

WINNEBAGO INDUSTRIES INC
Form 10-Q
June 28, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 1, 2013
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: 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)

(641) 585-3535

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web Site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller Reporting Company

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

The number of shares of common stock, par value \$0.50 per share, outstanding June 27, 2013 was 27,922,110.

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Glossary

The following terms and abbreviations appear in the text of this report and are defined as follows:

| | |
|------------------|--|
| AOCI | Accumulated Other Comprehensive Income (Loss) |
| ARS | Auction Rate Securities |
| ASC | Accounting Standards Codification |
| ASP | Average Sales Price |
| ASU | Accounting Standards Update |
| COLI | Company Owned Life Insurance |
| Credit Agreement | Credit Agreement dated as of October 31, 2012 by and between Winnebago Industries, Inc. and Winnebago of Indiana, LLC, as Borrowers, and General Electric Capital Corporation, as Agent |
| DCF | Discounted Cash Flow |
| FASB | Financial Accounting Standards Board |
| FIFO | First In, First Out |
| GAAP | Generally Accepted Accounting Principles |
| GECC | General Electric Capital Corporation |
| IRS | Internal Revenue Service |
| LIBOR | London Interbank Offered Rate |
| LIFO | Last In, First Out |
| Loan Agreement | Loan and Security Agreement dated October 13, 2009 by and between Winnebago Industries, Inc. and Wells Fargo Bank, National Association, as successor to Burdale Capital Finance, Inc., as Agent |
| NMF | Non-Meaningful Figure |
| NYSE | New York Stock Exchange |
| RV | Recreation Vehicle |
| RVIA | Recreation Vehicle Industry Association |
| SEC | U.S. Securities and Exchange Commission |
| SERP | Supplemental Executive Retirement Plan |
| Stat Surveys | Statistical Surveys, Inc. |
| SunnyBrook | SunnyBrook RV, Inc. |
| Towables | Winnebago of Indiana, LLC, a wholly-owned subsidiary of Winnebago Industries, Inc. |
| US | United States of America |
| XBRL | eXtensible Business Reporting Language |

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PART I. FINANCIAL INFORMATION

Item 1. Condensed Financial Statements

Winnebago Industries, Inc.
Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

| (In thousands, except per share data) | Quarter Ended | | Nine Months Ended | |
|--|-----------------|-----------------|-------------------|-----------------|
| | June 1, 2013 | May 26, 2012 | June 1, 2013 | May 26, 2012 |
| Net revenues | \$218,199 | \$155,709 | \$588,919 | \$419,146 |
| Cost of goods sold | 197,002 | 143,638 | 529,784 | 391,733 |
| Gross profit | 21,197 | 12,071 | 59,135 | 27,413 |
| Operating expenses: | | | | |
| Selling | 4,857 | 4,331 | 13,649 | 12,485 |
| General and administrative | 6,092 | 4,213 | 16,392 | 11,938 |
| Loss on sale of asset held for sale | — | — | 28 | — |
| Total operating expenses | 10,949 | 8,544 | 30,069 | 24,423 |
| Operating income | 10,248 | 3,527 | 29,066 | 2,990 |
| Non-operating income | 144 | 402 | 739 | 549 |
| Income before income taxes | 10,392 | 3,929 | 29,805 | 3,539 |
| Provision (benefit) for taxes | 2,731 | (12 |) 8,468 | (525 |
| Net income | \$7,661 | \$3,941 | \$21,337 | \$4,064 |
| Income per common share: | | | | |
| Basic | \$0.27 | \$0.13 | \$0.76 | \$0.14 |
| Diluted | \$0.27 | \$0.13 | \$0.76 | \$0.14 |
| Weighted average common shares outstanding: | | | | |
| Basic | 27,987 | 29,225 | 28,128 | 29,171 |
| Diluted | 28,087 | 29,263 | 28,218 | 29,243 |
| Net income | \$7,661 | \$3,941 | \$21,337 | \$4,064 |
| Other comprehensive (loss) income: | | | | |
| Amortization of prior service credit (net of tax of \$514, \$(803), \$1,430 and \$0) | (853 |) (2,024 |) (2,373 |) (3,371 |
| Amortization of net actuarial loss (net of tax of \$(90), \$(184), \$206 and \$0) | 503 | 448 | 1,006 | 768 |
| Plan amendment (net of tax of \$0, \$0, \$1,613 and \$0) | — | — | 2,676 | 4,598 |
| Unrealized appreciation (depreciation) of investments (net of tax of \$(96), \$212, \$(63) and \$202) | 160 | (351 |) 104 | (335 |
| Total other comprehensive (loss) income | (190 |) (1,927 |) 1,413 | 1,660 |
| Comprehensive income | \$7,471 | \$2,014 | \$22,750 | \$5,724 |

See notes to consolidated financial statements.

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Consolidated Balance Sheets
(Unaudited)

| (In thousands, except per share data) | June 1, 2013 | August 25, 2012 | |
|---|-----------------|--------------------|---|
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$42,422 | \$62,683 | |
| Short-term investments | 4,605 | — | |
| Receivables, less allowance for doubtful accounts (\$234 and \$175) | 31,421 | 22,726 | |
| Inventories | 112,951 | 87,094 | |
| Prepaid expenses and other assets | 6,718 | 4,509 | |
| Income taxes receivable and prepaid | 2,416 | 1,603 | |
| Deferred income taxes | 10,515 | 8,453 | |
| Total current assets | 211,048 | 187,068 | |
| Property, plant and equipment, net | 20,158 | 19,978 | |
| Assets held for sale | — | 550 | |
| Long-term investments | 4,385 | 9,074 | |
| Investment in life insurance | 24,826 | 23,127 | |
| Deferred income taxes | 28,112 | 30,520 | |
| Goodwill | 1,228 | 1,228 | |
| Amortizable intangible assets | 577 | 641 | |
| Other assets | 12,537 | 13,886 | |
| Total assets | \$302,871 | \$286,072 | |
| Liabilities and Stockholders' Equity | | | |
| Current liabilities: | | | |
| Accounts payable | \$28,398 | \$24,920 | |
| Income taxes payable | — | 348 | |
| Accrued expenses: | | | |
| Accrued compensation | 19,961 | 16,038 | |
| Product warranties | 8,441 | 6,990 | |
| Self-insurance | 4,868 | 4,137 | |
| Accrued loss on repurchases | 1,250 | 627 | |
| Promotional | 2,239 | 2,661 | |
| Other | 4,329 | 5,297 | |
| Total current liabilities | 69,486 | 61,018 | |
| Total long-term liabilities: | | | |
| Unrecognized tax benefits | 4,931 | 5,228 | |
| Postretirement health care and deferred compensations benefits | 70,354 | 75,135 | |
| Total long-term liabilities | 75,285 | 80,363 | |
| Contingent liabilities and commitments | | | |
| Stockholders' equity: | | | |
| Capital stock common, par value \$0.50; authorized 60,000 shares, issued 51,776 shares | 25,888 | 25,888 | |
| Additional paid-in capital | 28,960 | 28,496 | |
| Retained earnings | 498,827 | 477,490 | |
| Accumulated other comprehensive loss | (2,273 |) (3,686 |) |
| Treasury stock, at cost (23,854 and 23,122 shares) | (393,302 |) (383,497 |) |

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| | | |
|--|-----------|-----------|
| Total stockholders' equity | 158,100 | 144,691 |
| Total liabilities and stockholders' equity | \$302,871 | \$286,072 |

See notes to consolidated financial statements.

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Winnebago Industries, Inc.

Consolidated Statements of Cash Flows

(Unaudited)

| (In thousands) | Nine Months Ended | |
|---|-------------------|-----------------|
| | June 1, 2013 | May 26, 2012 |
| Operating activities: | | |
| Net income | \$21,337 | \$4,064 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 3,190 | 3,786 |
| LIFO expense | 438 | 844 |
| Stock-based compensation | 1,258 | 863 |
| Deferred income taxes including valuation allowance | (1,243 |) (753 |
| Postretirement benefit income and deferred compensation expense | 259 | 510 |
| Provision for doubtful accounts | 62 | 28 |
| (Gain) loss on disposal of property | (34 |) 20 |
| Gain on life insurance | (536 |) (281 |
| Increase in cash surrender value of life insurance policies | (853 |) (523 |
| Other | — | 579 |
| Change in assets and liabilities: | | |
| Inventories | (26,295 |) (1,283 |
| Receivables, prepaid and other assets | (10,819 |) 1,893 |
| Income taxes and unrecognized tax benefits | (234 |) 105 |
| Accounts payable and accrued expenses | 9,895 | 4,950 |
| Postretirement and deferred compensation benefits | (3,359 |) (3,053 |
| Net cash (used in) provided by operating activities | (6,934 |) 11,749 |
| Investing activities: | | |
| Proceeds from the sale of investments, at par | 250 | 750 |
| Proceeds from life insurance | 1,004 | 1,404 |
| Purchases of property and equipment | (3,322 |) (1,527 |
| Proceeds from the sale of property | 637 | 16 |
| Repayments of COLI borrowings | (1,371 |) — |
| Other | 692 | (558 |
| Net cash (used in) provided by investing activities | (2,110 |) 85 |
| Financing activities: | | |
| Payments for purchases of common stock | (11,123 |) (343 |
| Other | (94 |) 33 |
| Net cash used in financing activities | (11,217 |) (310 |
| Net (decrease) increase in cash and cash equivalents | (20,261 |) 11,524 |
| Cash and cash equivalents at beginning of period | 62,683 | 69,307 |
| Cash and cash equivalents at end of period | \$42,422 | \$80,831 |
| Supplement cash flow disclosure: | | |
| Income taxes paid, net of refunds | \$9,946 | \$115 |

See notes to consolidated financial statements.

