggested retail prices ranging from approximately $59,000 to $306,000, depending on size and model, plus optional equipment and delivery charges. Our motor homes range in length from 22 to 40 feet.

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

	Year Ended				
	Aug. 25, 2007	**Aug. 26, 2006**	**Aug. 27, 2005**	**Aug. 28, 2004**	**Aug. 30, 2003**
Unit Sales					
Class A	5,031	4,455	6,674	8,108	6,705
Class C	4,438	5,388	3,963	4,408	4,021
Total Class A & C Motor Homes	9,469	9,843	10,637	12,516	10,726
Class B Conversions (EuroVan Campers)					308

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

Motor Home Parts and Services

Motor home parts and service activities represent revenues generated by service work we perform for our retail customers at our Forest City, Iowa facility and parts we sell to our dealers. As of August 25, 2007, our parts inventory was approximately $2.6 million and is located in a 450,000-square foot warehouse with what we believe to be the most sophisticated distribution and tracking system in the industry. Our competitive strategy is to provide long-term proprietary manufactured parts available through our dealer network, which increases customer satisfaction and the value of our motor homes.

Other Manufactured Products

We manufacture aluminum extrusions which are sold to over 75 customers. To a limited extent, we manufacture other component parts sold to outside manufacturers. We also manufacture commercial vehicles which are motor home shells, primarily custom designed for the buyer s special needs and requirements, such as law enforcement command centers and mobile medical and dental clinics. These commercial vehicles are sold through our dealer network.

Production

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

Our Forest City facilities have been designed to provide vertically integrated production line manufacturing. We produce substantially all of the raw aluminum extrusions used for main frame support and interior and exterior trim in our recreation vehicles. We also operate a fiberglass manufacturing and component assembly facility in Hampton, Iowa, and an assembly plant and a cabinet products manufacturing facility in Charles City, Iowa. Our motor home bodies are made from various materials and structural components which are typically laminated into rigid, lightweight panels. Body designs are developed with computer design and analysis, and subjected to a variety of tests and evaluations to meet our standards and requirements. We manufacture a number of components utilized in our motor homes, with the principal exception of the chassis, engines, generators and appliances.

Most of the raw materials and components that we utilize are obtainable from numerous sources. Certain components are produced by only a small group of quality suppliers who presently have the capacity to supply sufficient quantities to meet our needs. This is especially true in the case of motor home chassis, where Ford Motor Company, Freightliner Custom Chassis Corporation (a Daimler company), Workhorse Custom Chassis (owned by IC Corporation, an affiliate of Navistar Corporation), Chrysler LLC and General Motors Corporation are our dominant suppliers. We purchase Class A and C chassis from Ford Motor Company, Class A chassis from Freightliner Custom Chassis Corporation and Workhorse Custom Chassis, and Class C chassis from Chrysler LLC and General Motors Corporation. In Fiscal 2007, only four vendors, Ford Motor Company, Freightliner Custom Chassis Corporation, Chrysler LLC and Workhorse Custom Chassis individually accounted for more than five percent of our raw material purchases and approximating 46 percent in the aggregate.

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Distribution and Financing

We market our recreation vehicles on a wholesale basis to a diversified independent dealer organization located throughout the United States and, to a limited extent, in Canada. Foreign sales, including Canada, were less than six percent of net revenues during each of the past three fiscal years. As of August 25, 2007 and August 26, 2006, the motor home dealer organization in the United States and Canada included approximately 285 and 290 dealer locations, respectively. During Fiscal 2007, eight dealer organizations accounted for approximately 25 percent of motor home unit sales. No one dealer organization accounted for as much as five percent of motor home unit sales.

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

At August 25, 2007, we had a staff of 30 people engaged in field sales and service to the motor home dealer organization.

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

Recreation vehicle sales to dealers are made on cash terms. Most dealers are financed on a floorplan basis under which a bank or finance company lends the dealer all, or substantially all, of the purchase price, collateralized by a security interest in the merchandise purchased. As is customary in the recreation vehicle industry, we typically enter into a repurchase agreement with a lending institution financing a dealer s purchase of our product upon the lending institution s request and after completion of a credit check of the dealer involved. Our repurchase agreements provide that for up to 12 months after a unit is financed, in the event of default by the dealer on the agreement to pay the lending institution, we will repurchase the financed merchandise. Our maximum exposure under repurchase agreements varies significantly from time to time, depending upon general economic conditions, seasonal shipments, competition, dealer organization, gasoline availability and price and the cost of bank financing. (See Note 6 to the Consolidated Financial Statements)

Competition

The recreation vehicle market is highly competitive, both as to price and quality of the product. We believe our principal competitive advantages are our brand name recognition, the quality of our products and our warranty and service capability. We also believe that our prices are competitive with the competitions units of comparable size and quality.

We are a leading U.S. manufacturer of motor homes. For the 12 months ended August 31, 2007, RVIA reported U.S. manufacturers factory shipments of 33,600 Class A motor homes and 19,200 Class C motor homes. Our unit sales of such products for the last five fiscal years are shown on page 3 of this report. We have numerous competitors and potential competitors in this industry. According to Statistical Surveys, Inc. the five largest U.S. manufacturers represented approximately 69 percent of the combined Class A and Class C motor home retail sales for the eight months ended August 31, 2007, including our sales, which represented approximately 18.8 percent of the market. We are not a significant factor in the markets for motor home parts and services and other manufactured products.