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Winnebago Industries, Inc.
Notes to Consolidated Financial Statements
(Unaudited)

Note 1: Basis of Presentation

The "Company," "we," "our" and "us" are used interchangeably to refer to Winnebago Industries, Inc. and its subsidiary, Winnebago of Indiana, LLC, as appropriate in the context.

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; our website is www.winnebagoind.com. Our common stock trades on the NYSE under the symbol "WGO".

In our opinion, the accompanying condensed unaudited consolidated financial statements contain all adjustments, consisting of normal recurring accruals, necessary to present fairly our consolidated financial position as of June 1, 2013 and the consolidated results of operations and comprehensive income and consolidated cash flows for the first nine months of Fiscal 2013 and 2012. The consolidated statement of operations and comprehensive income for the first nine months of Fiscal 2013 is not necessarily indicative of the results to be expected for the full year. The consolidated balance sheet data as of August 25, 2012 was derived from audited financial statements, but does not include all of the information and footnotes required by GAAP for complete financial statements. These interim financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto appearing in our Annual Report on Form 10-K for the fiscal year ended August 25, 2012.

Fiscal Period

We follow a 52-/53-week fiscal year, ending the last Saturday in August. Fiscal 2013 is a 53-week fiscal year; the first quarter ending December 1, 2012 was a 14-week quarter, and the nine months ending June 1, 2013 had 40 weeks. Fiscal 2012 was a 52 week year; the first quarter ending November 26, 2011 was a 13-week quarter, and the nine months ending May 26, 2012 had 39 weeks.

New Accounting Pronouncements

In June 2011, the FASB issued ASU 2011-05, Presentation of Comprehensive Income, which revised the manner in which entities present comprehensive income in their financial statements. Specifically, the new guidance requires an entity to present components of net income and other comprehensive income in one continuous statement, referred to as the statement of comprehensive income, or in two separate but consecutive statements. While the new guidance changed the presentation of comprehensive income, there are no changes to the components that are recognized in net income or other comprehensive income. ASU 2011-05 is effective for fiscal years beginning after December 15, 2011 (our Fiscal 2013). We adopted this guidance as of August 26, 2012, and have presented total comprehensive income in our Unaudited Consolidated Statements of Operations and Comprehensive Income.

In September 2011, the FASB issued ASU 2011-08, Testing Goodwill for Impairment, which simplified the manner in which entities test goodwill for impairment. After assessment of certain qualitative factors, if it is determined to be more likely than not that the fair value of a reporting unit is less than its carrying amount, entities must perform a quantitative analysis of the goodwill impairment test. Otherwise, the quantitative test becomes optional. ASU 2011-08 is effective for fiscal years beginning after December 15, 2011 (our Fiscal 2013). We do not believe that the adoption of this ASU will have a significant impact on our consolidated financial statements.

In February 2013, the FASB issued ASU 2013-02, Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income, which expands the presentation of changes in AOCI. The new guidance requires an entity to disaggregate the total change of each component of other comprehensive income either on the face of the net income

statement or as a separate disclosure in the notes. ASU 2013-02 is effective for fiscal years beginning after December 15, 2012 (our Fiscal 2014). We do not believe that the adoption of this ASU will have a significant impact on our consolidated financial statements.

Note 2: Concentration Risk

One of our dealer organizations accounted for 26.9% and 26.1% of our consolidated net revenue for the first nine months of Fiscal 2013 and Fiscal 2012, respectively. A second dealer organization, accounted for 13.6% and 8.8% of our consolidated net revenue for the first nine months of Fiscal 2013 and Fiscal 2012, respectively. The loss of these dealer organizations could have a significant adverse effect on our business. In addition, deterioration in the liquidity or creditworthiness of these dealers could negatively impact our sales and could trigger repurchase obligations under our repurchase agreements.

Note 3: Fair Value Measurements

Assets and Liabilities that are Measured at Fair Value on a Recurring Basis

We account for fair value measurements in accordance with ASC 820, Fair Value Measurements and Disclosures, which defines fair value, establishes a framework for measurement and expands disclosure about fair value measurement. The fair value hierarchy requires the use of observable market data when available. In instances in which the inputs used to measure fair value

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fall into different levels of the fair value hierarchy, the fair value measurement has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. Our assessment of the significance of a particular item to the fair value measurement in its entirety requires judgment, including the consideration of inputs specific to the asset or liability.

Cash Equivalents

The carrying value of cash equivalents approximates fair value as original maturities are less than three months. Our cash equivalents are comprised of money market funds traded in an active market with no restrictions.

The following tables set forth by level within the fair value hierarchy our financial assets that were accounted for at fair value on a recurring basis at June 1, 2013 and August 25, 2012 according to the valuation techniques we used to determine their fair values:

| (In thousands) | Fair Value at June 1, 2013 | Fair Value Measurements Using Inputs Considered As | | |
|--|----------------------------------|--|---|--|
| | | Level 1 Quoted Prices in Active Markets for Identical Assets | Level 2 Significant Other Observable Inputs | Level 3 Significant Unobservable Inputs |
| Short-term investments: | | | | |
| Student loan ARS with pending redemption | \$4,605 | \$— | \$4,605 | \$— |
| Long-term investments: | | | | |
| Student loan ARS | 4,385 | — | — | 4,385 |
| Assets that fund deferred compensation: | | | | |
| Domestic equity funds | 7,171 | 7,171 | — | — |
| International equity funds | 805 | 805 | — | — |
| Fixed income funds | 387 | 387 | — | — |
| Total assets at fair value | \$17,353 | \$8,363 | \$4,605 | \$4,385 |

| (In thousands) | Fair Value at August 25, 2012 | Fair Value Measurements Using Inputs Considered As | | |
|---|-------------------------------------|--|---|--|
| | | Level 1 Quoted Prices in Active Markets for Identical Assets | Level 2 Significant Other Observable Inputs | Level 3 Significant Unobservable Inputs |
| Long-term investments: | | | | |
| Student loan ARS | \$9,074 | \$— | \$— | \$9,074 |
| Assets that fund deferred compensation: | | | | |
| Domestic equity funds | 7,924 | 7,924 | — | — |
| International equity funds | 957 | 957 | — | — |
| Fixed income funds | 487 | 487 | — | — |
| Total assets at fair value | \$18,442 | \$9,368 | \$— | \$9,074 |

The following table provides a reconciliation between the beginning and ending balances of items measured at fair value on a recurring basis in the table above that used significant unobservable inputs (Level 3):

| (In thousands) | Quarter Ended | | Nine Months Ended | |
|----------------|-----------------|-----------------|-------------------|-----------------|
| | June 1, 2013 | May 26, 2012 | June 1, 2013 | May 26, 2012 |
| | | | | |

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| | | | | |
|---|---------|---------|----------|----------|
| Balance at beginning of period | \$8,735 | \$9,903 | \$9,074 | \$10,627 |
| Transfer to Level 2 | (4,605 |) (250 |) (4,855 |) (500 |
| Net change included in other comprehensive income | 255 | (562 |) 166 | (536 |
| Sales | — | — | — | (500 |
| Balance at end of period | \$4,385 | \$9,091 | \$4,385 | \$9,091 |

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The following table presents quantitative information regarding unobservable inputs that were significant to the valuation of assets measured at fair value on a recurring basis at June 1, 2013 using Level 3 inputs:

| (In thousands) | Fair Value | Valuation Technique | Unobservable Input | Range | |
|------------------|------------|---------------------|------------------------------------|-------|-------|
| | | | | Low | High |
| Student loan ARS | \$4,385 | DCF | Projected ARS yield | 1.92% | 2.03% |
| | | | Discount for lack of marketability | 2.94% | 3.70% |

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Long-Term and Short-Term Investments

Our long-term and short-term investments are comprised of ARS. Our long-term ARS investments are classified as Level 3, as quoted prices were unavailable due to events described in Note 4. Due to limited market information, we utilized a DCF model to derive an estimate of fair value for the ARS at June 1, 2013. The assumptions used in preparing the DCF model included estimates with respect to the amount and timing of future interest and principal payments, forward projections of the interest rate benchmarks, the probability of full repayment of the principal considering the credit quality and guarantees in place and the rate of return required by investors to own such securities given the current liquidity risk associated with ARS. All of our short-term ARS portfolio is classified as Level 2 as they are also in an inactive market, but inputs other than quoted prices were observable and used to value the securities.

Assets that Fund Deferred Compensation

Our assets that fund deferred compensation are marketable equity securities measured at fair value using quoted market prices and primarily consist of equity-based mutual funds. They are classified as Level 1 as they are traded in an active market for which closing stock prices are readily available. These securities fund the Executive Share Option Plan (see Note 10), a deferred compensation program, and are presented as other assets in the accompanying balance sheets.

Assets and Liabilities that are Measured at Fair Value on a Nonrecurring Basis

Our non-financial assets, which include goodwill, intangible assets and property and equipment, are not required to be measured at fair value on a recurring basis. However, if certain triggering events occur, or if an annual impairment test is required, we must evaluate the non-financial asset for impairment. If an impairment did occur, the asset is required to be recorded at the estimated fair value. During the first nine months of Fiscal 2013, no impairments were recorded for non-financial assets.

Note 4: Investments

We own investments in marketable securities that have been designated as "available for sale" in accordance with ASC 320, Investments - Debt and Equity Securities. Available for sale securities are carried at fair value with the unrealized gains and losses reported in AOCI, a component of stockholders' equity.

At June 1, 2013, we held \$9.4 million (par value) of tax-exempt ARS, which are variable-rate debt securities and have a long-term maturity with the interest rate being reset through Dutch auctions that are typically held every 7, 28 or 35 days. Prior to February 2008, these securities traded at par and are callable at par at the option of the issuer. Interest is typically paid at the end of each auction period or semiannually. The ARS we hold are rated AAA by Standard & Poor's Ratings Services and AAA to A by Fitch Ratings, and are collateralized by student loans guaranteed by the US Government under the Federal Family Education Loan Program.

Since February 2008, most ARS auctions have failed and there is no assurance that future auctions for our ARS will succeed. As a result, our ability to liquidate our investment and fully recover the par value in the near term may be limited or nonexistent. We have no reason to believe that any of the underlying issuers of our ARS are presently at risk of default. We have continued to receive interest payments on the ARS in accordance with their terms. We believe we will ultimately be able to liquidate our ARS related investments without significant loss primarily due to

the collateral securing the ARS, but also due to the partial redemptions we have received over the last five fiscal years at par value. However, redemption could take until final maturity of the ARS (up to 29 years) to realize the par value of our investments. On June 5, 2013 we received a partial redemption on one of our ARS holdings of \$150,000 at par. In May 2013 we entered into an agreement to sell \$4.5 million of our ARS holdings at 99% of par value; this sale was finalized on June 12, 2013. Due to these two events, we have classified \$4.6 million as short-term investments at June 1, 2013. We believe the recovery period for the remaining portfolio of ARS investments is likely to be longer than 12 months and as a result, we have classified our \$4.8 million (par value) of these investments as long-term as of June 1, 2013.

At June 1, 2013, there was insufficient observable ARS market information available to determine the fair value of our ARS investments. Therefore, we estimated fair value by incorporating assumptions that market participants would use in their estimates of fair value. Some of these assumptions included credit quality, final stated maturities, estimates on the probability of the issue being called prior to final maturity, impact due to extended periods of maximum auction rates and broker quotes from independent evaluators. Based on this analysis, we recorded an unrealized temporary impairment of \$409,000 in AOCI before tax considerations related to our ARS investments of \$9.4 million (par value) at June 1, 2013.

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Note 5: Inventories

Inventories consist of the following:

| (In thousands) | June 1, 2013 | August 25, 2012 |
|-------------------|-----------------|--------------------|
| Finished goods | \$50,781 | \$30,054 |
| Work-in-process | 48,300 | 45,240 |
| Raw materials | 45,332 | 42,824 |
| Total | 144,413 | 118,118 |
| LIFO reserve | (31,462 |) (31,024 |
| Total inventories | \$112,951 | \$87,094 |

The above value of inventories, before reduction for the LIFO reserve, approximates replacement cost. Of the \$144.4 million and \$118.1 million inventory at June 1, 2013 and August 25, 2012, respectively, \$137.2 million and \$110.1 million is valued on a LIFO basis. Towables inventory of \$7.2 million and \$8.0 million at June 1, 2013 and August 25, 2012, respectively, is valued on a FIFO basis.

Note 6: Property, Plant and Equipment and Assets Held for Sale

Property, plant and equipment is stated at cost, net of accumulated depreciation and consists of the following:

| (In thousands) | June 1, 2013 | August 25, 2012 |
|--|-----------------|--------------------|
| Land | \$757 | \$757 |
| Buildings and building improvements | 50,428 | 49,641 |
| Machinery and equipment | 90,671 | 90,775 |
| Transportation | 8,864 | 8,858 |
| Total property, plant and equipment, gross | 150,720 | 150,031 |
| Less accumulated depreciation | (130,562 |) (130,053 |
| Total property, plant and equipment, net | \$20,158 | \$19,978 |

Assets Held for Sale

During the first quarter of Fiscal 2013, an idled fiberglass facility in Hampton, Iowa classified as held for sale, was sold. The sale was finalized on August 30, 2012 and generated \$550,000 in gross proceeds, selling costs of \$28,000 and a loss of \$28,000.

Note 7: Goodwill and Amortizable Intangible Assets

Goodwill and intangible assets are the result of the acquisition of SunnyBrook during Fiscal 2011. Goodwill of \$1.2 million is not subject to amortization for financial statement purposes, but is amortizable for tax return purposes. Amortizable intangible assets are amortized on a straight-line basis. The weighted average remaining amortization period at June 1, 2013 is 7.3 years.

Goodwill is reviewed for impairment annually or whenever events or circumstances indicate a potential impairment. Intangible assets are also subject to impairment tests whenever events or circumstances indicate that the asset's carrying value may exceed its estimated fair value, at which time an impairment would be recorded.

Amortizable intangible assets consist of the following:

| (In thousands) | June 1, 2013 | | August 25, 2012 | |
|----------------|--------------|-----------------------------|-----------------|-----------------------------|
| | Cost | Accumulated Amortization | Cost | Accumulated Amortization |
| Dealer network | \$534 | \$129 | \$534 | \$88 |
| Trademarks | 196 | 47 | 196 | 32 |

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| | | | | |
|-----------------------|-------|-------|-------|-------|
| Non-compete agreement | 40 | 17 | 40 | 10 |
| Total | \$770 | \$193 | \$770 | \$130 |

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Estimated amortization expense of intangible assets for next five fiscal years is as follows:

| (In thousands) | Amount |
|------------------|--------|
| Year Ended: 2014 | \$86 |
| 2015 | 77 |
| 2016 | 73 |
| 2017 | 73 |
| 2018 | 73 |

Note 8: Credit Facilities

On October 13, 2012, we terminated our Loan Agreement with Wells Fargo Bank, National Association in accordance with its terms. There was no termination fee associated with this agreement, and no borrowings had been made.

On October 31, 2012, we entered into the Credit Agreement with GECC. The Credit Agreement provides for an initial \$35.0 million revolving credit facility based on the Company's eligible inventory and expires on October 31, 2015, unless terminated earlier in accordance with its terms. There is no termination fee associated with the Credit Agreement.

The Credit Agreement contains no financial covenant restrictions for borrowings where we have excess borrowing availability under the facility of greater than \$5.0 million. The Credit Agreement requires us to comply with a fixed charge ratio if excess borrowing availability under the facility is less than \$5.0 million or if we repurchase more than \$25.0 million of company stock within the first twelve months of the date of the Credit Agreement. In addition the Credit Agreement also includes a framework to expand the size of the facility up to \$50.0 million, based on mutually agreeable terms at the time of the expansion. Interest on loans made under the new facility will be based on LIBOR plus a margin of 3.0%. The initial unused line fee associated with the Credit Agreement is 0.5% per annum and has the ability to be lowered based upon facility usage.

The Credit Agreement contains typical affirmative representations and covenants for a credit agreement of this size and nature. Additionally, the Credit Agreement contains negative covenants limiting our ability, among other things, to incur debt, grant liens, make acquisitions, make certain investments, pay certain dividends and distributions, engage in mergers, consolidations or acquisitions and sell certain assets. Obligations under the Credit Agreement are secured by a security interest in all of our accounts and other receivables, chattel paper, documents, deposit accounts, instruments, equipment, inventory, investment property, leasehold interest, cash and cash equivalents, letter-of-credit rights, most real property and fixtures and certain other business assets.

As of the date of this report, we are in compliance with all terms of the Credit Agreement, and no borrowings have been made thereunder.

Note 9: Warranty

We provide our motorhome customers a comprehensive 12-month/15,000-mile warranty on our Class A, B and C motorhomes, and a 3-year/36,000-mile structural warranty on Class A and C sidewalls and floors. We provide a comprehensive 12-month warranty on all towable products. We have also incurred costs for certain warranty-type expenses which occurred after the normal warranty period. We have voluntarily agreed to pay such costs to help protect the reputation of our products and the goodwill of our customers. 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.

Changes in our product warranty liability are as follows:

| Quarter Ended | Nine Months Ended |
|---------------|-------------------|
|---------------|-------------------|

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| (In thousands) | June 1, 2013 | May 26, 2012 | June 1, 2013 | May 26, 2012 |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|
| Balance at beginning of period | \$8,065 | \$6,530 | \$6,990 | \$7,335 |
| Provision | 2,118 | 1,645 | 7,032 | 3,928 |
| Claims paid | (1,742 |) (1,580 |) (5,581 |) (4,668 |
| Balance at end of period | \$8,441 | \$6,595 | \$8,441 | \$6,595 |

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Note 10: Employee and Retiree Benefits

Postretirement health care and deferred compensation benefits are as follows:

| (In thousands) | June 1, 2013 | August 25, 2012 |
|---|-----------------|--------------------|
| Postretirement health care benefit cost | \$41,576 | \$45,132 |
| Non-qualified deferred compensation | 22,687 | 23,630 |
| Executive share option plan liability | 7,135 | 7,798 |
| SERP benefit liability | 3,042 | 3,342 |
| Executive deferred compensation | 105 | 102 |
| Officer stock-based compensation | 450 | — |
| Total postretirement health care and deferred compensation benefits | 74,995 | 80,004 |
| Less current portion | (4,641 |) (4,869 |
| Long-term postretirement health care and deferred compensation benefits | \$70,354 | \$75,135 |

Postretirement Health Care Benefits

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. We use a September 1 measurement date for this plan and our postretirement health care plan currently is not funded. Changes in the postretirement benefit plan include:

In Fiscal 2005, we established dollar caps on the amount that we will pay for postretirement health care benefits per retiree on an annual basis so that we were not exposed to continued medical inflation. Retirees are required to pay a monthly premium in excess of the employer dollar caps for medical coverage based on years of service and age at retirement.

- In January 2012 the employer established dollar caps were reduced by 10%, which reduced our liability for postretirement health care by \$4.6 million and is being amortized as prior service credit over 7.8 years.

- In January 2013 the employer established dollar caps were further reduced by 10%, which reduced our liability for postretirement health care by approximately \$4.3 million and is being amortized as prior service credit over 7.5 years.