Regulation, Trademarks and Patents

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

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

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

Research and Development

Research and development expenditures are expensed as incurred. During Fiscal 2007, 2006 and 2005, we spent approximately $4.3 million, $3.9 million and $3.6 million, respectively, on research and development activities.

Human Resources

As of September 1, 2007, 2006 and 2005, we employed approximately 3,310, 3,150 and 3,610 persons, respectively. Of these, approximately 2,630, 2,510 and 2,940 persons, respectively, were engaged in manufacturing and shipping functions. None of our employees are covered under a collective bargaining agreement.

ITEM 1A. Risk Factors

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

Competition

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

Cyclicality and Seasonality

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

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

Fuel Availability and Prices

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

General Economic Conditions and Certain Other External Factors

Companies within the recreation vehicle industry are subject to volatility in operating results due to external factors such as general economic conditions and political changes. Specific factors affecting the recreation vehicle industry include:

- overall consumer confidence and the level of discretionary consumer spending;
- interest rates;
- inventory levels, including the level of retail sales at dealer locations;
- employment trends;
- the adverse impact of global tensions on consumer spending and travel-related activities; and
- adverse impact on margins of increases in raw material costs which we are unable to pass on to customers without negatively affecting sales.

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Dependence on Chassis Suppliers

Most RV components are readily available from numerous sources. However, a few components are produced by only a small group of quality suppliers that have the capacity to supply large quantities on a national basis. This is especially true in the case of motor home chassis, where Ford Motor Company, Freightliner Custom Chassis Corporation, Workhorse Custom Chassis, Chrysler LLC and General Motors Corporation are the Company s major suppliers. Decisions by suppliers to decrease production, utilize production internally, or shortages, production delays or work stoppages by the employees of such suppliers could have a material adverse effect on our ability to produce motor homes and ultimately, on the results from operations.

Potential Liabilities Under Repurchase Agreements

In accordance with customary practice in the recreation vehicle industry, we enter into formal repurchase agreements with lending institutions pursuant to which it is agreed, in the event of a default by an independent retailer in its obligation to a lender, we will repurchase product at declining prices over the term of the agreements, typically 12 months. The difference between the gross repurchase price and the price at which the repurchased product can then be resold, which is typically at a discount to the gross repurchase price, represents a potential expense to us. Thus, if we were obligated to repurchase a large number of recreation vehicles in the future, this would increase costs, which could have a negative effect on earnings. Our maximum potential exposure under these formal repurchase agreements was approximately $308.2 million at August 25, 2007, however, losses under these agreements have not been material in the past. Tightened credit standards by lenders and more aggressive attempts to accelerate collection of outstanding accounts with dealers could result in defaults by dealers and result in repurchase obligations that may be higher than has historically been the case.

Warranty Claims

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

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

Product Liability

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

Government Regulation

We are subject to numerous federal, state and local regulations governing the manufacture and sale of our products, including the provisions of the National Traffic and Motor Vehicle Safety Act (the Motor Vehicle Act), and the safety standards for recreation vehicles and components which have been promulgated under the Motor Vehicle Act by the Department of Transportation. The Motor Vehicle Act authorizes the

National Highway Traffic Safety Administration to require a manufacturer to recall and repair vehicles which contain certain hazards or defects. Any recalls of our vehicles, voluntary or involuntary, could have a material adverse effect on our results of operations, financial condition and cash flows.

We are also subject to federal and numerous state consumer protection and unfair trade practice laws and regulations relating to the sale, transportation and marketing of motor vehicles, including so-called Lemon Laws. Federal and state laws and regulations also impose upon vehicle operators various restrictions on the weight, length and width of motor vehicles,

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including motor homes that may be operated in certain jurisdictions or on certain roadways. Certain jurisdictions also prohibit the sale of vehicles exceeding length restrictions.

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

ITEM 1B. Unresolved Staff Comments

None

ITEM 2. Properties

Our principal manufacturing, maintenance and service operations are conducted in multi-building complexes owned by us. The following sets forth our material facilities as of August 25, 2007:

Location	**Facility Type/Use**	**No. of Buildings**	**Owned or Leased**	**Square Footage**
Forest City, Iowa	Manufacturing, maintenance, service and office	31	Owned	1,593,000
Forest City, Iowa	Warehouse	4	Owned	680,000
Charles City, Iowa	Manufacturing	5	Owned	352,000
Hampton, Iowa	Manufacturing	2	Owned	135,000
Hampton, Iowa	Warehouse	1	Leased	17,000
		43		2,777,000

Subsequent to the end of Fiscal 2007, the lease on the Hampton facility was extended to December 31, 2008. Our facilities in Forest City are located on approximately 570 acres of land, all owned by us. We lease 220,000 square feet of our warehouse facilities in Forest City to others. Most of our buildings are of steel or steel and concrete construction and are protected from fire with high-pressure sprinkler systems, dust collector systems, automatic fire doors and alarm systems. We believe that our facilities and equipment are well maintained, in excellent condition and suitable for the purposes for which they are intended. Should we require increased production capacity in the future, we believe that additional or alternative space adequate to serve our foreseeable needs would be available.