Net periodic postretirement benefit income consisted of the following components:

| (In thousands) | Quarter Ended | | Nine Months Ended | |
|--|-----------------|-----------------|-------------------|-----------------|
| | June 1, 2013 | May 26, 2012 | June 1, 2013 | May 26, 2012 |
| Interest cost | \$373 | \$453 | \$1,136 | \$1,397 |
| Service cost | 140 | 132 | 433 | 407 |
| Amortization of prior service benefit | (1,366 |) (1,221 |) (3,803 |) (3,372 |
| Amortization of net actuarial loss | 407 | 263 | 1,195 | 766 |
| Net periodic postretirement benefit income | \$(446 |) \$(373 |) \$(1,039 |) \$(802 |
| Payments for postretirement health care | \$271 | \$297 | \$836 | \$916 |

Note 11: Stock-Based Compensation Plans

We have a 2004 Incentive Compensation Plan approved by shareholders (as amended, the "Plan") in place which allows us to grant or issue non-qualified stock options, incentive stock options, share awards and other equity compensation to key employees and to non-employee directors.

On October 10, 2012 the Board of Directors granted an aggregate of 155,600 shares of restricted common stock to our key employees and non-employee directors. The value of the restricted stock award is determined using the intrinsic value method which, in this case, is based on the number of shares granted and the closing price of our common stock on the date of grant.

Stock-based compensation expense was \$262,000 and \$114,000 during the third quarters of Fiscal 2013 and 2012, respectively. Stock-based compensation expense was \$1,258,000 and \$863,000 during the nine months of Fiscal 2013

and 2012, respectively. Of the \$1,258,000 in Fiscal 2013, \$852,000 related to the October 10, 2012 grant of 155,600 shares. The remainder is related to the amortization of previously granted restricted stock awards, as well as nonemployee director stock units issued in lieu of their fees. Compensation expense is recognized over the requisite service period of the award or over a period ending with the employee's eligible retirement date, if earlier.

Note 12: Contingent Liabilities and Commitments

Repurchase Commitments

Generally, manufacturers in the RV industry enter into repurchase agreements with lending institutions which have provided wholesale floorplan financing to dealers. Most dealers' RVs are financed on a "floorplan" basis under which a bank or finance

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company lends the dealer all, or substantially all, of the purchase price, collateralized by a security interest in the recreation vehicles purchased.

Our repurchase agreements provide that, in the event of default by the dealer on the agreement to pay the lending institution, we will repurchase the financed merchandise. The terms of these agreements, which generally can last up to 18 months, provide that our liability will be the lesser of remaining principal owed by the dealer or dealer invoice less periodic reductions based on the time since the date of the original invoice. Our contingent liability on these repurchase agreements was approximately \$244.9 million and \$165.4 million at June 1, 2013 and August 25, 2012, respectively.

In certain instances, we also repurchase inventory from our dealers due to state law or regulatory requirements that govern voluntary or involuntary relationship terminations. Although laws vary from state to state, some states have laws in place that require manufacturers of recreation vehicles to repurchase current inventory if a dealership exits the business. Incremental repurchase exposure beyond existing repurchase agreements, related to dealer inventory in states that we have had historical experience of repurchasing inventory, totaled \$7.4 million and \$5.0 million at June 1, 2013 and August 25, 2012, respectively.

Our risk of loss related to our repurchase commitments is significantly reduced by the potential resale value of any products that are subject to repurchase and is spread over numerous dealers and lenders. The aggregate contingent liability related to our repurchase agreements represents all financed dealer inventory at the period reporting date subject to a repurchase agreement, net of the greater of periodic reductions per the agreement or dealer principal payments. Based on the repurchase exposure as previously described, we established an associated loss reserve. Our accrued losses on repurchases were \$1.3 million as of June 1, 2013 and \$627,000 as of August 25, 2012.

A summary of repurchase activity is as follows:

| (Dollars in thousands) | Quarter Ended | | Nine Months Ended | |
|---------------------------|-----------------|-----------------|-------------------|-----------------|
| | June 1, 2013 | May 26, 2012 | June 1, 2013 | May 26, 2012 |
| Inventory repurchased: | | | | |
| Units | 13 | 1 | 13 | 18 |
| Dollars | \$260 | \$16 | \$260 | \$1,264 |
| Inventory resold: | | | | |
| Units | 13 | 1 | 13 | 18 |
| Cash collected | \$207 | \$11 | \$207 | \$1,113 |
| Loss recognized | \$53 | \$5 | \$53 | \$151 |
| Units in ending inventory | — | — | — | — |

We do not believe there is a reasonable likelihood that there will be a material change in the future estimates or assumptions we use to calculate our loss reserve for repurchase commitments. A hypothetical change of a 10% increase or decrease in our significant repurchase commitment assumptions at June 1, 2013 would have affected net income by approximately \$270,000.

Litigation

We are involved in various legal proceedings which are ordinary routine litigation incidental to our business, some of which are covered in whole or in part by insurance. We believe while the final resolution of any such litigation may have an impact on our 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.

Note 13: Income Taxes

We account for income taxes under ASC 740, Income Taxes. The objectives of accounting for income taxes are to recognize the amount of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in our financial statements or tax returns.

Significant judgment is required in determining our provision for income taxes, our deferred tax assets and liabilities and any valuation allowance recorded against our deferred tax assets. Valuation allowances arise due to uncertainty of realizing deferred tax assets. ASC 740 requires that companies assess whether valuation allowances should be established against their deferred tax assets based on the consideration of all available evidence, using a “more-likely-than-not” standard. In making such assessments, significant weight is given to evidence that can be objectively verified. A company's current or previous losses are given more weight than its future outlook. Based on ASC 740 guidelines, as of June 1, 2013 and August 25, 2012, we have applied a valuation allowance of \$1.8 million and \$1.6 million, respectively, against our deferred tax assets. We will continue to assess the likelihood that our deferred tax assets will be realizable at each reporting period and our valuation allowance will be adjusted accordingly, which could materially impact our financial position and results of operations.

We file tax returns in the US federal jurisdiction, as well as various international and state jurisdictions. Although certain years are no longer subject to examinations by the IRS and various state taxing authorities, net operating loss carryforwards generated in

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those years may still be adjusted upon examination by the IRS or state taxing authorities if they either have been or will be used in a future period. Due to such carryback claims, our federal returns from Fiscal 2004 to present continue to be subject to review by the IRS. As such, the IRS is currently reviewing our Fiscal 2011 federal tax return. A number of years may elapse before an uncertain tax position is audited and finally resolved, and it is often very difficult to predict the outcome of such audits. Periodically, various state and local jurisdictions conduct audits, therefore, a variety of years are subject to state and local jurisdiction review.

As of June 1, 2013, our unrecognized tax benefits were \$4.8 million, of which if realized \$3.0 million could have a positive impact on the overall effective tax rate. It is our policy to recognize interest and penalties accrued relative to unrecognized tax benefits as tax expense. As of June 1, 2013, we had accrued \$2.0 million in interest and penalties which are included in unrecognized tax benefits. We do not anticipate any significant changes in unrecognized tax benefits within the next twelve months. Actual results may differ materially from this estimate.

Note 14: Earnings Per Share

The following table reflects the calculation of basic and diluted income per share:

| (In thousands, except per share data) | Quarter Ended | | Nine Months Ended | |
|---|-----------------|-----------------|-------------------|-----------------|
| | June 1, 2013 | May 26, 2012 | June 1, 2013 | May 26, 2012 |
| Income per share - basic | | | | |
| Net income | \$7,661 | \$3,941 | \$21,337 | \$4,064 |
| Weighted average shares outstanding | 27,987 | 29,225 | 28,128 | 29,171 |
| Net income per share - basic | \$0.27 | \$0.13 | \$0.76 | \$0.14 |
| Income per share - assuming dilution | | | | |
| Net income | \$7,661 | \$3,941 | \$21,337 | \$4,064 |
| Weighted average shares outstanding | 27,987 | 29,225 | 28,128 | 29,171 |
| Dilutive impact of awards and options outstanding | 100 | 38 | 90 | 72 |
| Weighted average shares and potential dilutive shares outstanding | 28,087 | 29,263 | 28,218 | 29,243 |
| Net income per share - assuming dilution | \$0.27 | \$0.13 | \$0.76 | \$0.14 |

At the end of the third quarters of Fiscal 2013 and Fiscal 2012, there were options outstanding to purchase 669,494 shares and 772,832 shares, respectively, of common stock at an average price of \$29.83 and \$29.02, respectively, which were not included in the computation of diluted income per share because they are considered anti-dilutive under the treasury stock method per ASC 260, Earnings Per Share.

Note 15: Subsequent Event

We evaluated all events or transactions occurring between the balance sheet date for the quarterly period ended June 1, 2013 and the date of issuance of the financial statements that would require recognition or disclosure in the financial statements. There were no material subsequent events, except as described in Note 4.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This management's discussion should be read in conjunction with the Financial Statements contained in this Form 10-Q as well as the Management's Discussion and Analysis and Risk Factors included in our Annual Report on Form 10-K for the fiscal year ended August 25, 2012.

Forward-Looking Information

Certain of the matters discussed in this Quarterly Report on Form 10-Q 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. A number of factors could cause actual results to differ materially from these statements, including, but not limited to, increases in interest rates, availability of credit, low consumer confidence, significant increase in repurchase obligations, inadequate liquidity or capital resources, availability and price of fuel, a slowdown in the economy, increased material and component costs, 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, the effect of global tensions, integration of operations relating to mergers and acquisitions activities and other factors which may be disclosed throughout this report. Although we believe that the expectations reflected in the “forward-looking statements” are reasonable, we cannot guarantee future results, or 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

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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 NYSE.

Executive Overview

Winnebago Industries, Inc. is a leading US manufacturer of RVs with a proud history of manufacturing RV products for more than 50 years. We produce all of our motorhomes in vertically integrated manufacturing facilities in Iowa and we produce all of our travel trailer and fifth wheels in Indiana. We distribute our products primarily through independent dealers throughout the US and Canada, who then retail the products to the end consumer.