An unaffiliated third-party supplier of painting services (the Supplier) for our motor homes has leased paint facilities in Forest City, Iowa and Charles City, Iowa. We have guaranteed a portion of the lease payment obligations of the Supplier. (See Note 6 to the Consolidated Financial Statements)

ITEM 3. Legal Proceedings

We are involved in various legal proceedings which are ordinary routine litigation incident to our business, some of which are covered in whole or in part by insurance. While it is impossible to estimate with certainty the ultimate legal and financial liability with respect to this litigation, we are of the opinion that while the final resolution of any such litigation may have an impact on our consolidated results for a particular reporting period, the ultimate disposition of such litigation will not have any material adverse effect on our financial position, results of operations or liquidity.

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

None

Executive Officers of the Registrant

Name	**Office (Year First Elected an Officer)**	**Age**
Bruce D. Hertzke +	Chairman of the Board and Chief Executive Officer (1989)	56
Robert J. Olson	President (1996)	56
Raymond M. Beebe	Vice President, General Counsel & Secretary (1974)	65
Robert L. Gossett	Vice President, Administration (1998)	56
Roger W. Martin	Vice President, Sales and Marketing (2003)	47
Sarah N. Nielsen	Vice President, Chief Financial Officer (2005)	34
William J. O Leary	Vice President, Product Development (2001)	58
Randy J. Potts	Vice President, Manufacturing (2006)	48
Brian J. Hrubes	Controller (1996)	56
Donald L. Heidemann	Treasurer (2007)	35

+ Director

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

Mr. Hertzke has over 36 years of experience with Winnebago Industries. He has been Chairman and Chief Executive Officer since 1998.

Mr. Olson has over 38 years of experience with Winnebago Industries. He was elected President May 1, 2007, previously serving as Senior Vice President, Operations, since January 2006. He served as Vice President, Manufacturing, from August 1996 to January 2006.

Mr. Beebe has over 33 years of experience with Winnebago Industries. He has been Vice President, General Counsel and Secretary since 1986.

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

Mr. Martin has over 13 years of experience with Winnebago Industries. He has been Vice President, Sales and Marketing since February 2003. He joined the Company as Director of Marketing in 1994.

Ms. Nielsen has two years of experience with Winnebago Industries. She has been Vice President, Chief Financial Officer since November 2005. Ms. Nielsen joined the Company in August 2005. Prior to joining Winnebago Industries, she was employed by Deloitte & Touche LLP since 1995 in the position of Assurance and Advisory Services Senior Manager from 2003 to August 2005 and a Manager from 2000 to 2003.

Mr. O Leary has over 35 years of experience with Winnebago Industries. He has been Vice President, Product Development since 2001.

Mr. Potts has over 24 years of experience with Winnebago Industries. He was elected Vice President, Manufacturing in October 2006. He served as Director of Manufacturing from February 2006 to October 2006. Prior to that time, he served as general manager of Manufacturing Services since 2001.

Mr. Hrubes has over 36 years of experience with Winnebago Industries. He has been Controller since December 1996.

Mr. Heidemann joined Winnebago Industries and was elected to the position of Treasurer on August 6, 2007. Prior to joining Winnebago Industries, Mr. Heidemann served in various treasury positions for Select Comfort Corporation from 2003 to July 2007 and served in various treasury positions for Rent-A-Center Incorporated from 1998 to 2003.

PART II

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

Market Information

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

Below are the New York Stock Exchange high, low and closing prices of Winnebago Industries, Inc. stock for each quarter of Fiscal 2007 and Fiscal 2006:

Fiscal 2007	**High**	**Low**	**Close**	**Fiscal 2006**	**High**	**Low**	**Close**
First Quarter	$35.69	$27.80	$34.49	First Quarter	$33.15	$26.14	$32.50
Second Quarter	36.72	31.05	34.23	Second Quarter	35.94	30.38	31.36
Third Quarter	35.17	29.62	31.68	Third Quarter	34.44	28.05	29.14
Fourth Quarter	31.93	25.62	27.79	Fourth Quarter	31.78	26.90	28.41

Holders

Shareholders of record as of October 9, 2007: 3,819

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Dividends Paid Per Share

Fiscal 2007		**Fiscal 2006**	
Date Paid	**Amount**	**Date Paid**	**Amount**
October 9, 2006	$ 0.10	October 3, 2005	$ 0.09
January 8, 2007	0.10	January 9, 2006	0.09
April 9, 2007	0.10	April 3, 2006	0.09
July 9, 2007	0.10	July 10, 2006	0.09
Total	$ 0.40	Total	$ 0.36

On October 10, 2007, the Board of Directors declared a quarterly cash dividend of $0.12 per common share payable January 7, 2008 to shareholders of record as of December 7, 2007. We paid dividends of $0.40 per common share during Fiscal 2007 and $0.36 per common share during Fiscal 2006.

Issuer Purchases of Equity Securities

On June 20, 2007, the Board of Directors authorized the repurchase of outstanding shares of our common stock, depending on market conditions, for an aggregate consideration of up to $60 million. There is no time restriction on this authorization. As of August 25, 2007, 1,476,000 shares were repurchased under this authorization, at an aggregate cost of $42.5 million. As of August 25, 2007, approximately $17.5 million was available for additional purchases.

Under a previous authorization which was completed in June 2007, we repurchased 56,000 shares for $1.6 million during the fourth quarter of Fiscal 2007.

In total, 2,160,000 shares, or 6.9 percent of our outstanding shares as of August 26, 2006, were repurchased during Fiscal 2007 for an aggregate consideration of approximately $64.7 million.