Our retail unit market share, as reported by Stat Surveys based on state records, is illustrated below. Note that this data is subject to adjustment and is continuously updated.

| | Through April 30 | | Calendar Year | | | |
|----------------------------|------------------|---------------|------------------|---------------|-------|------|
| | 2013 | 2012 | 2012 | 2011 | 2010 | |
| US Retail Motorized: | | | | | | |
| Class A gas | 23.2 | %22.2 | % 24.2 | %22.2 | %23.7 | % |
| Class A diesel | 17.7 | %20.1 | % 19.4 | %17.6 | %15.2 | % |
| Total Class A | 21.1 | %21.3 | % 22.2 | %20.2 | %19.5 | % |
| Class C | 15.5 | %18.7 | % 18.3 | %17.4 | %17.9 | % |
| Total Class A and C | 18.4 | %20.1 | % 20.5 | %19.0 | %18.8 | % |
| Class B | 19.0 | %15.6 | % 17.6 | %7.9 | %15.6 | % |
| Canadian Retail Motorized: | | | | | | |
| Class A gas | 12.0 | %14.1 | % 15.3 | %16.5 | %14.9 | % |
| Class A diesel | 16.4 | %17.1 | % 17.3 | %18.0 | %9.9 | % |
| Total Class A | 13.6 | %15.2 | % 16.1 | %17.1 | %12.6 | % |
| Class C | 15.3 | %10.6 | % 14.9 | %15.9 | %13.8 | % |
| Total Class A and C | 14.5 | %12.8 | % 15.5 | %16.5 | %13.2 | % |
| Class B | 17.5 | %4.3 | % 12.7 | %7.1 | %4.8 | % |
| | US | | Canadian | | | |
| | Through April 30 | Calendar Year | Through April 30 | Calendar Year | | |
| Retail Towables: | 2013 | 2012 | 2013 | 2012 | 2012 | 2011 |
| Travel trailer | 0.9 | %0.8 | % 0.8 | %0.6 | % 0.6 | %0.5 |
| Fifth wheel | 0.8 | %1.0 | % 1.1 | %0.5 | % 1.5 | %0.6 |
| Total towables | 0.9 | %0.9 | % 0.9 | %0.6 | % 0.9 | %0.5 |

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Presented in fiscal quarters, certain key metrics are shown below:

| | Class A, B & C Motorhomes | | | | Travel Trailers & Fifth Wheels | | | |
|--|---------------------------|---------------|-------------------|---------------|--------------------------------|---------------|-------------------|---------------|
| | Wholesale | Retail | As of Quarter End | | Wholesale | Retail | As of Quarter End | |
| (In units) | Deliveries | Registrations | Dealer Inventory | Order Backlog | Deliveries | Registrations | Dealer Inventory | Order Backlog |
| Q4 2011 | 1,088 | 1,198 | 1,958 | 681 | 358 | 420 | 966 | 293 |
| Q1 2012 | 1,040 | 1,053 | 1,945 | 618 | 435 | 255 | 1,146 | 460 |
| Q2 2012 | 1,001 | 872 | 2,074 | 1,004 | 562 | 332 | 1,376 | 417 |
| Q3 2012 | 1,280 | 1,414 | 1,940 | 1,237 | 646 | 652 | 1,370 | 505 |
| Rolling 12 months June 2011-May 2012 | 4,409 | 4,537 | | | 2,001 | 1,659 | | |
| Q4 2012 | 1,321 | 1,334 | 1,927 | 1,473 | 695 | 700 | 1,365 | 411 |
| Q1 2013 | 1,534 | 1,416 | 2,045 | 2,118 | 557 | 367 | 1,555 | 687 |
| Q2 2013 | 1,419 | 1,072 | 2,392 | 2,752 | 548 | 328 | 1,775 | 381 |
| Q3 2013 | 1,978 | 1,736 | 2,634 | 2,846 | 713 | 846 | 1,642 | 443 |
| Rolling 12 months June 2012-May 2013 | 6,252 | 5,558 | | | 2,513 | 2,241 | | |

Highlights of the first nine months of Fiscal 2013:

Motorized performance:

During the first three quarters of Fiscal 2013 motor home deliveries increased by approximately 48.5% as compared to the first three fiscal quarters of 2012. In addition retail demand for our motorized products grew 26.9% when comparing the first three fiscal quarters of 2013 to fiscal 2012. As a result, dealer inventory grew by 35.8% when comparing the same time periods. We view this as a reflection of our dealer network's confidence in our products and the overall industry as they prepare for the historically stronger summer selling season. Our belief of improving dealer confidence is further supported by the continued growth in our sales order backlog. Even as we delivered nearly 2,000 motor homes in the fiscal third quarter of 2013; our strongest unit volume quarter since the first fiscal quarter of 2008, our sales order backlog grew by approximately 3% on a consecutive fiscal quarter comparison.

The continuing strong demand for our motorized products has led to enhanced financial performance. The sales incentive environment has improved as compared to a year ago and the incremental volume has provided operating leverage in multiple areas. Motorized operating profit increased by over 900% when comparing the first three fiscal quarters of 2013 to the first three quarters of fiscal 2012.

Towables performance:

Towables generated an operating loss of \$3.0 million in the first nine months of Fiscal 2013 compared to an operating loss of \$115,000 in the first nine months of Fiscal 2012. The two most significant issues that negatively impacted Towables' operating performance during the first nine months of Fiscal 2013 were increased warranty expense due to escalating negative claim experience and unfavorable overhead variances due to lower production. Significant changes have been made throughout the first half of Fiscal 2013 in key management positions to address the recent performance problems. Notably, a new Towables President was named in January 2013 and leadership responsibilities of warranty and service were centralized to the Company's headquarters in Iowa to better leverage the Company's industry leading capabilities, processes and expertise of long time motorized resources. During February 2013, production was idled in one of the assembly plants where production issues had been pervasive and only a small core group of employees were retained to train and work in the other assembly plant that has not experienced similar issues. Production is expected to resume in this plant during the fourth quarter of Fiscal 2013.

During the third quarter much progress was made at Towables. New product was introduced and we believe was well received at our Dealer Day event held in late April as evidenced by the increase in sales order backlog of 16.3% on a

consecutive fiscal quarter comparison. Retail registrations also grew as compared to the same quarter last year by 29.8%, reflecting the growing consumer demand of our Towable product. Positive cash flow was generated from operations in the quarter, primarily due to inventory reductions of \$3.9 million.

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Industry Outlook

Key statistics for the motorhome industry are as follows:

| US and Canada Industry Class A, B & C Motorhomes | | | | | | | | | |
|--|---------------|------------|------------|--------|-------------------------------------|--------|----------|--------|---|
| Wholesale Shipments ⁽¹⁾ | | | | | Retail Registrations ⁽²⁾ | | | | |
| | Calendar Year | | (Decrease) | | Calendar Year | | | | |
| (In units) | 2012 | 2011 | Increase | Change | 2012 | 2011 | Increase | Change | |
| Q1 | 6,869 | 6,888 | (19) | (0.3)% | 5,706 | 5,114 | 592 | 11.6 | % |
| Q2 | 7,707 | 7,868 | (161) | (2.0)% | 8,206 | 8,140 | 66 | 0.8 | % |
| Q3 | 6,678 | 5,267 | 1,411 | 26.8% | 6,916 | 6,102 | 814 | 13.3 | % |
| Q4 | 6,944 | 4,807 | 2,137 | 44.5% | 4,922 | 4,623 | 299 | 6.5 | % |
| Total | 28,198 | 24,830 | 3,368 | 13.6% | 25,750 | 23,979 | 1,771 | 7.4 | % |
| (In units) | 2013 | 2012 | Increase | Change | 2013 | 2012 | Increase | Change | |
| Q1 | 8,500 | 6,869 | 1,631 | 23.7% | 7,050 | 5,706 | 1,344 | 23.6 | % |
| April | 3,780 | 2,552 | 1,228 | 48.1% | 3,300 | 2,640 | 660 | 25.0 | % |
| May | 3,698 | 2,829 | 869 | 30.7% | (4) 2,883 | | | | |
| June | 3,089 | (3) 2,326 | 763 | 32.8% | (4) 2,683 | | | | |
| Q2 | 10,567 | (3) 7,707 | 2,860 | 37.1% | (4) 8,206 | | | | |
| Q3 | 8,000 | (3) 6,678 | 1,322 | 19.8% | (4) 6,916 | | | | |
| Q4 | 7,501 | (3) 6,944 | 557 | 8.0% | (4) 4,922 | | | | |
| Total | 34,568 | (3) 28,198 | 6,370 | 22.6% | 25,750 | | | | |

⁽¹⁾ Class A, B and C wholesale shipments as reported by RVIA.

⁽²⁾ Class A, B and C retail registrations as reported by Stat Surveys for the US and Canada combined.

Monthly and quarterly 2013 Class A, B and C wholesale shipments are based upon the forecast prepared by Dr. Richard Curtin of the University of Michigan Consumer Survey Research Center for RVIA and reported in the

⁽³⁾ Roadsigns RV Summer 2013 Industry Forecast Issue. The RVIA annual 2013 wholesale shipment forecast was 33,500 (prior to actual April and May shipments being available). The RVIA 2014 wholesale shipment forecast is 35,600.

⁽⁴⁾ Stat Surveys has not issued a projection for 2013 retail demand for this period.

Key statistics for the towable industry are as follows:

| US and Canada Travel Trailer & Fifth Wheel Industry | | | | | | | | | |
|---|---------------|------------|----------|--------|-------------------------------------|---------|----------|--------|---|
| Wholesale Shipments ⁽¹⁾ | | | | | Retail Registrations ⁽²⁾ | | | | |
| | Calendar Year | | | | Calendar Year | | | | |
| (In units) | 2012 | 2011 | Increase | Change | 2012 | 2011 | Increase | Change | |
| Q1 | 60,402 | 54,132 | 6,270 | 11.6% | 39,093 | 33,698 | 5,395 | 16.0 | % |
| Q2 | 71,095 | 65,987 | 5,108 | 7.7% | 83,990 | 79,155 | 4,835 | 6.1 | % |
| Q3 | 56,601 | 47,547 | 9,054 | 19.0% | 67,344 | 63,014 | 4,330 | 6.9 | % |
| Q4 | 54,782 | 45,266 | 9,516 | 21.0% | 32,469 | 30,044 | 2,425 | 8.1 | % |
| Total | 242,880 | 212,932 | 29,948 | 14.1% | 222,896 | 205,911 | 16,985 | 8.2 | % |
| (In units) | 2013 | 2012 | Increase | Change | 2013 | 2012 | Increase | Change | |
| Q1 | 66,745 | 60,402 | 6,343 | 10.5% | 42,261 | 39,093 | 3,168 | 8.1 | % |
| April | 26,716 | 22,751 | 3,965 | 17.4% | 27,258 | 24,950 | 2,308 | 9.3 | % |
| May | 27,179 | 24,546 | 2,633 | 10.7% | (4) 30,390 | | | | |
| June | 24,714 | (3) 23,798 | 916 | 3.8% | (4) 28,650 | | | | |
| Q2 | 78,609 | (3) 71,095 | 7,514 | 10.6% | (4) 83,990 | | | | |
| Q3 | 62,700 | (3) 56,601 | 6,099 | 10.8% | (4) 67,344 | | | | |

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| | | | | | | |
|-------|---------|-------------|--------|-----|---|------------|
| Q4 | 56,000 | (3) 54,782 | 1,218 | 2.2 | % | (4) 32,469 |
| Total | 264,054 | (3) 242,880 | 21,174 | 8.7 | % | 222,896 |

(1) Towable wholesale shipments as reported by RVIA.

(2) Towable retail registrations as reported by Stat Surveys for the US and Canada combined.

Monthly and quarterly 2013 towable wholesale shipments are based upon the forecast prepared by Dr. Richard

(3) Curtin of the University of Michigan Consumer Survey Research Center for RVIA and reported in the Roadsigns RV Summer 2013 Industry Forecast Issue. The RVIA annual 2013 wholesale shipment forecast was 261,500 (prior to actual April and May shipments being available). The RVIA 2014 wholesale shipment forecast is 271,100.

(4) Stat Surveys has not issued a projection for 2013 retail demand for this period.

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Company Outlook

Based on our profitable operating results in recent years, we believe that we have demonstrated our ability to maintain our liquidity, cover operations costs, recover fixed assets, and maintain physical capacity at present levels. Now that we have entered into the towable market, we have the potential to grow revenues and earnings in a market significantly larger than the motorized market.

As evidenced in the following table, our motorhome sales order backlog at the end of the third quarter of Fiscal 2013 significantly increased as compared to the end of the third quarter of Fiscal 2012. It has also increased sequentially from the end of the second quarter of Fiscal 2013, as previously illustrated. We believe the increase is a result of the overall growth of the RV industry coupled with positive dealer response and increased retail registration activity of our products.

As a result of the improved demand, we have been increasing our production throughout the past nine months to meet the growing demand for our products while managing constraints as they present themselves in relation to labor and component parts. When measured as units produced per production day our production in the third quarter of Fiscal 2013 increased 47.5% compared to the units produced per production day in the same quarter last year.

Our motorized sales order backlog of 2,846 as of June 1, 2013 represents orders to be shipped in the next two quarters.

We believe that the level of our dealer inventory at the end of the third quarter of Fiscal 2013 is aligned with current market conditions given the improved retail demand and increased sales order backlog of our product.

Our unit order backlog was as follows:

| (In units) | As Of | | | | Increase (Decrease) | % Change | | |
|--|--------------|-------|--------------|-------|------------------------|-------------|----|--|
| | June 1, 2013 | | May 26, 2012 | | | | | |
| Class A gas | 1,397 | 49.1 | % 479 | 38.7 | % 918 | 191.6 | % | |
| Class A diesel | 499 | 17.5 | % 257 | 20.8 | % 242 | 94.2 | % | |
| Total Class A | 1,896 | 66.6 | % 736 | 59.5 | % 1,160 | 157.6 | % | |
| Class B | 149 | 5.2 | % 120 | 9.7 | % 29 | 24.2 | % | |
| Class C | 801 | 28.1 | % 381 | 30.8 | % 420 | 110.2 | % | |
| Total motorhome backlog ⁽¹⁾ | 2,846 | 100.0 | % 1,237 | 100.0 | % 1,609 | 130.1 | % | |
| Travel trailer | 359 | 81.0 | % 301 | 59.6 | % 58 | 19.3 | % | |
| Fifth wheel | 84 | 19.0 | % 204 | 40.4 | % (120) | (58.8) |)% | |
| Total towable backlog ⁽¹⁾ | 443 | 100.0 | % 505 | 100.0 | % (62) | (12.3) |)% | |

Approximate backlog revenue in thousands

| | | | | | |
|-----------|-----------|-----------|-----------|--------|----|
| Motorhome | \$292,307 | \$131,418 | \$160,889 | 122.4 | % |
| Towable | \$9,562 | \$12,487 | \$(2,925) | (23.4) |)% |

We include in our backlog all accepted purchase orders from dealers to be shipped within the next six months.

⁽¹⁾ Orders in backlog can be cancelled or postponed at the option of the dealer at any time without penalty and, therefore, backlog may not necessarily be an accurate measure of future sales.

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Results of Operations

Current Quarter Compared to the Comparable Quarter Last Year

The following is an analysis of changes in key items included in the statements of operations:

| (In thousands, except percent and per share data) | Quarter Ended | | May 26, 2012 | % of Revenues ⁽¹⁾ | Increase (Decrease) | % Change | |
|---|---------------|------------------------------|--------------|------------------------------|---------------------|----------|----|
| | June 1, 2013 | % of Revenues ⁽¹⁾ | | | | | |
| Net revenues | \$218,199 | 100.0 | % \$155,709 | 100.0 | % \$62,490 | 40.1 | % |
| Cost of goods sold | 197,002 | 90.3 | % 143,638 | 92.2 | % 53,364 | 37.2 | % |
| Gross profit | 21,197 | 9.7 | % 12,071 | 7.8 | % 9,126 | 75.6 | % |
| Selling | 4,857 | 2.2 | % 4,331 | 2.8 | % 526 | 12.1 | % |
| General and administrative | 6,092 | 2.8 | % 4,213 | 2.7 | % 1,879 | 44.6 | % |
| Operating expenses | 10,949 | 5.0 | % 8,544 | 5.5 | % 2,405 | 28.1 | % |
| Operating income | 10,248 | 4.7 | % 3,527 | 2.3 | % 6,721 | 190.6 | % |
| Non-operating income | 144 | 0.1 | % 402 | 0.3 | % (258) | (64.2) |)% |
| Income before income taxes | 10,392 | 4.8 | % 3,929 | 2.5 | % 6,463 | 164.5 | % |
| Provision (benefit) for taxes | 2,731 | 1.3 | % (12) | — | % 2,743 | NMF | |
| Net income | \$7,661 | 3.5 | % \$3,941 | 2.5 | % \$3,720 | 94.4 | % |
| Diluted income per share | \$0.27 | | \$0.13 | | \$0.14 | 107.7 | % |
| Diluted average shares outstanding | 28,087 | | 29,263 | | (1,176) | (4.0) |)% |

⁽¹⁾ Percentages may not add due to rounding differences.

Unit deliveries and ASP, net of discounts, consisted of the following:

| (In units) | Quarter Ended | | May 26, 2012 | Product Mix % ⁽¹⁾ | Increase (Decrease) | % Change | |
|----------------------------|---------------|------------------------------|--------------|------------------------------|---------------------|----------|----|
| | June 1, 2013 | Product Mix % ⁽¹⁾ | | | | | |
| Motorhomes: | | | | | | | |
| Class A gas | 656 | 33.2 | % 429 | 33.5 | % 227 | 52.9 | % |
| Class A diesel | 323 | 16.3 | % 234 | 18.3 | % 89 | 38.0 | % |
| Total Class A | 979 | 49.5 | % 663 | 51.8 | % 316 | 47.7 | % |
| Class B | 78 | 3.9 | % 87 | 6.8 | % (9) | (10.3) |)% |
| Class C | 921 | 46.6 | % 530 | 41.4 | % 391 | 73.8 | % |
| Total motorhome deliveries | 1,978 | 100.0 | % 1,280 | 100.0 | % 698 | 54.5 | % |
| ASP (in thousands) | \$97.9 | | \$101.7 | | \$(3.7) | (3.7) |)% |
| Towables: | | | | | | | |
| Travel trailer | 587 | 82.3 | % 357 | 55.3 | % 230 | 64.4 | % |
| Fifth wheel | 126 | 17.7 | % 289 | 44.7 | % (163) | (56.4) |)% |
| Total towable deliveries | 713 | 100.0 | % 646 | 100.0 | % 67 | 10.4 | % |
| ASP (in thousands) | \$21.5 | | \$25.1 | | \$(3.6) | (14.5) |)% |

⁽¹⁾ Percentages may not add due to rounding differences.

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Net revenues consisted of the following:

| (In thousands) | Quarter Ended | | | Quarter Ended | | Increase (Decrease) | % Change | |
|------------------------------|-----------------|-------|---|-----------------|-------|------------------------|-------------|----|
| | June 1, 2013 | | | May 26, 2012 | | | | |
| Motorhomes ⁽¹⁾ | \$191,514 | 87.8 | % | \$128,016 | 82.2 | % \$63,498 | 49.6 | % |
| Towables ⁽²⁾ | 15,345 | 7.0 | % | 16,392 | 10.5 | % (1,047 |) (6.4 |)% |
| Motorhome parts and services | 3,282 | 1.5 | % | 2,909 | 1.9 | % 373 | 12.8 | % |
| Other manufactured products | 8,058 | 3.7 | % | 8,392 | 5.4 | % (334 |) (4.0 |)% |
| Total net revenues | \$218,199 | 100.0 | % | \$155,709 | 100.0 | % \$62,490 | 40.1 | % |

(1) Motorhome unit revenue less discounts, sales promotions and incentives, and accrued loss on repurchase adjustments.