This table provides information with respect to purchases by us of shares of our common stock during each fiscal month of the fourth quarter of Fiscal 2007:

Period		**Total Number of Shares Purchased**	**Average Price Paid per Share**	**Number of Shares Purchased as Part of Publicly Announced Plans or Programs**	**Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs**
05/27/07	06/30/07	416,000	$29.73	416,000	$49,263,000
07/01/07	07/28/07	558,000	$29.36	558,000	$32,891,000
07/29/07	08/25/07	558,000	$27.51	558,000	$17,536,000
Total		1,532,000	$28.79	1,532,000	$17,536,000

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Equity Compensation Plan Information

The following table provides information as of August 25, 2007 with respect to shares of our common stock that may be issued under our existing equity compensation plans:

(Adjusted for the 2-for-1 Stock Split on March 5, 2004) Plan Category	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by shareholders	1,137,975 [1]	$26.32	1,105,061 [2]
Equity compensation plans not approved by shareholders [3]	49,062 [4]	$21.00	N/A [5]
Total	1,187,037	$26.10	1,105,061

(1) This number includes 701,265 stock options granted under the 2004 Incentive Compensation Plan (the Plan). Also included are 436,710 options granted under the 1997 Stock Option Plan.

(2) This number represents stock options available for grant under the Plan as of August 25, 2007. The Plan replaced the 1997 Stock Option Plan effective January 1, 2004. No new grants may be made under the 1997 Stock Option Plan. Any stock options previously granted under the 1997 Stock Option Plan will continue to vest and/or be exercisable in accordance with their original terms and conditions.

(3) Our sole Equity Compensation Plan not previously submitted to our shareholders for approval is the Directors Deferred Compensation Plan. The Board of Directors may terminate the Directors Deferred Compensation Plan at any time. If not terminated earlier, the Directors Deferred Compensation Plan will automatically terminate on June 30, 2013. For a description of the key provisions of the Directors Deferred Compensation Plan, see the information in our Proxy Statement for the Annual Meeting of Shareholders scheduled to be held December 18, 2007 under the caption Director Compensation, which information is incorporated by reference herein.

(4) Represents shares of common stock issued to a trust which underlie stock units, payable on a one-for-one basis, credited to stock unit accounts as of August 25, 2007 under the Directors Deferred Compensation Plan.

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

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Performance Graph

The following graph compares the five-year cumulative total shareholder return (including reinvestment of dividends) of the Company with the cumulative total return on the Standard & Poor s 500 Index and a peer group[1]. It is assumed in the graph that $100 was invested in the Company s Common Stock, in the stock of the companies in the Standard & Poor s 500 Index and in the stocks of the peer group companies on August 30, 2002 and that all dividends received within a quarter were reinvested in that quarter. In accordance with the guidelines of the Securities and Exchange Commission, the shareholder return for each entity in the peer group index have been weighted on the basis of market capitalization as of each annual measurement date set forth in the graph.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among Winnebago Industries, Inc., The S&P 500 Index
And A Peer Group

	Base Period	INDEXED RETURNS				
Company/Index	**8/30/2002**	**8/30/2003**	**8/28/2004**	**8/27/2005**	**8/26/2006**	**8/25/2007**
Winnebago Industries, Inc.	100.00	129.54	169.06	173.77	153.53	152.12
S&P 500 Index	100.00	112.07	124.90	140.59	153.08	176.25
Peer Group (1)	100.00	140.94	150.81	143.10	149.02	173.61

(1) The peer group companies, consisting of Coachmen Industries, Inc., Fleetwood Enterprises, Inc., Monaco Coach Corporation, National R.V. Holdings, Inc. and Thor Industries, Inc. were selected by the Company on the basis of the similarity of their business to that of the Company.

* $100 invested on August 30, 2002 in Winnebago Industries or Peer Group stock or on September 4, 2002 in the S&P 500 Index(including reinvestment of dividends. Said Index is calculated on a month-end basis.

ITEM 6. Selected Financial Data (See Pages 48 and 49)

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

Executive Overview

Winnebago Industries, Inc. is a leading motor home manufacturer with a proud history of manufacturing recreation vehicles for the last 49 years. We led the industry in combined retail unit market share of Class A and Class C motor homes, with 18.8 percent, for the calendar year-to-date through August 31, 2007 according to Statistical Surveys, Inc. Our strategy is to manufacture quality motor homes in a profitable manner. We measure profitability by using five guidelines: return on assets, return on equity, return on invested capital, operating income as a percent of net revenues and net income as a percent of net revenues. Our primary goal is to be a leader in profitability in the recreation vehicle industry. Our performance has enabled us to return significant profits to our shareholders through stock repurchases and dividends. During the twelve months ended August 25, 2007, we repurchased approximately 2.2 million shares of stock, or 6.9 percent of our outstanding stock at August 26, 2006 for $64.7 million and we paid out dividends of $12.5 million to our shareholders.

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During the first half of Fiscal 2007, we saw a continuation of what we had experienced in Fiscal 2006: volume declines and a product mix shift to lower price points. According to Statistical Surveys, Inc., Industry Class A and Class C motor home retail unit sales have decreased 4.9

percent calendar year-to-date through August 2007, continuing the downturn experienced in Calendar 2006 in which retail unit sales were down 9.9 percent. Winnebago Industries motor home unit wholesale deliveries for the fiscal year ended August 25, 2007 decreased 3.8 percent. All of our volume decline occurred in the first six months of the fiscal year, whereas our deliveries did stabilize and slightly improve in the third and fourth quarters as compared to the prior periods.