(2) Includes towable units and parts.

The increase in motorhome net revenues of \$63.5 million or 49.6% was attributed primarily to a 54.5% increase in unit deliveries driven by higher dealer and retail consumer demand, partially offset by a decrease in motorhome ASP of 3.7% as compared to the third quarter of Fiscal 2012. The decrease in ASP was primarily due to a shift in class A gas product to lower price points, a higher percent of Class C unit sales and a lower percent of class A diesel units sales in the third quarter of Fiscal 2013.

The decrease in Towables revenues of \$1.0 million or 6.4% was attributed to a decrease in ASP of 14.5% partially offset by a 10.4% increase in unit deliveries as compared to the third quarter of Fiscal 2012.

Cost of goods sold was \$197.0 million, or 90.3% of net revenues for the third quarter of Fiscal 2013 compared to \$143.6 million, or 92.2% of net revenues for the third quarter of Fiscal 2012 due to the following:

Total variable costs (materials, direct labor, variable overhead, delivery expense and warranty), as a percent of net revenues, decreased to 84.6% this year from 85.6% last year which was primarily due to a lower percentage of sales discounts and incentives of net revenues than the prior year.

Fixed overhead (manufacturing support labor, depreciation and facility costs) and research and development-related costs decreased to 5.7% of net revenues compared to 6.6% for Fiscal 2012. This difference was primarily due to significantly higher production levels in Fiscal 2013 which resulted in higher absorption of fixed overhead costs.

All factors considered, gross profit increased from 7.8% to 9.7% of net revenues.

Selling expenses decreased to 2.2% from 2.8% of net revenues in the third quarter of Fiscal 2013 compared to Fiscal 2012, respectively. However, selling expenses increased \$526,000, or 12.1%, in the third quarter of Fiscal 2013 compared to the same period in Fiscal 2012. The expense increase was primarily due to advertising expenses associated with our Dealer Days show and compensation expense in Fiscal 2013.

General and administrative expenses were 2.8% and 2.7% of net revenues in the third quarter of Fiscal 2013 and Fiscal 2012, respectively. General and administrative expenses increased \$1.9 million, or 44.6% in the third quarter of Fiscal 2013 compared to the same period in Fiscal 2012. This increase was due primarily to increases of \$1.9 million in incentives accrued under annual and long-term bonus plans.

Non-operating income decreased \$258,000 or 64.2%, in the third quarter of Fiscal 2013 compared to the same period in Fiscal 2012. This difference is primarily due to higher proceeds from COLI policies in Fiscal 2012.

The overall effective income tax provision rate for the third quarter of Fiscal 2013 was 26.3% compared to the tax benefit rate of (0.3)% for the second quarter of Fiscal 2012. The increase in tax rate for the third quarter of Fiscal 2013 is primarily a result of the level of pretax book income earned during the quarter. We also had a reduced level (in comparison to book income) of benefits recorded for uncertain tax positions during the quarter. Our effective tax benefit rate for the third quarter of Fiscal 2012 was impacted by the lack of taxable income being generated during the quarter, thus resulting in minimal tax being recorded during the quarter from operations. In addition, we recorded tax benefits in the quarter associated with tax planning initiatives as well as reductions to reserves for uncertain tax positions.

Net income and diluted income per share were \$7.7 million and \$0.27 per share, respectively, for the third quarter of Fiscal 2013. In the third quarter of Fiscal 2012, the net income was \$3.9 million and diluted income was \$0.13 per share. The impact of stock repurchases since July 2012 (the date we began recent repurchases) on diluted net income per share was an increase of \$0.01 for the third quarter of Fiscal 2013. See Part II, Item 2.

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Nine Months Compared to the Comparable Nine Months Last Year

The following is an analysis of changes in key items included in the statements of operations:

| (In thousands, except percent and per share data) | Nine Months Ended | | May 26, 2012 | % of Revenues ⁽¹⁾ | Increase (Decrease) | % Change | |
|---|-------------------|---------------------------------|-----------------|---------------------------------|------------------------|-------------|----|
| | June 1, 2013 | % of Revenues ⁽¹⁾ | | | | | |
| Net revenues | \$588,919 | 100.0 | % \$419,146 | 100.0 | % \$169,773 | 40.5 | % |
| Cost of goods sold | 529,784 | 90.0 | % 391,733 | 93.5 | % 138,051 | 35.2 | % |
| Gross profit | 59,135 | 10.0 | % 27,413 | 6.5 | % 31,722 | 115.7 | % |
| Selling | 13,649 | 2.3 | % 12,485 | 3.0 | % 1,164 | 9.3 | % |
| General and administrative | 16,392 | 2.8 | % 11,938 | 2.8 | % 4,454 | 37.3 | % |
| Loss on assets held for sale | 28 | — | % — | — | % 28 | NMF | |
| Operating expenses | 30,069 | 5.1 | % 24,423 | 5.8 | % 5,646 | 23.1 | % |
| Operating income | 29,066 | 4.9 | % 2,990 | 0.7 | % 26,076 | NMF | |
| Non-operating income | 739 | 0.1 | % 549 | 0.1 | % 190 | 34.6 | % |
| Income before income taxes | 29,805 | 5.1 | % 3,539 | 0.8 | % 26,266 | NMF | |
| Provision (benefit) for taxes | 8,468 | 1.4 | % (525) |)(0.1 |)% 8,993 | NMF | |
| Net income | \$21,337 | 3.6 | % \$4,064 | 1.0 | % \$17,273 | 425.0 | % |
| Diluted income per share | \$0.76 | | \$0.14 | | \$0.62 | 442.9 | % |
| Diluted average shares outstanding | 28,218 | | 29,243 | | (1,025) |)(3.5 |)% |

⁽¹⁾ Percentages may not add due to rounding differences.

Unit deliveries and ASP, net of discounts, consisted of the following:

| (In units) | Nine Months Ended | | May 26, 2012 | Product Mix % ⁽¹⁾ | Increase (Decrease) | % Change | |
|----------------------------|-------------------|---------------------------------|-----------------|---------------------------------|------------------------|-------------|----|
| | June 1, 2013 | Product Mix % ⁽¹⁾ | | | | | |
| Motorhomes: | | | | | | | |
| Class A gas | 1,779 | 36.1 | % 1,163 | 35.0 | % 616 | 53.0 | % |
| Class A diesel | 989 | 20.1 | % 701 | 21.1 | % 288 | 41.1 | % |
| Total Class A | 2,768 | 56.1 | % 1,864 | 56.1 | % 904 | 48.5 | % |
| Class B | 263 | 5.3 | % 215 | 6.5 | % 48 | 22.3 | % |
| Class C | 1,900 | 38.5 | % 1,242 | 37.4 | % 658 | 53.0 | % |
| Total motorhome deliveries | 4,931 | 100.0 | % 3,321 | 100.0 | % 1,610 | 48.5 | % |
| ASP (in thousands) | \$106.2 | | \$106.0 | | \$0.1 | 0.1 | % |
| Towables: | | | | | | | |
| Travel trailer | 1,433 | 78.8 | % 928 | 56.5 | % 505 | 54.4 | % |
| Fifth wheel | 385 | 21.2 | % 715 | 43.5 | % (330) |)(46.2 |)% |
| Total towable deliveries | 1,818 | 100.0 | % 1,643 | 100.0 | % 175 | 10.7 | % |
| ASP (in thousands) | \$21.6 | | \$24.6 | | \$(3.1) |)(12.4 |)% |

⁽¹⁾ Percentages may not add due to rounding differences.

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Net revenues consisted of the following:

| (In thousands) | Nine Months Ended | | | | Increase (Decrease) | % Change | |
|------------------------------|-------------------|-------|-----------------|-------|------------------------|-------------|----|
| | June 1, 2013 | | May 26, 2012 | | | | |
| Motorhomes ⁽¹⁾ | \$517,216 | 87.8 | % \$347,510 | 82.9 | % \$169,706 | 48.8 | % |
| Towables ⁽²⁾ | 39,309 | 6.7 | % 40,948 | 9.8 | % (1,639) | (4.0) |)% |
| Motorhome parts and services | 9,570 | 1.6 | % 8,695 | 2.1 | % 875 | 10.1 | % |
| Other manufactured products | 22,824 | 3.9 | % 21,993 | 5.2 | % 831 | 3.8 | % |
| Total net revenues | \$588,919 | 100.0 | % \$419,146 | 100.0 | % \$169,773 | 40.5 | % |

(1) Motorhome unit revenue less discounts, sales promotions and incentives, and accrued loss on repurchase adjustments.

(2) Includes towable units and parts.

The increase in motorhome net revenues of \$169.7 million or 48.8% was attributed primarily to a 48.5% increase in unit deliveries in the first nine months of Fiscal 2013 driven by higher dealer and retail consumer demand as compared to the first nine months of Fiscal 2012.

Towables revenues were \$39.3 million in the first nine months of Fiscal 2013, compared to \$40.9 million in the first nine months of Fiscal 2012. Overall, the 10.7% increase in unit deliveries was offset by a 12.4% decrease in ASPs.

Cost of goods sold was \$529.8 million, or 90.0% of net revenues for the first nine months of Fiscal 2013 compared to \$391.7 million, or 93.5% of net revenues for the first nine months of Fiscal 2012 due to the following:

Total variable costs (materials, direct labor, variable overhead, delivery expense and warranty), as a percent of net revenues, decreased to 84.2% this year from 85.9% last year which was primarily due to lower material costs and greater production efficiencies due to increased production levels.

Fixed overhead (manufacturing support labor, depreciation and facility costs) and research and development-related costs decreased to 5.8% of net revenues compared to 7.6% for Fiscal 2012. This difference was primarily due significantly higher production levels in Fiscal 2013 which resulted in higher absorption of fixed overhead costs.

All factors considered, gross profit increased from 6.5% to 10.0% of net revenues.