In regards to our product mix, Class A volume and mix increased as compared to last year (53 percent versus 45 percent), which resulted in our motor home average selling price increasing 4.9 percent for the year. However, we introduced a new low-priced Class A product (Winnebago Vista and Itasca Sunstar) in our second quarter which significantly contributed to the increase in Class A volume. We have noted the continued popularity of the lower price points in all product categories throughout the year. Consequently, although net revenues were essentially flat as compared to the prior year, our gross profit margins were negatively impacted by the lower volumes and the mix shift to lower-priced product.

Company Outlook

The RV industry is cyclical and susceptible to slowdowns in the general economy. RV industry sales have been characterized by cycles of growth and contraction in consumer demand, reflecting prevailing economic, demographic and political conditions that affect disposable income for leisure-time activities. Some of the factors that contribute to this cyclicality include fuel availability and costs, interest rate levels, the level of discretionary spending, availability of credit and consumer confidence. The motorized portion of the recreation vehicle industry has experienced a volume decline for over two years. An extended continuation of higher fuel costs, higher interest rates, lower discretionary spending and lower consumer confidence would adversely affect our business, results of operations and financial condition. We will continue to adjust our factory schedule as necessary to reflect the demand for our products.

Order backlog for our motor homes was as follows:

(In Units)	**Year Ended Aug. 25, 2007**	**Product Mix %**	**Aug. 26, 2006**	**Product Mix %**	**Increase (Decrease)**	**% Change**
Class A gas	619	33.0	530	31.3	89	16.8
Class A diesel	419	22.4	270	15.9	149	55.2
Total Class A	1,038	55.4	800	47.2	238	29.8
Class C	837	44.6	896	52.8	(59)	(6.6)
Total backlog	1,875	100.0	1,696	100.0	179	10.6
Total approximate revenue dollars (in thousands)	$179,700		$142,100		$37,600	26.5
Dealer inventory	4,471		4,733		(262)	(5.5)

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

Long-term demographics are favorable for the industry as our target market of consumers age 50 and older is expected to substantially increase over the next 30 years due to the aging of the baby boom market. Also, according to a 2005 study conducted by the University of Michigan, the age at which the motor home consumer is purchasing motor homes has broadened. More motor home buyers are entering the market earlier than in the past, as young as 35, and living active and healthier lives with more buyers remaining in the RV lifestyle over the age of 75. The study also indicates that owners are now using their motor homes for more than just traditional camping, having a positive impact on long-term motor home market growth. The study shows that motor homes are used to pursue consumers many lifestyle passions which may include riding their ATVs in the desert, going to motor sports events or tailgating at sporting events.

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Critical Accounting Estimates

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

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

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

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

Postretirement Benefits Obligations and Costs. We provide certain health care and other benefits for retired employees, hired before April 1, 2001, who have fulfilled eligibility requirements at age 55 with 15 years of continuous service. Postretirement benefit liabilities are determined by actuaries using assumptions about the discount rate and health care cost-trend rates. Thus, a significant increase or decrease in interest rates could have a significant impact on our operating results. Further discussion of our postretirement benefit plan and related assumptions are included in Note 5 to the Consolidated Financial Statements.

Warranty. We provide with the purchase of any new motor home, a comprehensive 12-month/15,000-mile warranty and a 3-year/36,000-mile warranty on sidewalls and floors. Estimated costs related to product warranty are accrued at the time of sale and are based upon past warranty claims and unit sales history and adjusted as required to reflect actual costs incurred, as information becomes available. A significant increase in dealership labor rates, the cost of parts or the frequency of claims could have a material adverse impact on our operating results for the period or periods in which such claims or additional costs materialize. We also incur costs as a result of additional service actions not covered by our warranties, including product recalls and customer satisfaction actions. Estimated costs are accrued at the time the service action is implemented and are based upon past claim rate experiences and the estimated cost of the repairs. Further discussion of our warranty costs and associated accruals are included in Note 4 to the Consolidated Financial Statements.

Stock-Based Compensation. Historically, we have granted stock options to our key employees and nonemployee directors as part of their compensation. In Fiscal 2007, we granted restricted stock awards to key employees and nonemployee directors instead of stock options.

The amount of compensation expense incurred related to stock awards and to be incurred in future periods is dependent upon a number of factors, such as the number of awards, both options and shares granted, the timing of stock option exercises and actual forfeiture rates. We estimate the fair value of all stock option awards as of the date of grant by applying the Black-Scholes option-pricing model. The application of this valuation model involves assumptions, some of which are judgmental and highly sensitive. These assumptions include, among others, our expected stock price volatility and the expected life of our stock options, which are based primarily on our historical experience.

The value of the restricted stock is based on the closing price of our common stock on the date of grant.

The fair value of each award is amortized on a straight-line basis over the requisite service period or to an employee s eligible retirement date, if earlier. This is because our awards typically vest over three years or upon retirement if earlier; thus, options and restricted stock awards are expensed immediately upon grant for retirement-eligible employees. This feature accelerates expense in the period of grant (typically our first fiscal quarter) and creates an uneven pattern of stock-based compensation that results in relatively higher expense in our first fiscal quarter and relatively lower expense in our second through fourth quarters. The impact of this feature is significant since a majority of our awards are made to retirement-eligible employees. Further discussion of our stock-based compensation is included in Note 1 to the Consolidated Financial Statements.

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

Results of Operations

Fiscal 2007 Compared to Fiscal 2006

The following is an analysis of changes in key items included in the consolidated statements of income for the year ended August 25, 2007 compared to the year ended August 26, 2006.

(In thousands, except percent and per share data)	Year Ended Aug. 25, 2007	% of Revenues	Aug. 26, 2006	% of Revenues	Increase (Decrease)	% Change
Net revenues	$870,152	100.0	$ 864,403	100.0	$ 5,749	0.7
Cost of goods sold	770,955	88.6	759,502	87.9	11,453	1.5
Gross profit	99,197	11.4	104,901	12.1	(5,704)	(5.4)
Selling	19,865	2.3	19,619	2.2	246	1.3
General and administrative	24,446	2.8	22,184	2.6	2,262	10.2
Operating expenses	44,311	5.1	41,803	4.8	2,508	6.0
Operating income	54,886	6.3	63,098	7.3	(8,212)	(13.0)
Financial income	6,523	0.8	5,097	0.6	1,426	28.0
Provision for taxes	19,845	2.3	23,451	2.7	(3,606)	(15.4)
Net income	$41,564	4.8	$ 44,744	5.2	$ (3,180)	(7.1)
Diluted income per share	$1.32		$ 1.37		$ (0.05)	(3.6)
Fully diluted average shares outstanding	31,415		32,550		(1,135)	(3.5)

Unit deliveries consisted of the following:

Motor home unit deliveries	Year Ended Aug. 25, 2007	Product Mix %	Aug. 26, 2006	Product Mix %	Increase (Decrease)	% Change
Class A gas	3,539	37.4	2,961	30.1	578	19.5
Class A diesel	1,492	15.7	1,494	15.2	(2)	(0.1)
Total Class A	5,031	53.1	4,455	45.3	576	12.9
Class C	4,438	46.9	5,388	54.7	(950)	(17.6)
Total deliveries	9,469	100.0	9,843	100.0	(374)	(3.8)

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Net revenues for the year ended August 25, 2007 increased $5.7 million, or 0.7 percent, primarily as a result of an increase in the average motor home unit selling price of 4.9 percent which was partially offset by a 3.8 percent decrease in unit deliveries. The increase in the average unit selling price was due to the mix of products sold, as Class A motor homes represented 53.1 percent of the total volume in Fiscal 2007 as compared to 45.3 percent in the prior year. Class A volume increased during Fiscal 2007 due to the introduction of entirely new product offerings in this category, such as the Winnebago Vista and Itasca Sunstar during the second quarter and the Winnebago Destination and Itasca Latitude in the third quarter.

Gross profit margin decreased from 12.1 percent during Fiscal 2006 to 11.4 percent during Fiscal 2007. Gross profit was negatively impacted by lower production volumes which resulted in higher fixed costs per unit of production, and an increase in the mix of lower-margin motor homes, in both Class A and Class C categories. Also contributing, to a lesser extent, to the reduced margin was an increase in last-in, first-out (LIFO) expense in Fiscal 2007 as compared to Fiscal 2006 due to the fact there was a LIFO inventory liquidation in the prior year related to inventory level reductions.

Selling expenses increased $246,000, or 1.3 percent, during the fiscal year ended August 25, 2007. As a percent of net revenues, selling expenses were 2.3 percent during Fiscal 2007 compared to 2.2 percent for Fiscal 2006. The increase in dollars was due primarily to higher advertising expenses.

General and administrative expenses increased $2.3 million, or 10.2 percent, during Fiscal 2007. The increase in expense was due primarily to the increase in management incentive compensation expense partially offset by a reduction in our product liability expense.

Financial income increased $1.4 million, or 28.0 percent, during the fiscal year ended August 25, 2007. The increase in financial income during Fiscal 2007 was due to a higher average interest rate earned on investments and a higher average short-term investment balance.

The overall effective income tax rate decreased to 32.3 percent for Fiscal 2007 from 34.4 percent for Fiscal 2006. The decrease was primarily a result of an increase in tax-free investment income and a decrease in incentive stock option expense not deductible for tax purposes.

Net income decreased by 7.1 percent and income per diluted share decreased by 3.6 percent when comparing Fiscal 2007 to Fiscal 2006. The smaller percentage decrease in income per diluted share was due to a lower number of shares of common stock outstanding during the fiscal year ended August 25, 2007, as a result of shares of common stock repurchased by the Company. (See Note 11 to the Consolidated Financial Statements)

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Fiscal 2006 Compared to Fiscal 2005

The following is an analysis of changes in key items included in the consolidated statements of income for the year ended August 26, 2006 compared to the year ended August 27, 2005.