Selling expenses decreased to 2.3% from 3.0% of net revenues in the first nine months of Fiscal 2013 as compared to Fiscal 2012, respectively. However, selling expenses increased \$1.2 million, or 9.3%, in the first nine months of Fiscal 2013 compared to the same period in Fiscal 2012. The expense increase was due to increased sales compensation of \$500,000, advertising expenses of \$270,000, and accrued incentives of \$115,000.

General and administrative expenses were 2.8% and 2.8% of net revenues in the first nine months of Fiscal 2013 and Fiscal 2012, respectively. General and administrative expenses increased \$4.5 million, or 37.3% in the first nine months of Fiscal 2013 compared to the same period in Fiscal 2012. This increase was due primarily to increases of \$3.9 million in incentives accrued under annual and long-term bonus plans, \$460,000 in consulting and audit fees, and \$440,000 in legal expenses.

During the first quarter of Fiscal 2013 we realized a loss of \$28,000 on the sale of an idled manufacturing facility (Hampton). See Note 6 to the financial statements.

Non-operating income increased \$190,000 or 34.6%, in the first nine months of Fiscal 2013 compared to the same period in Fiscal 2012. This difference is primarily due to reduced COLI expenses and financing fees.

The overall effective income tax provision rate for the first nine months of Fiscal 2013 was 28.4% compared to the tax benefit rate of (14.8)% for the first nine months of Fiscal 2012. The tax rate for the first nine months of Fiscal 2013 most notably is a result of the level of pretax book income earned during the first nine months of Fiscal 2013. We also had a reduced level (in comparison to book income) of benefits recorded for uncertain tax positions during the first nine months. Our effective tax benefit rate for the first nine months of Fiscal 2012 was impacted by the pretax loss recorded during the first six months, as well as favorable tax benefits being recorded to the reserve for uncertain tax positions, as well as tax planning initiatives recorded during this period.

Net income and diluted income per share were \$21.3 million and \$0.76 per share, respectively, for the first nine months of Fiscal 2013. In the first nine months of Fiscal 2012, the net income was \$4.1 million and diluted income was \$0.14 per share. The impact of stock repurchases since July 2012 (the date we began recent repurchases) on diluted net income per share was an increase of \$0.03 for the first nine months of Fiscal 2013. See Part II, Item 2.

Analysis of Financial Condition, Liquidity and Resources

Cash and cash equivalents decreased \$20.3 million during the first nine months of Fiscal 2013 and totaled \$42.4 million as of June 1, 2013. Significant liquidity events that occurred during the first nine months of Fiscal 2013 were:
Generated net income of \$21.3 million

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Increase in inventory of \$26.3 million: The increase was primarily a result of significantly more finished goods units ready for delivery and in transit

Stock repurchases of approximately \$11.1 million

On October 31, 2012, we entered into the Credit Agreement with GECC. The Credit Agreement provides for an initial \$35.0 million revolving credit facility based on our eligible inventory and expires on October 31, 2015 unless terminated earlier in accordance with its terms. There is no termination fee associated with the Credit Agreement.

The Credit Agreement contains no financial covenant restrictions for borrowings where we have excess borrowing availability under the facility of greater than \$5.0 million. The Credit Agreement requires us to comply with a fixed charge ratio if excess borrowing availability under the facility is less than \$5.0 million or if we repurchase more than \$25.0 million of company stock within the first twelve months of the date of the Credit Agreement. In addition, the Credit Agreement also includes a framework to expand the size of the facility up to \$50.0 million, based on mutually agreeable terms at the time of the expansion. See Note 8 to the financial statements.

We filed a Registration Statement on Form S-3, which was declared effective by the SEC on May 9, 2013. Subject to market conditions, we have the ability to offer and sell up to \$35 million of our common stock in one or more offerings pursuant to the Registration Statement. The Registration Statement will be available for use for three years from its effective date. We currently have no plans to offer and sell the common stock registered under the Registration Statement; however, it does provide another potential source of liquidity in addition to the alternatives already in place.

Working capital at June 1, 2013 and August 25, 2012 was \$141.6 million and \$126.1 million, respectively, an increase of \$15.5 million. We currently expect cash on hand, funds generated from operations and the availability under a credit facility to be sufficient to cover both short-term and long-term operating requirements. We anticipate capital expenditures during the balance of Fiscal 2013 of approximately \$1.4 million, primarily for manufacturing equipment and facilities.

We made share repurchases of \$11.1 million in the first nine months of Fiscal 2013. See Part II, Item 2. If we believe the common stock is trading at attractive levels we may purchase additional shares in the remainder of Fiscal 2013.

Operating Activities

Cash used in operating activities was \$6.9 million for the nine months ended June 1, 2013 compared to cash provided by operating activities of \$11.7 million for the nine months ended May 26, 2012. The combination of net income of \$21.3 million in Fiscal 2013 and changes in non-cash charges (e.g., depreciation, LIFO, stock-based compensation, deferred income taxes) provided \$23.9 million of operating cash compared to \$9.1 million in the first nine months of Fiscal 2012. In the nine months ended June 1, 2013 changes in assets and liabilities (primarily an increase in inventories) used \$30.8 million of operating cash. In the nine months ended May 26, 2012, changes in assets and liabilities provided \$2.6 million of operating cash.

Investing Activities

Cash used in investing activities of \$2.1 million for the nine months ended June 1, 2013 was due primarily to capital spending of \$3.3 million and payments of COLI borrowings of \$1.4 million, and was partially offset by proceeds of \$1.0 million from COLI policies and proceeds of \$637,000 from the sale of property. In the nine months ended May 26, 2012, cash provided by investing activities of \$85,000 was due to COLI proceeds of \$1.4 million, and was offset by capital spending of \$1.5 million.

Financing Activities

Cash used in financing activities of \$11.2 million for the nine months ended June 1, 2013 was primarily due to \$11.1 million in repurchases of our stock. Cash used in financing activities for the nine months ended May 26, 2012 was \$310,000.

Significant Accounting Policies

We describe our significant accounting policies in Note 1, Summary of Significant Accounting Policies, of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended August 25, 2012. We discuss our critical accounting estimates in Item 7, Management's Discussion and Analysis of

Financial Condition and Results of Operations, in our Annual Report on Form 10-K for the fiscal year ended August 25, 2012. We refer to these disclosures for a detailed explanation of our significant accounting policies and critical accounting estimates. There has been no significant change in our significant accounting policies or critical accounting estimates since the end of Fiscal 2012.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We have market risk exposure to our ARS, which is described in further detail in Note 4 to the financial statements.

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Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain "disclosure controls and procedures", as such term is defined under Securities Exchange Act of 1934, as amended ("Exchange Act") Rule 13a-15(e), that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. Management necessarily applied its judgment in assessing the costs and benefits of such controls and procedures, which, by their nature, can provide only reasonable assurance regarding management's disclosure control objectives.

We have carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, required by Exchange Act Rule 13a-15(b), as of the end of the period covered by this Report (the "Evaluation Date"). Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of the Evaluation Date.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting as defined in Exchange Act Rule 13a-15(f) that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

We are involved in various legal proceedings which are ordinary routine litigation incidental to our business, some of which are covered in whole or in part by insurance. We believe, while the final resolution of any such litigation may have an impact on our 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 2. Unregistered Sales of Equity Securities and Use of Proceeds

On December 19, 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. During the third quarter of Fiscal 2013, approximately 154,000 shares were repurchased under the authorization, at an aggregate cost of approximately \$2.8 million. Approximately 10,300 of these shares were repurchased from employees who vested in Winnebago Industries shares during the third quarter of Fiscal 2013 and elected to pay their payroll tax via shares as opposed to cash. As of June 1, 2013, there was approximately \$41.4 million remaining under this authorization.

This table provides information with respect to purchases by us of shares of our common stock during each fiscal month of the third quarter of Fiscal 2013:

| 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 |
|---------------------|----------------------------------|------------------------------|--|--|
| 03/03/13 - 04/06/13 | 20,280 | \$20.32 | 20,280 | \$43,787,000 |
| 04/07/13 - 05/04/13 | 133,377 | \$17.58 | 133,377 | \$41,442,000 |
| 05/05/13 - 06/01/13 | — | \$— | — | \$41,442,000 |
| Total | 153,657 | \$17.94 | 153,657 | \$41,442,000 |

Item 6. Exhibits

10.1 Winnebago Industries, Inc. Directors' Deferred Compensation Plan as amended on July 1, 2013.

31.1 Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 dated June 28, 2013.

31.2 Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 dated June 28, 2013.

32.1 Certification by the Chief Executive Officer pursuant to Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 dated June 28, 2013.

32.2 Certification by the Chief Financial Officer pursuant to Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 dated June 28, 2013.

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101.INS*XBRL Instance Document

101.SCH*XBRL Taxonomy Extension Schema Document

101.CAL*XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF*XBRL Taxonomy Extension Definitions Linkbase Document

101.LAB*XBRL Taxonomy Extension Label Linkbase Document

101.PRE*XBRL Taxonomy Extension Presentation Linkbase Document

*Attached as Exhibit 101 to this report are the following financial statements from our Quarterly Report on Form 10-Q for the quarter ended June 1, 2013 formatted in XBRL: (i) the Unaudited Consolidated Balance Sheets, (ii) the Unaudited Consolidated Statements of Operations and Comprehensive Income, (iii) the Unaudited Consolidated Statement of Cash Flows, and (iv) related notes to these financial statements. Such exhibits are deemed furnished and not filed pursuant to Rule 406T of Regulation S-T.

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.

Date: June 28, 2013

By /s/ Randy J. Potts
Randy J. Potts
Chief Executive Officer, President, Chairman of the
Board
(Principal Executive Officer)

Date: June 28, 2013

By /s/ Sarah N. Nielsen
Sarah N. Nielsen
Vice President, Chief Financial Officer
(Principal Financial and Accounting Officer)