(In thousands, except percent and per share data)	**Year Ended Aug. 26, 2006**	**% of Revenues**	**Aug. 27, 2005**	**% of Revenues**	**(Decrease) Increase**	**% Change**
Net revenues	$864,403	100.0	$991,975	100.0	$(127,572)	(12.9)
Cost of goods sold	759,502	87.9	854,997	86.2	(95,495)	(11.2)
Gross profit	104,901	12.1	136,978	13.8	(32,077)	(23.4)
Selling	19,619	2.2	19,936	2.0	(317)	(1.6)
General and administrative	22,184	2.6	18,787	1.9	3,397	18.1
Operating expenses	41,803	4.8	38,723	3.9	3,080	8.0
Operating income	63,098	7.3	98,255	9.9	(35,157)	(35.8)
Financial income	5,097	0.6	2,635	0.3	2,462	93.4
Provision for taxes	23,451	2.7	35,817	3.6	(12,366)	(34.5)
Net income	$44,744	5.2	$65,073	6.6	$(20,329)	(31.2)
Diluted income per share	$1.37		$1.92		$(0.55)	(28.6)
Fully diluted average shares outstanding	32,550		33,812		(1,262)	(3.7)

Unit deliveries consisted of the following:

Motor home unit deliveries	**Year Ended Aug. 26, 2006**	**Product Mix %**	**Aug. 27, 2005**	**Product Mix %**	**(Decrease) Increase**	**% Change**
Class A gas	2,961	30.1	4,527	42.6	(1,566)	(34.6)
Class A diesel	1,494	15.2	2,147	20.2	(653)	(30.4)
Total Class A	4,455	45.3	6,674	62.8	(2,219)	(33.2)
Class C	5,388	54.7	3,963	37.2	1,425	36.0
Total deliveries	9,843	100.0	10,637	100.0	(794)	(7.5)

Net revenues for the year ended August 26, 2006 decreased $127.6 million, or 12.9 percent, primarily as a result of a 7.5 percent decrease in unit deliveries. Net revenues declined at a higher rate than deliveries due to a shift in product mix weighted more heavily towards lower-priced products, particularly Class C motor homes, which resulted in a 7.7 percent decrease in our average selling price of motor homes during Fiscal 2006. The increase in Class C unit deliveries of 36.0 percent in Fiscal 2006 was primarily due to the popularity of new product offerings, such as the Winnebago View and Itasca Navion Class C diesels. In contrast, the overall market for Class C motor homes decreased 6.2 percent for the eight months ended August 31, 2006 according to statistics published by RVIA.

Gross profit margin decreased from 13.8 percent during Fiscal 2005 to 12.1 percent during Fiscal 2006. The deterioration in margin was primarily due to the change in our mix to lower-priced products with lower margins and higher fixed costs per unit of production resulting from lower production volumes. Also contributing, to a lesser extent, to the reduced margin was stock option expense recorded as a result of the adoption of SFAS No. 123R. Partially offsetting the decline in gross profit margin was the liquidation of LIFO inventory values as a result of a significant reduction of inventory levels during 2006. (See Note 3 to the Consolidated Financial Statements)

Selling expenses decreased $317,000, or 1.6 percent, during fiscal year ended August 26, 2006. However, as a percent of net revenues, selling expenses were 2.2 percent during Fiscal 2006 compared to 2.0 percent for Fiscal 2005. The decrease in dollars was due primarily to lower advertising expenses offset partially by the recording of stock option expense as a result of the adoption of SFAS No. 123R.

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General and administrative expenses increased $3.4 million, or 18.1 percent, during Fiscal 2006. The increase in expense was due primarily to the recording of stock option expense and to a lesser extent an increase in our product liability expense**,** offset partially by a reduction in management incentive compensation expense.

Financial income increased $2.5 million, or 93.4 percent, during the fiscal year ended August 26, 2006. The increase in financial income during Fiscal 2006 was due to a higher average interest rate earned on investments and a higher average short-term investment balance.

The overall effective income tax rate decreased to 34.4 percent for Fiscal 2006 from 35.5 percent for Fiscal 2005. The decrease was primarily a result of the domestic production activities credit of the American Jobs Creation Act and an increase in tax-free investment income offset partially by incentive stock option expense not deductible for tax purposes.

Net income decreased by 31.2 percent and income per diluted share decreased by 28.6 percent when comparing Fiscal 2006 to Fiscal 2005. The smaller percentage decrease in income per diluted share was due to a lower number of shares of common stock outstanding during the fiscal year ended August 26, 2006, as a result of shares of common stock repurchased by the Company. (See Note 11 to the Consolidated Financial Statements)

Analysis of Financial Condition, Liquidity and Resources

In recent fiscal years, we generated substantial cash from operations, which has enabled us to meet our working capital needs and make appropriate investments in manufacturing equipment and facilities, as well as pay increased cash dividends and repurchase stock. Cash and cash equivalents totaled $6.9 million and $24.9 million as of August 25, 2007 and August 26, 2006, respectively. Short-term investments consisting primarily of highly liquid investments totaled $102.7 million and $130.0 million as of August 25, 2007 and August 26, 2006, respectively. Working capital at August 25, 2007 and August 26, 2006 was $168.9 million and $187.0 million, respectively, a decrease of $18.1 million. We have no long-term debt. We currently expect our cash on hand, short-term investments and funds from operations to be sufficient to cover both short- and long-term operation requirements.

Operating Activities

Cash provided by operating activities was $27.8 million in Fiscal 2007, or $85.5 million lower than Fiscal 2006. The decrease in net cash provided by operating activities was primarily attributable to a significant increase in our inventories and in our accounts receivables compared with declines in Fiscal 2006 as well as a decrease in net income. Fiscal 2007 year end inventories increased by $24.1 million as compared to Fiscal 2006 year end primarily due to an increase in units of finished goods and chassis inventory on hand and also to an increase in the average unit cost. The increase in receivables was primarily a result of selling more higher-priced products at the end of Fiscal 2007, compared to Fiscal 2006.

Investing Activities

Uses of cash for investing activities were for manufacturing equipment and facilities purchases of $5.2 million for the fiscal year ended August 25, 2007, compared to $4.8 million during the fiscal year ended August 26, 2006. We purchased $308.1 million of short-term investments and received proceeds of $335.4 million from the sale or maturity of short-term investments during the fiscal year ended August 25, 2007. During the fiscal year ended August 26, 2006, we purchased $214.8 million of short-term investments and received proceeds of $178.0 million from the sale or maturity of short-term investments.

Financing Activities

Primary uses of cash in financing activities for the fiscal year ended August 25, 2007 were $64.7 million for the repurchases of 6.9 percent of our August 26, 2006 outstanding common stock and payments of $12.5 million in dividends. Primary uses of cash in financing activities for the fiscal year ended August 26, 2006 were $57.8 million for the repurchase of our common stock and $11.7 million for the payment of dividends. (See Consolidated Statements of Cash Flows)

Anticipated Use of Funds

Repurchases of up to $17.5 million of our outstanding shares of common stock remain available under the June 20, 2007 Board of Directors authorization.

Estimated uses at August 25, 2007 of our liquid assets for Fiscal 2008 include funds for the payment of cash dividends of $14.2 million (assuming dividends continue to be paid at the current rate and the number of outstanding shares does not change significantly from the number outstanding at August 25, 2007). Additionally, spending for capital expenditures, primarily for manufacturing equipment and facilities, is expected to be similar to the level of Fiscal 2007.

On October 10, 2007, the Board of Directors declared a quarterly cash dividend of $0.12 per common share payable January 7, 2008 to shareholders of record as of December 7, 2007.

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Contractual Obligations and Commercial Commitments

Our principal contractual obligations and commercial commitments as of August 25, 2007 were as follows:

(In thousands)	Payments Due By Period				
			Fiscal	Fiscal	More Than
Contractual Obligations	Total	Fiscal 2008	2009-2010	2011-2012	5 Years
Operating leases (1)	$130	$74	$51	$5	$
Contracted services	556	364	192		
Executive share option obligations (2) (3)	12,675				
Deferred compensation obligations (3)	26,685	1,622	5,605	5,258	14,200
Postretirement health care obligations (3)	32,560	1,009	2,461	3,154	25,936
Total contractual cash obligations	$72,606	$3,069	$8,309	$8,417	$40,136

(In thousands)	Amount of Commitment Expiration By Period				
			Fiscal	Fiscal	More Than
Commercial Commitments	Total	Fiscal 2008	2009-2010	2011-2012	5 Years
Guarantees (1)	$1,604	$	$1,604	$	$
Formal repurchase obligations (1)	308,190	308,190			
Total commitments	$309,794	$308,190	$1,604	$	$

(1) See Note 6 to the Consolidated Financial Statements.
(2) Payments by period cannot be determined as the participating individual may elect to exercise part or all of an option at their discretion.
(3) See Note 5 to the Consolidated Financial Statements.

New Accounting Pronouncements

See Note 1 to the Consolidated Financial Statements.

Impact of Inflation

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

ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk

As of August 25, 2007, we have an investment portfolio of cash and cash equivalents of $6.9 million and available-for-sale securities of $102.7 million. Taking into account the credit risk criteria of our investment policy, the primary market risk associated with these investments is interest rate risk and a decline in value if market interest rates increase. However, we have the ability to hold our fixed income investments until maturity or for the typical Dutch auction period (an average of 55 days) and based upon historical experience, we do not believe there are significant risks of a failed Dutch auction. However, at fiscal year end our investment portfolio had a weighted average to maturity/auction of 25 days. Therefore, we would not expect to recognize a material adverse impact in income or cash flows in the event of a decline in value due to an increase in market interest rates.

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ITEM 8. Financial Statements and Supplementary Data

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MANAGEMENT S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

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

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

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

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

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

Based on this assessment, management has concluded that the Company s internal control over financial reporting was effective as of August 25, 2007.

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

/s/ Bruce D. Hertzke	/s/ Sarah N. Nielsen
Bruce D. Hertzke	Sarah N. Nielsen
Chairman of the Board and	Vice President,
Chief Executive Officer	Chief Financial Officer

October 22, 2007

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders

Winnebago Industries, Inc.

Forest City, Iowa

We have audited management s assessment, included in the accompanying Management s Report on Internal Control over Financial Reporting, that Winnebago Industries, Inc. and subsidiaries (the Company) maintained effective internal control over financial reporting as of August 25, 2007, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO framework). The Company s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management s assessment and an opinion on the effectiveness of the Company s internal control over financial reporting based on our audit.

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

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

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

In our opinion, management s assessment that the Company maintained effective internal control over financial reporting as of August 25, 2007, is fairly stated, in all material respects, based on the criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of August 25, 2007, based on the criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended August 25, 2007, of the Company and our report dated October 22, 2007, expressed an unqualified opinion on those financial statements.

/s/ Deloitte & Touche LLP

Deloitte & Touche LLP

Minneapolis, Minnesota

October 22, 2007

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders

Winnebago Industries, Inc.

Forest City, Iowa

We have audited the accompanying consolidated balance sheets of Winnebago Industries, Inc. and subsidiaries (the Company) as of August 25, 2007 and August 26, 2006, and the related consolidated statements of income, stockholders equity, and cash flows for each of the three years in the period ended August 25, 2007. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts an