WINNEBAGO INDUSTRIES INC
Form 10-K
October 20, 2017

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 26, 2017; 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	42-0802678
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
P.O. Box 152, Forest City, Iowa	50436
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (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)	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 o No x
Indicate by check mark whether the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No x
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o
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 x No o
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) 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 Form 10-K or any amendment to this Form 10-K x.
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.
Large Accelerated Filer x Accelerated Filer o Non-accelerated filer o Smaller Reporting Company o Emerging Growth Company o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

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

Aggregate market value of the common stock held by non-affiliates of the registrant: $1,025,558,857 (30,705,355 shares at the closing price on the New York Stock Exchange of $33.40 on February 24, 2017).

Common stock outstanding on October 17, 2017: 31,634,517 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement relating to the registrant's December 2017 Annual Meeting of Shareholders, scheduled to be held December 12, 2017, are incorporated by reference into Part II and Part III of this Annual Report on Form 10-K where indicated.

Winnebago Industries, Inc.
2017 Form 10-K Annual Report
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Glossary

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

ABL	Credit Agreement dated as of November 8, 2016 among Winnebago Industries, Inc., Winnebago of Indiana, LLC, Grand Design RV, LLC, the other loan parties thereto and JPMorgan Chase Bank, N.A. as Administrative Agent
AOCI	Accumulated Other Comprehensive Income (Loss)
Amended Credit Agreement	Credit Agreement dated as of May 28, 2014 by and between Winnebago Industries, Inc. and Winnebago of Indiana, LLC, as Borrowers, and Wells Fargo Capital Finance, as Agent; terminated on November 8, 2016
ASC	Accounting Standards Codification
ASP	Average Sales Price
ASU	Accounting Standards Update
Blocker Corporation	SPGE VIII - B GD RV Blocker Corporation
COLI	Company Owned Life Insurance
Credit Agreement	Collective reference to the ABL and Term Loan
EPS	Earnings Per Share
ERP	Enterprise Resource Planning
FASB	Financial Accounting Standards Board
FIFO	First In, First Out
GAAP	Generally Accepted Accounting Principles
Grand Design	Grand Design RV, LLC
IRS	Internal Revenue Service
IT	Information Technology
JPMorgan	JPMorgan Chase Bank, N.A.
LIBOR	London Interbank Offered Rate
LIFO	Last In, First Out
LTIP	Long-Term Incentive Plan
Motorized	Business segment including motorhomes and other related manufactured products
MVA	Motor Vehicle Act
NMF	Non-Meaningful Figure
NOL	Net Operating Loss
NYSE	New York Stock Exchange
OCI	Other Comprehensive Income
Octavius	Octavius Corporation, a wholly-owned subsidiary of Winnebago Industries, Inc.
OSHA	Occupational Safety and Health Administration
ROE	Return on Equity
RV	Recreation Vehicle
RVIA	Recreation Vehicle Industry Association
SEC	U.S. Securities and Exchange Commission
SERP	Supplemental Executive Retirement Plan
SG&A	Selling, General and Administrative Expenses
SIR	Self-Insured Retention
Stat Surveys	Statistical Surveys, Inc.
Term Loan	Loan Agreement dated as of November 8, 2016 among Winnebago Industries, Inc., Octavius Corporation, the other loan parties thereto and JPMorgan Chase Bank, N.A. as Administrative Agent

Towable	Business segment including products which are not motorized and are towable by another vehicle
US	United States of America
XBRL	eXtensible Business Reporting Language
YTD	Year to Date

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WINNEBAGO INDUSTRIES, INC.
FORM 10 K
Report for the Fiscal Year Ended August 26, 2017

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. 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, availability of labor, 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 generally, business interruptions, any unexpected expenses related to ERP, risks relating to the integration of our acquisition of Grand Design including: risks inherent in the achievement of cost synergies and the timing thereof, risks related to the disruption of the transaction to Winnebago and Grand Design and its management, the effect of the transaction on Grand Design's ability to retain and hire key personnel and maintain relationships with customers, suppliers and other third parties, risk related to compliance with debt covenants and leverage ratios, 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 NYSE. We advise you, however, to consult any further disclosures made on related subjects in future quarterly reports on Form 10-Q and current reports on Form 8-K that are filed or furnished with the SEC.

PART I

Item 1. Business

General

The "Company," "Winnebago Industries," "we," "our" and "us" are used interchangeably to refer to Winnebago Industries, Inc. and its wholly-owned subsidiaries, as appropriate in the context.

Winnebago Industries, Inc., headquartered in Forest City, Iowa, is a leading United States manufacturer of RVs used primarily in leisure travel and outdoor recreation activities.

We own or lease facilities in Middlebury, Indiana, where we manufacture travel trailers and fifth wheel RVs and Junction City, Oregon, where we manufacture motorhomes.

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 website, located at www.wgo.net, provides additional information about us. On our website, 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 SEC. Our recent press releases are also available on our website. Our website also contains important information regarding our corporate governance practices. Information contained on our website is not incorporated into this Current Report on Form 8-K. You may also read and copy any materials that we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Room 1580, Washington, D.C. 20549. You may obtain information on the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains a website that contains reports, proxy statements and other information that is filed electronically with

the SEC. The website can be accessed at www.sec.gov.

Principal Products

We have two reporting segments: (1) Motorized products and services and (2) Towable products and services. The Towable segment includes all products which are not motorized and are towable by another vehicle. The Motorized segment includes all products that include a motorized chassis as well as other related manufactured products. Net revenues by major product classes

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were as follows:

	Year Ended [1]									
(In thousands)	August 26, 2017		August 27, 2016		August 29, 2015		August 30, 2014		August 31, 2013	
Motorized [2]	$861,922	55.7 %	$885,814	90.8 %	$904,821	92.7 %	$887,040	93.9 %	$748,482	93.2 %
Towable [3]	685,197	44.3 %	89,412	9.2 %	71,684	7.3 %	58,123	6.1 %	54,683	6.8 %
Total net revenues	$1,547,119	100.0%	$975,226	100.0%	$976,505	100.0%	$945,163	100.0%	$803,165	100.0%

[1] The fiscal year ended August 31, 2013 contained 53 weeks; all other fiscal years contained 52 weeks.

[2] Includes motorhome units, parts and services and other related manufactured products.

[3] Includes towable units and parts.

Motorized products and services segment. A motorhome 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 RVIA classifies motorhomes into three types, all of which we manufacture and sell under the Winnebago brand name, which are defined as follows:

Type	Description	Winnebago products offerings
Class A	Conventional motorhomes 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 motorhome manufacturer.	Gas: Adventurer, Intent[1], Sightseer, Suncruiser, Sunova, Sunstar, Sunstar LX, Vista, Vista LX Diesel: Forza, Grand Tour, Horizon[1], Journey, Tour, Via
Class B (gas and diesel)	Panel-type vans to which sleeping, kitchen, and/or toilet facilities are added. These models may also have a top extension to provide more headroom.	Winnebago Touring Coach (Era, Paseo, Revel[1], Travato)
Class C (gas and diesel)	Motorhomes built on van-type chassis onto which the motorhome manufacturer constructs a living area with access to the driver's compartment.	Aspect, Cambria, Fuse, Minnie Winnie, Navion, Spirit, Trend, View

[1] New product offerings introduced in September 2017

Our Class A, B and C motorhomes are sold by dealers in the retail market with manufacturer's suggested retail prices ranging from approximately $80,000 to $520,000, depending on size and model, plus optional equipment and delivery charges. Our motorhomes range in length from 21 to 44 feet.

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

	Year Ended [1][2]									
Units	August 26, 2017		August 27, 2016		August 29, 2015		August 30, 2014		August 31, 2013	
Class A	3,182	34.4 %	2,925	31.4 %	3,442	37.8 %	4,466	51.0 %	3,761	55.1 %
Class B	1,541	16.6 %	1,239	13.3 %	991	10.9 %	751	8.6 %	372	5.5 %
Class C	4,537	49.0 %	5,143	55.3 %	4,664	51.3 %	3,538	40.4 %	2,688	39.4 %
Total motorhomes	9,260	100.0%	9,307	100.0%	9,097	100.0%	8,755	100.0%	6,821	100.0%

[1] The fiscal year ended August 31, 2013 contained 53 weeks; all other fiscal years contained 52 weeks.

[2] Percentages may not add due to rounding differences.

Motorhome parts and service activities represent revenues generated by service work we perform for retail customers at our Forest City, Iowa and Junction City, Oregon facilities as well as revenues from sales of RV parts. Our competitive strategy is to provide proprietary manufactured parts through our dealer network, which we believe increases customer satisfaction and the value of our motorhomes.

As a result of our motorhome manufacturing capabilities, equipment and facilities, we have from time to time used incremental capacity to manufacture other products for outside customers. These other manufactured products included aluminum extrusion operations which we exited in Fiscal 2016. We exited the bus operation in Fiscal 2015. We also manufacture other specialty commercial vehicles which are motorhome shells, primarily custom designed for the buyer's specific needs and requirements, such as law enforcement command centers, mobile medical clinics and mobile office space. These specialty commercial vehicles are sold through our dealer network. In addition, we also provide commercial vehicles as bare shells to third-party upfitters for conversion at their facilities.

Towable products and services segment. A towable is a non-motorized vehicle that is designed to be towed by passenger automobiles, pickup trucks, SUVs or vans and is used as temporary living quarters for recreational travel. The RVIA classifies towables in four types: conventional travel trailers, fifth wheels, folding camper trailers and truck campers; we manufacture and sell

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conventional travel trailers and fifth wheels under the Winnebago and Grand Design brand names, which are defined as follows:

Type	Description	Winnebago product offerings	Grand Design product offerings
Travel trailer	Conventional travel trailers are towed by means of a hitch attached to the frame of the vehicle.	Micro Minnie, Minnie, Minnie Drop, Minnie Plus	Imagine, Reflection
Fifth wheel	Fifth wheel trailers are constructed with a raised forward section that is connected to the vehicle with a special fifth wheel hitch.	Minnie Plus	Momentum, Reflection, Solitude

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

	Year Ended [1][2]									
Units	August 26, 2017		August 27, 2016		August 29, 2015		August 30, 2014		August 31, 2013	
Travel trailer	13,650	60.7 %	3,613	86.0 %	2,182	81.7 %	2,052	81.8 %	2,038	80.4 %
Fifth wheel	8,824	39.3 %	586	14.0 %	488	18.3 %	457	18.2 %	497	19.6 %
Total towables	22,474	100.0%	4,199	100.0%	2,670	100.0%	2,509	100.0%	2,535	100.0%

[1] The fiscal year ended August 31, 2013 contained 53 weeks; all other fiscal years contained 52 weeks.

[2] Percentages may not add due to rounding differences.

On November 8, 2016, we closed on our acquisition of Grand Design, a fast-growing towables manufacturer in Middlebury, Indiana. Grand Design manufactures travel trailers and fifth wheel products. With this acquisition, we have a broader and more balanced portfolio of motorized and towable products and intend to capitalize on the opportunities across the RV market and to drive improved profitability and long-term value for shareholders.

Production

We generally produce motorhomes and towables to order from dealers. We have some 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 head count. We have long been known as an industry leader in innovation as each year we introduce new or redesigned products. These changes generally include new floor plans and sizes as well as design and decor modifications.

Our motorhomes are primarily produced in the state of Iowa at four different campuses. Our Forest City facilities are vertically integrated and provide mechanized assembly line manufacturing for Class A and C motorhomes. We assemble Class B motorhomes in our Lake Mills facilities. Hardwood cabinet, countertop and compartment door products are manufactured at our Charles City campus. Our Waverly facility is used for wire harness fabrication. Beginning in 2016, we also began assembling Class A motorhomes in our Junction City, Oregon facility. Our motorhome bodies are made from various materials and structural components which are typically laminated into rigid, lightweight panels. Body designs are developed with computer aided design and manufacturing and subjected to a variety of tests and evaluations to meet our standards and requirements. We manufacture a number of components utilized in our motorhomes, with the principal exceptions being chassis, engines, generators and appliances that we purchase from reputable manufacturers.

Most of our raw materials such as steel, aluminum, fiberglass and wood products are obtainable from numerous sources. Certain parts, especially motorhome chassis, are available from a small group of suppliers. We are currently purchasing Class A and C chassis from Ford Motor Company, Mercedes-Benz USA (a Daimler company) and Mercedes-Benz Canada (a Daimler company) and Class A chassis from Freightliner Custom Chassis Corporation (a Daimler company). Class B chassis are purchased from Mercedes-Benz USA, Mercedes-Benz Canada, FCA US, LLC and FCA Canada, Inc.. Class C chassis are also purchased from FCA US, LLC and FCA Canada, Inc. In Fiscal 2017, we had two suppliers, a chassis manufacturer and a component manufacturer, that individually accounted for more than 10% of our raw material purchases.

Our towables are produced at two assembly plants located in Middlebury, Indiana. The majority of components are comprised of frames, appliances and furniture, and are purchased from suppliers.

Backlog

We strive to balance timely order fulfillment to customers with the lead times suppliers require to efficiently source materials and manage costs. Production facility constraints at peak periods also lead to fluctuations in backlogged orders which we manage closely. The approximate revenue of our motorhome backlog was $122.1 million and $107.6 million as of August 26, 2017 and August 27, 2016, respectively. The approximate revenue of our towable backlog was $229.7 million and $8.4 million as of August 26, 2017 and August 27, 2016, respectively. A more detailed description of our motorhome and towable order backlog is included in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

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Distribution and Financing

We market our RVs on a wholesale basis to a diversified independent dealer network located throughout the US and, to a limited extent, in Canada. Foreign sales, including Canada, were 7% or less of net revenues during each of the past three fiscal years. See Note 3 to our Financial Statements of this Annual Report on Form 10-K.

As of August 26, 2017, our RV dealer network in the US and Canada included approximately 500 motorized and towable physical dealer locations, many of which carry both products. One of our dealer organizations, La Mesa RV Center, Inc., accounted for 10.0% of our consolidated net revenue for Fiscal 2017, as this dealer sold our products in 10 dealership locations across 4 US states.

We have sales and service agreements with dealers which are subject to annual review. Many of the dealers are also engaged in other areas of business, including the sale of automobiles, trailers or boats, and many dealers carry one or more competitive lines of RVs. We continue to place high emphasis on the capability of our dealers to provide complete service for our RVs. Dealers are obligated to provide full service for owners of our RVs or, in lieu thereof, to secure such service from other authorized providers.

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

RV 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 RV 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 18 months after a unit is financed, in the event of default by the dealer on the agreement to pay the lending institution and repossession of the unit(s) by the lending institution, we will repurchase the financed merchandise from the lender at the amount then due, which is often less than dealer invoice. Our maximum exposure for repurchases varies significantly from time to time, depending upon the level of dealer inventory, general economic conditions, demand for RVs, dealer location and access to and the cost of financing. See Note 10.

Competition

The RV market is highly competitive with many other manufacturers selling products which compete directly with our products. Some of our competitors are much larger than us, most notably in the towable RV market, which may provide these competitors additional purchasing power. The competition in the RV industry is based upon design, price, quality and service of the products. We believe our principal competitive advantages are our brand strength, product quality and our service after the sale. We also believe that our motorhome products have historically commanded a price premium as a result of these competitive advantages.

Seasonality

The primary use of RVs for leisure travel and outdoor recreation has historically led to a peak retail selling season concentrated in the spring and summer months and lower sales during winter months. Our sales of RVs are generally influenced by this pattern in retail sales, but sales can also be affected by the level of dealer inventory. As a result, RV sales are historically lowest during our second fiscal quarter, which ends in February.

Governmental Regulations

We are subject to a variety of federal, state and local laws and regulations, including the federal MVA, under which the National Highway Traffic Safety Administration may require manufacturers to recall RVs 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 also subject to regulations established by OSHA. Our facilities are periodically inspected by federal and state agencies, such as OSHA. We are a member of RVIA, a voluntary

association of RV manufacturers which promulgates RV safety standards. We place an RVIA seal on each of our RVs to certify that the RVIA standards have been met. 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.

Our operations are subject to a variety of federal and state environmental laws and regulations relating to the use, generation, storage, treatment, emission, labeling, and disposal of hazardous materials and wastes and noise pollution. We believe that we are currently in compliance with applicable environmental laws and regulations in all material aspects.

Trademarks

We have several domestic and foreign trademark registrations associated with our motorhome and towable products which include: Winnebago, Aspect, Brave, Cambria, Chalet, Destination, Ellipse, Era, Forza, Fuse, Glide & Dine, Grand Design, Horizon, Imagine, Inlounge, Instinct, Intable, Intent, Itasca, Journey, Meridian, Micro Minnie, Minnie, Minnie Winnie, Momentum, Reflection, Revel, Sightseer, Solei, Solitude, Spirit, Spyder, Suncruiser, Sunova, Sunstar, Travato, Trend, Tribute, View, Vista, Viva!, Voyage, W, Flying W (logo), WIT Club, Winnebago Ind (logo), Winnebago Towables (logo) and Winnebago Touring Coach. We believe that

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our trademarks and trade names are significant assets to our business and we have in the past and will in the future vigorously protect them against infringement by third parties. We are not dependent upon any patents or technology licenses of others for the conduct of our business.

Human Resources

At the end of Fiscal 2017, 2016 and 2015, we employed approximately 4,060, 3,050 and 2,900 persons, respectively. None of our employees are covered under a collective bargaining agreement. We believe our relations with our employees are good.

Executive Officers of the Registrant

Name	Office (Year First Elected an Officer)	Age
Michael J. Happe	President and Chief Executive Officer (2016)	46
Ashis N. Bhattacharya	Vice President, Strategic Planning and Development (2016)	54
Donald J. Clark	CEO and President, Grand Design RV; Vice President, Winnebago Industries (2016)	57
S. Scott Degnan	Vice President and General Manager, Towables Business (2012)	52
Scott C. Folkers	Vice President, General Counsel & Secretary (2012)	55
Brian D. Hazelton	Vice President and General Manager, Motorhome Business (2016)	52
Bryan L. Hughes	Vice President, Chief Financial Officer (2017)	48
Jeff D. Kubacki	Vice President, Information Technology, Chief Information Officer (2016)	59
Christopher D. West	Vice President, Operations (2016)	45
Bret A. Woodson	Vice President, Administration (2015)	47

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. Happe joined Winnebago Industries in January 2016 as President and Chief Executive Officer (CEO). Prior to joining Winnebago, he had been employed by Toro Company from 1997 to 2016. He served as Executive Officer and Group Vice President of Toro's Residential and Contractor businesses from March 2012 to December 2015. From August 2010 to March 2012 he served as Vice President, Residential and Landscape Contractor Businesses. Prior to that he held a series of senior leadership positions throughout his career across a variety of Toro's domestic and international divisions.

Mr. Bhattacharya joined Winnebago Industries in May 2016 as Vice President of Strategic Planning and Development. Prior to joining Winnebago, Mr. Bhattacharya served at Honeywell as Vice President, Strategy, Alliances & Internet of Things (IoT) for the Sensing and Productivity Solutions division from 2010 to 2016. Prior to that, he was employed with Moog, Motorola, and Bain & Company in a variety of roles.

Mr. Clark, President and CEO of Grand Design RV, became an officer of Winnebago Industries in November 2016 in accordance with terms of the Grand Design acquisition. He co-founded Grand Design RV, LLC in 2012 and built the team at Grand Design RV. Mr. Clark has over 30 years of successful RV industry experience.

Mr. Degnan joined Winnebago Industries in May 2012 as Vice President of Sales and Product Management. He became Vice President and General Manager, Towables Business in 2016. Prior to joining Winnebago, Mr. Degnan served as Vice President of Sales for Riverside, California's MVP RV from 2010 to 2012. He also previously served in management and sales positions with Coachmen RV from 2008 to 2010, with National RV from 2007 to 2008, and Fleetwood Enterprises from 1987 to 2007.

Mr. Folkers joined Winnebago Industries in August 2010 as assistant general counsel. He was elected to the position of Vice President, General Counsel and Secretary in June 2012. Prior to joining Winnebago, Mr. Folkers was employed as in-house counsel for John Morrell & Co., in Sioux Falls, SD from 1998 to 2010. Mr. Folkers is a member of the Iowa Bar Association.

Mr. Hazelton joined Winnebago Industries in August 2016 as Vice President and General Manager, Motorhome Business. He previously was CEO of Schwing America, Inc. from 2009 to 2016. Schwing declared Chapter 11 bankruptcy in 2009 emerging in 2010 with a reorganization plan. Prior to his employment with Schwing, he worked for Terex Corporation and Detroit Diesel Corporation in various executive roles.

Mr. Hughes joined Winnebago Industries in April 2017 and was appointed Vice President and Chief Financial Officer of the Company in May 2017. Mr. Hughes joined Winnebago Industries from Ecolab, Inc. (NYSE: ECL) in St. Paul, Minnesota, where he served as Senior Vice President and Corporate Controller from 2014 to 2017, as Vice President of Finance from 2008 to 2014 and in various management positions from 1996 to 2008. Prior to his employment with Ecolab, he worked for Ernst & Young, a public accounting firm.

Mr. Kubacki joined Winnebago Industries in November 2016 as Vice President, Information Technology, Chief Information Officer. He previously was Vice President and Chief Information Officer at Westinghouse Electric Company, a global provider of nuclear power plant products and services. Prior to his employment with Westinghouse, he worked as Chief Information Officer at Alliant

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Techsystems, a defense, aerospace, sporting goods and retail markets company and Kroll, a global risk consulting firm. Kubacki has also held various IT roles with Ecolab.

Mr. West joined Winnebago Industries in September 2016 as Vice President, Operations. He previously was Vice President of Global Supply Chain for Joy Global, a worldwide equipment manufacturer, from 2014 to 2016, and Operations Director from 2012 to 2014. Other positions Mr. West has held include Director of Manufacturing for AGCO Corporation, an agricultural equipment manufacturer, from 2008 to 2012 and Director of Operations and other management positions for the Nordam Group, a manufacturer of aircraft interiors, from 1999 to 2009.

Mr. Woodson joined Winnebago Industries in January 2015 as Vice President, Administration. Prior to joining Winnebago, Mr. Woodson was Vice President of Human Resources at Corbion from 2007 to 2014 and Director, Human Resources at Sara Lee from 1999 to 2007 and has over 24 years of business and human resources experience.

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 the most significant risk factors that we believe may adversely affect the RV industry and our business, operations or financial position. The risks and uncertainties discussed in this report are not exclusive and other risk factors that we may consider immaterial or do not anticipate may emerge as significant risks and uncertainties.

Competition

The market for RVs is very competitive. Competitive factors in this industry include price, design, value, quality, service, brand awareness and reputation. There can be no assurance that existing or new competitors will not develop products that are superior to our RVs or that achieve better consumer acceptance, thereby adversely affecting our market share, sales volume and profit margins. Some of our competitors are much larger than we are, most notably in the towable RV market, and this size advantage provides these competitors with more financial resources and access to capital, additional purchasing power and more interest from dealers. In addition, competition could increase if new companies enter the market, existing competitors consolidate their operations or if existing competitors expand their product lines or intensify efforts within existing product lines. Our current products, products under development, and our ability to develop new and improved products may be insufficient to enable us to compete effectively with our competitors. These competitive pressures may have a material adverse effect on our results of operations.

Hiring Constraints and Retaining Key Employees

Our ability to meet our strategic objectives and otherwise grow our business will depend to a significant extent on the continued contributions of our leadership team. Our future success will also depend in large part on our ability to identify, attract, and retain other highly qualified managerial, technical, sales and marketing, operations, and customer service personnel. Our main motorhome operation is located in a largely rural area of northern Iowa. Competition for these individuals is intense and supply is limited. We may not succeed in identifying, attracting, or retaining qualified personnel on a cost-effective basis. The loss or interruption of services of any of our key personnel, inability to identify, attract, or retain qualified personnel in the future, delays in hiring qualified personnel, or any employee work slowdowns, strikes, or similar actions could make it difficult for us to conduct and manage our business and meet key objectives, which could harm our business, financial condition, and operating results.

Production Disruptions

We currently manufacture most of our products in northern Iowa and northern Indiana. These facilities may be affected by natural or man-made disasters and other external events. In the event that one of our manufacturing facilities was affected by a disaster or other event, we could be forced to shift production to one of our other manufacturing facilities or to cease operations. Although we maintain insurance for damage to our property and disruption of our business from casualties, such insurance may not be sufficient to cover all of our potential losses. Any disruption in our manufacturing capacity could have an adverse impact on our ability to produce sufficient inventory of our products or may require us to incur additional expenses in order to produce sufficient inventory, and therefore, may adversely affect our net sales and operating results. Any disruption or delay at our manufacturing facilities could impair our ability to meet the demands of our customers, and our customers may cancel orders or purchase products from our competitors, which could adversely affect our business and operating results.

The terms of our Credit Agreement could adversely affect our operating flexibility and pose risks of default under our Credit Agreement

We incurred substantial indebtedness to finance the acquisition of Grand Design. We entered into new asset-based revolving credit (ABL) and term loan (Term Loan) agreements (collectively, the Credit Agreement) with JPMorgan Chase. Under the terms of the Credit Agreement, we have a $125.0 million ABL credit facility, which includes a $10.0 million letter of credit facility, and a $300.0 million term loan.

The Credit Agreement is secured by certain assets, primarily cash, inventory, accounts receivable and certain machinery and equipment. The Credit Agreement contains certain requirements, including affirmative and negative financial covenants. If we are unable to comply with these requirements and covenants, we may be restricted in our ability to pay dividends or engage in certain other business transactions, the lender may obtain control of our cash accounts, and we may experience an event of default. If a default occurs, the lenders under the Credit Agreement may elect to declare all of their respective outstanding debt, together with accrued interest and other amounts payable thereunder, to be immediately due and payable. Under such circumstances, we may

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not have sufficient funds or other resources to satisfy all of our obligations. In addition, the limitations imposed on our ability to incur additional debt and to take other corporate actions might significantly impair our ability to obtain other financing.

Borrowing availability under the credit agreement is limited to the lesser of the facility total and the calculated borrowing base, which is based on stipulated loan percentages applied to our eligible trade accounts receivable and eligible inventories plus a defined amount related to certain machinery and equipment. Should the borrowing base decline, our ability to borrow to fund future operations and business transactions could be limited. In addition, the Credit Agreement contains certain restrictions on our ability to undertake certain types of transactions. Therefore, we may need to seek permission from our lenders in order to engage in certain corporate actions. Through the Credit Agreement, we were required to enter into a hedging arrangement that fixed certain interest rates as defined in the Credit Agreement. To satisfy this requirement, an interest rate Swap Contract was entered into during the second quarter of Fiscal 2017. The results of the Swap Contract could create quarterly fluctuations in operating results.

In addition, the additional indebtedness could:

- Make us more vulnerable to general adverse economic, regulatory and industry conditions;
- Limit our flexibility in planning for, or reacting to, changes and opportunities in the markets in which we compete;
- Place us at a competitive disadvantage compared to our competitors that have less debt or could require us to dedicate a substantial portion of our cash flow to service our debt; and
- Restrict us from making strategic acquisitions or exploiting other business opportunities.

The Company’s Stock Price is Subject to Volatility

Our stock price may fluctuate based on many factors. Our acquisition of Grand Design, for example, provided important strategic positioning and earnings growth potential, but to partially finance the transaction we issued $124.0 million worth of common stock to the owners of Grand Design and registered these shares for resale after the transaction closed. Any future stock issuance by us or liquidation of stock holding by the former owners of Grand Design may cause dilution of earnings per share or put selling pressure on our share price. Changing credit agreements and leverage ratios may also impact stock price. In general, analysts' expectations and our ability to meet those expectations quarterly may cause stock price fluctuations. If we fail to meet expectations related to future growth, profitability, debt repayment, dividends, share issuance or repurchase or other market expectations our stock price may decline significantly.

Facility Expansion and Diversification

We are expanding our production capabilities at our sites in Middlebury, Indiana and Junction City, Oregon. The expansion and renovation entails risks that could cause disruption in the operations of our business and unanticipated cost increases. Should we experience production variances, quality or safety issues as we ramp up these operations our business and operating results could be adversely affected.

Adverse Effects of Union Activities

Although none of our employees are currently represented by a labor union, unionization could result in higher employee costs and increased risk of work stoppages. We are, directly or indirectly, dependent upon companies with unionized work forces, such as parts suppliers and trucking and freight companies, and work stoppages or strikes organized by such unions could have a material adverse impact on our business, financial condition or operating results. If a work stoppage occurs, it could delay the manufacture and sale of our recreational vehicles and have a material adverse effect on our business, prospects, operating results or financial condition.

General Economic Conditions and Certain Other External Factors

Companies within the RV industry are subject to volatility in operating results due primarily to general economic conditions because the purchase of an RV is often viewed as a consumer discretionary purchase. Demand for discretionary goods in general can fluctuate with recessionary conditions; slow or negative economic growth rates; negative consumer confidence; reduced consumer spending levels resulting from tax increases or other factors;

prolonged high unemployment rates; higher commodity and component costs; fuel prices; inflationary or deflationary pressures; reduced credit availability or unfavorable credit terms for dealers and end-user customers; higher short-term interest rates; and general economic and political conditions and expectations. Specific factors affecting the RV industry include:

- overall consumer confidence and the level of discretionary consumer spending;
- employment trends;
- the adverse impact of global tensions on consumer spending and travel-related activities; and
- the adverse impact on margins due to increases in raw material costs which we are unable to pass on to customers without negatively affecting sales.

Dependence on Credit Availability and Interest Rates to Dealers and Retail Purchasers

Our business is affected by the availability and terms of the financing to dealers. Generally, RV dealers finance their purchases of inventory with financing provided by lending institutions. Three financial flooring institutions held 61% of our total financed dealer inventory dollars that were outstanding at August 26, 2017. In the event that any of these lending institutions limit or discontinue dealer financing, we could experience a material adverse effect on our results of operations.

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Our business is also affected by the availability and terms of financing to retail purchasers. Retail buyers purchasing a motorhome or towable may elect to finance their purchase through the dealership or a financial institution of their choice. Substantial increases in interest rates or decreases in the general availability of credit for our dealers or for the retail purchaser may have an adverse impact upon our business and results of operations.

Cyclicality and Seasonality

The RV industry has been characterized by cycles of growth and contraction in consumer demand, reflecting prevailing economic and demographic 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 RV 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.

Managing Growth Opportunities

One of our growth strategies is to drive growth through targeted acquisitions and alliances, stronger customer relations, and new joint ventures and partnerships that add value while supplementing our existing brands and product portfolio. Our ability to grow through acquisitions will depend, in part, on the availability of suitable candidates at acceptable prices, terms, and conditions, our ability to compete effectively for acquisition candidates, and the availability of capital and personnel to complete such acquisitions and run the acquired business effectively. Any acquisition, alliance, joint venture, or partnership could impair our business, financial condition, reputation, and operating results. The benefits of an acquisition or new alliance, joint venture, or partnership may take more time than expected to develop or integrate into our operations, and we cannot guarantee that previous or future acquisitions, alliances, joint ventures, or partnerships will, in fact, produce any benefits. Such acquisitions, alliances, joint ventures, and partnerships may involve a number of risks, including:

- diversion of management's attention;
- disruption to our existing operations and plans;
- inability to effectively manage our expanded operations;
- difficulties or delays in integrating and assimilating information and financial systems, operations, and products of an acquired business or other business venture or in realizing projected efficiencies, growth prospects, cost savings, and synergies;
- inability to successfully integrate or develop a distribution channel for acquired product lines;
- potential loss of key employees, customers, distributors, or dealers of the acquired businesses or adverse effects on existing business relationships with suppliers, customers, distributors, and dealers;
- adverse impact on overall profitability if our expanded operations do not achieve the financial results projected in our valuation model;
- inaccurate assessment of additional post-acquisition or business venture investments, undisclosed, contingent or other liabilities or problems, unanticipated costs associated with an acquisition or other business venture, and an inability to recover or manage such liabilities and costs; and
- incorrect estimates made in the accounting for acquisitions, incurrence of non-recurring charges, and write-off of significant amounts of goodwill or other assets that could adversely affect our operating results.

Credit Arrangements and Growth Opportunities

In order to achieve our growth strategies, we continually review our credit arrangements and our desired level of leverage. Access to capital will allow us to finance targeted acquisitions as well as fund the working capital requirements of organic growth.

If we cannot negotiate favorable agreements and comply with related covenants, restrictive provisions may limit our ability to conduct our business, take advantage of business opportunities, and respond to changing business, market, and economic conditions. We must generate sufficient cash to pay our debt service and support our business in an industry that is cyclical. In addition, we may be placed at a competitive disadvantage relative to other companies that may be subject to fewer, if any, restrictions that otherwise adversely affect our business. Transactions that we may view as important opportunities, such as significant acquisitions, may be subject to the consent of the lenders under

future credit arrangements. Those consents may be withheld or granted subject to conditions specified that may affect the attractiveness or viability of the transaction.

Demand Forecasting and Inventory Management

Our ability to manage our inventory levels to meet our customer's demand for our products is important for our business. For example, certain dealers are focused on the rental market which spikes over the summer vacation period while other dealers are focused on direct sales to the consumer at various price points. Our production levels and inventory management are based on demand estimates six to twelve months forward taking into account supply lead times, production capacity, timing of shipments, and dealer inventory levels. If we overestimate or underestimate demand for any of our products during a given season, we may not maintain appropriate inventory levels, which could negatively impact our net sales or working capital, hinder our ability to meet customer demand, or cause us to incur excess and obsolete inventory charges.

Distribution Channel Management

We sell many of our products through distribution channels and are subject to risks relating to their inventory management decisions and operational and sourcing practices. Our distribution channel customers carry inventories of our products as part of their ongoing operations and adjust those inventories based on their assessments of future needs. Such adjustments may impact

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our inventory management and working capital goals as well as operating results. If the inventory levels of our distribution channel customers are higher than they desire, they may postpone product purchases from us, which could cause our sales to be lower than the end-user demand for our products and negatively impact our inventory management and working capital goals as well as our operating results.

Responsiveness to Market Changes

One of our growth strategies is to develop innovative, customer-valued products to generate revenue growth. We may not be able to compete as effectively with our competitors, and ultimately satisfy the needs and preferences of our customers, unless we can continue to enhance existing products and develop new innovative products for the markets in which we compete. Product development requires significant financial, technological, and other resources. Product improvements and new product introductions also require significant research, planning, design, development, engineering, and testing at the technological, product, and manufacturing process levels and we may not be able to timely develop and introduce product improvements or new products. Our competitors' new products may beat our products to market, be higher quality or more reliable, be more effective with more features and/or less expensive than our products, obtain better market acceptance, or render our products obsolete. Any new products that we develop may not receive market acceptance or otherwise generate any meaningful net sales or profits for us relative to our expectations based on, among other things, existing and anticipated investments in manufacturing capacity and commitments to fund advertising, marketing, promotional programs, and research and development.

Potential Loss of a Large Dealer Organization

One of our dealer organizations accounted for 10.0% of our net revenue for Fiscal 2017. A second dealer organization, accounted for 9.9% of our net revenue for Fiscal 2017. The loss of either or both of these dealer organizations could have a significant adverse effect on our business. In addition, deterioration in the liquidity or creditworthiness of either or both of these dealers could negatively impact our sales and could trigger repurchase obligations under our repurchase agreements.

Potential Repurchase Liabilities

In accordance with customary practice in the RV industry, upon request we enter into formal repurchase agreements with lending institutions financing a dealer's purchase of our products. In these repurchase agreements we agree, in the event of a default by an independent dealer in its obligation to a lender and repossession of the unit(s) by the lending institution, to repurchase units at declining prices over the term of the agreements, which can last up to 18 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. In certain instances, we also repurchase inventory from our dealers due to state law or regulatory requirements that govern voluntary or involuntary terminations. If we are obligated to repurchase a substantially larger number of RVs in the future than we estimate, this would increase our costs and could have a material adverse effect on our results of operations, financial condition, and cash flows.

Fuel Availability and Price Volatility

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

Dependence on Suppliers

Most of our RV components are readily available from numerous sources. However, a few of our components are produced by a small group of suppliers. In the case of motorhome chassis, Ford Motor Company, Freightliner Custom Chassis Corporation, Mercedes-Benz (USA and Canada) and FCA (US and Canada) are our major suppliers. Our relationship with our chassis suppliers is similar to our other supplier relationships in that no special contractual commitments are engaged in by either party. This means that we do not have minimum purchase requirements and our chassis suppliers do not have minimum supply requirements. Our chassis suppliers also supply to our competitors. Historically, chassis suppliers resort to an industry-wide allocation system during periods when supply is restricted.

These allocations have been based on the volume of chassis previously purchased which could mean our larger competitors could receive more chassis in a time of scarcity. Sales of motorhomes rely on chassis supply and are affected by shortages from time to time. Decisions by our suppliers to decrease production, production delays, or work stoppages by the employees of such suppliers, or price increases could have a material adverse effect on our ability to produce motorhomes and ultimately, on our results of operations, financial condition and cash flows. In Fiscal 2017, we had two suppliers, a chassis manufacturer and a component manufacturer, that individually accounted for more than 10% of our raw material purchases.

Raw Material Costs

We purchase raw materials such as steel, aluminum, and other commodities, and components, such as chassis, refrigerators, and televisions, for use in our products. In addition, we are a purchaser of components and parts containing various commodities, including steel, aluminum, copper, lead, rubber, and others that are integrated into our end products. To the extent that commodity prices increase and we do not have firm pricing from our suppliers, or our suppliers are not able to honor such prices, increases in the cost of such raw materials and components and parts may adversely affect our profit margins if we are unable to pass along to our customers these cost increases in the form of price increases or otherwise reduce our cost of goods sold. In addition, increases in other costs of doing business may also adversely affect our profit margins and businesses. For example, an increase in fuel costs may result in an increase in our transportation costs, which also could adversely affect our operating results and businesses. Historically, we have mitigated cost increases, in part, by collaborating with suppliers, reviewing alternative sourcing

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options, substituting materials, engaging in internal cost reduction efforts, and increasing prices on some of our products, all as appropriate. However, we may not be able to fully offset such increased costs in the future. Further, if our price increases are not accepted by our customers and the market, our net sales, profit margins, earnings, and market share could be adversely affected.

Warranty Claims

We receive warranty claims from our dealers 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 products, 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.

Protection of our Brand

We believe that one of the strengths of our business is our brand which is widely known around the world. We vigorously defend our brand and our other intellectual property rights against third parties on a global basis. We have, from time to time, had to bring claims against third parties to protect or prevent unauthorized use of our brand. If we are unable to protect and defend our brand or other intellectual property, it could have a material adverse effect on our results or financial condition.

Product Liability

We are subject, in the ordinary course of business, to litigation including a variety of warranty, "Lemon Law" and product liability claims typical in the RV industry. Although we have an insurance policy with a $50.0 million limit covering product liability, we are self-insured for the first $2.5 million of product liability claims on a per occurrence basis, with a $6.0 million aggregate per policy year. 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. Any increase in the frequency and size of these claims, as compared to our experience in prior years, may cause the premium that we are required to pay for insurance to rise significantly. Product liability claims may also cause us to pay punitive damages, not all of which are covered by our insurance. In addition, if product liability 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.

Information Systems and Web Applications

We rely on our information systems and web applications to support our business operations, including but not limited to procurement, supply chain, manufacturing, distribution, warranty administration, invoicing and collection of payments. We use information systems to report and audit our operational results. Additionally, we rely upon information systems in our sales, marketing, human resources and communication efforts. Due to our reliance on our information systems, our business processes may be negatively impacted in the event of substantial disruption of service. Further, misuse, leakage or falsification of information could result in a violation of privacy laws and damage our reputation which could, in turn, have a negative impact on our results.

In addition to our general reliance on information systems, we began implementation of a new ERP system at the end of fiscal year 2015. Though we perform planning and testing to reduce risks associated with such a complex, enterprise-wide systems change, failure to meet requirements of the business could disrupt our business and harm our reputation, which may result in decreased sales, increased overhead costs, excess or obsolete inventory, and product shortages, causing our business, reputation, financial condition, and operating results to suffer.

Data Security

We have security systems in place with the intent of maintaining the physical security of our facilities and protecting our customers', clients' and suppliers' confidential information and information related to identifiable individuals against unauthorized access through our information systems or by other electronic transmission or through the misdirection, theft or loss of physical media. These include, for example, the appropriate encryption of information.

Despite such efforts, we are subject to breach of security systems which may result in unauthorized access to our facilities or the information we are trying to protect. Because the technologies used to obtain unauthorized access are constantly changing and becoming increasingly more sophisticated and often are not recognized until launched against a target, we may be unable to anticipate these techniques or implement sufficient preventative measures. If unauthorized parties gain physical access to one of our facilities or electronic access to our information systems or such information is misdirected, lost or stolen during transmission or transport, any theft or misuse of such information could result in, among other things, unfavorable publicity, governmental inquiry and oversight, difficulty in marketing our services, allegations by our customers and clients that we have not performed our contractual obligations, litigation by affected parties and possible financial obligations for damages related to the theft or misuse of such information, any of which could have a material adverse effect on our business.

Government Regulation

We are subject to numerous federal, state and local regulations and the following summarizes some, but not all, of the laws and regulations that apply to us.

Federal Motor Vehicle Safety Standards govern the design, manufacture and sale of our products, which standards are promulgated by the National Highway Safety Administration (NHTSA). NHTSA requires manufacturers to recall and repair vehicles

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which are non-compliant with a Federal Motor Vehicle Safety Standard or contain safety defects. Any major recalls of our vehicles, voluntary or involuntary, could have a material adverse effect on our results of operations, financial condition and cash flows. While we believe we are substantially in compliance with the foregoing laws and regulations as they currently exist, amendments to any of these regulations or the implementation of new regulations could significantly increase the cost of testing, manufacturing, purchasing, operating or selling our products and could have a material adverse effect on our results of operations, financial condition, and cash flows. In addition, our failure to comply with present or future regulations could result in Federal fines being imposed on us, potential civil and criminal liability, suspension of sales or production or cessation of operations

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

Failure to comply with NYSE and SEC laws or regulations could also have an adverse impact on our business. Additionally, amendments to these regulations and the implementation of new regulations could increase the cost of manufacturing, purchasing, operating or selling our products and therefore could have an adverse impact on our business.

The SEC adopted rules pursuant to Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act setting forth new disclosure requirements concerning the use or potential use of certain minerals, deemed conflict minerals (tantalum, tin, gold and tungsten), that are mined from the Democratic Republic of Congo and adjoining countries. These requirements necessitate due diligence efforts on our part to assess whether such minerals are used in our products in order to make the relevant required disclosures that began in May 2014. We incurred costs and diverted internal resource to comply with these new disclosure requirements, including for diligence to determine the sources of those minerals that may be used or necessary to the production of our products. Compliance costs may increase in future periods. We may face reputational challenges that could impact future sales if we determine that certain of our products contain minerals not determined to be conflict free or if we are unable to sufficiently verify the origins for all conflict minerals used in our products.

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 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, any or all of which could have a material adverse effect on our results of operations.

Climate Change and Related Regulation

There is growing concern from members of the scientific community and the general public that an increase in global average temperatures due to emissions of greenhouse gases ("GHG") and other human activities have or will cause significant changes in weather patterns and increase the frequency and severity of natural disasters. We are currently subject to rules limiting emissions and other climate related rules and regulations in certain jurisdictions where we operate. In addition, we may become subject to additional legislation and regulation regarding climate change, and compliance with any new rules could be difficult and costly. Concerned parties, such as legislators, regulators, and non-governmental organizations, are considering ways to reduce GHG emissions. Foreign, federal, state, and local regulatory and legislative bodies have proposed various legislative and regulatory measures relating to climate change, regulating GHG emissions, and energy policies. If such legislation is enacted, we could incur increased energy, environmental, and other costs and capital expenditures to comply with the limitations. Climate change regulation combined with public sentiment could result in reduced demand for our products, higher fuel prices, carbon taxes, all of which could materially adversely affect our business. Due to uncertainty in the regulatory and legislative processes, as well as the scope of such requirements and initiatives, we cannot currently determine the effect such legislation and regulation may have on our products and operations.

Anti-takeover Effect

Provisions of our articles of incorporation, by-laws, the Iowa Business Corporation Act and provisions in our credit facilities and certain of our compensation programs that we may enter into from time to time could make it more difficult for a third party to acquire us, even if doing so would be perceived to be beneficial by our shareholders. As part of our acquisition of Grand Design, we issued $124 million of common stock to the owners of Grand Design. As part of the transaction, the owners have agreed to standstill covenants that prohibit these parties from taking certain hostile actions against us for up to one year from the closing of the transaction. The combination of these provisions effectively inhibits a non-negotiated merger or other business combination, which, in turn, could adversely affect the market price of our common stock.

Item 1B. Unresolved Staff Comments

None.

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Item 2. Properties

Our principal manufacturing, maintenance and service operations are conducted in multi-building complexes owned or leased by us. The following sets forth our material facilities as of August 26, 2017:

Location	Facility Type/Use	Segment	# of Buildings	Owned or Leased	Square Footage
Forest City, IA	Manufacturing, maintenance, service and office	Motorized	32	Owned	1,546,000
Forest City, IA	Warehouse	Motorized	3	Owned	459,000
Charles City, IA	Manufacturing	Motorized	2	Owned	161,000
Waverly, IA	Manufacturing	Motorized	1	Owned	33,000
Junction City, OR	Manufacturing, service and office	Motorized	10	Owned	305,000
Middlebury, IN	Manufacturing and office	Towable	4	Owned	277,000
Lake Mills, IA	Manufacturing	Motorized	1	Leased[(1)]	99,000
Middlebury, IN	Manufacturing, service and office	Towable	8	Leased[(2)]	741,000
Eden Prairie, MN	Corporate office	Motorized	1	Leased[(3)]	30,000
			62		3,651,000

(1) In November 2013 we entered into a five-year lease with the city of Lake Mills, IA for a manufacturing plant with two options to renew for five years each.

(2) In November 2016 as part of our acquisition of Grand Design, we acquired leases to two properties which hold their current principal facilities and facilities under construction for expansion.

(3) In January 2017 we entered into a six-year lease, expiring in 2023, for an office facility in Eden Prairie, MN.

The facilities that we own in Forest City, Charles City and Waverly are located on a total of approximately 320 acres of land. The facilities that we own in Junction City, Oregon are located on approximately 42 acres of land and the facilities that we own in Middlebury, Indiana are located on approximately 30 acres of land. 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 and suitable for the purposes for which they are intended.

Under terms of our Credit Agreement, as further described in Note 8, we have encumbered substantially all of our real property for the benefit of the lender under such facility.

Item 3. Legal Proceedings

We are involved in various legal proceedings which are ordinary litigation incidental to our business, some of which are covered in whole or in part by insurance. While we believe the ultimate disposition of litigation will not have material adverse effect on our financial position, results of operations or liquidity, there exists the possibility that such litigation may have an impact on our results for a particular reporting period in which litigation effects become probable and reasonably estimable. Though we do not believe there is a reasonable likelihood that there will be a material change related to these matters, litigation is subject to inherent uncertainties and management’s view of these matters may change in the future.

Item 4. Mine Safety Disclosure

Not Applicable.

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 Stock Exchanges with the ticker symbol of WGO. Below are the New York Stock Exchange high, low and closing prices of Winnebago Industries, Inc. common stock for each quarter of Fiscal 2017 and Fiscal 2016:

Fiscal 2017	High	Low	Close	Fiscal 2016	High	Low	Close
First Quarter	$34.50	$22.11	$34.00	First Quarter	$22.59	$17.80	$22.23
Second Quarter	39.30	30.20	33.40	Second Quarter	23.30	15.41	18.80
Third Quarter	34.90	24.99	25.15	Third Quarter	23.09	18.68	18.73
Fourth Quarter	37.20	24.15	34.55	Fourth Quarter	24.39	20.32	23.91

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Holders

Shareholders of record as of October 17, 2017: 2,756

Dividends Paid Per Share

Date Paid	Amount
November 23, 2016	$ 0.10
January 25, 2017	0.10
April 26, 2017	0.10
July 26, 2017	0.10
Total	$ 0.40

On October 18, 2017, our Board of Directors declared a cash dividend of $0.10 per outstanding share of common stock. The Board currently intends to continue to pay quarterly cash dividends payments in the future; however, declaration of future dividends, if any, will be based on several factors including our financial performance, outlook and liquidity.

Our Credit Agreement, as further described in Note 8, contains restrictions that may limit our ability to pay dividends if we fail to maintain certain financial covenants.

Issuer Purchases of Equity Securities

If we fail to maintain certain financial covenants, our Credit Agreement, as further described in Note 8, contains restrictions that may limit our ability, except for limited purchases of our common stock from employees, to make distributions or payments with respect to purchases of our common stock without consent of the lenders.

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 Fiscal 2017, 53,468 shares were repurchased under the authorization, at an aggregate cost of approximately $1.5 million, or $28.62 per share. All of these shares were repurchased from employees who vested in Winnebago Industries shares during the fiscal year and elected to pay their payroll tax via delivery of common stock as opposed to cash. As of August 26, 2017, there was approximately $2.5 million remaining under this authorization.

This table provides information with respect to repurchases of shares of our common stock during each fiscal month of the fourth quarter of Fiscal 2017:

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
05/28/17 - 07/01/17	4,672	$ 34.20	4,672	$2,471,000
07/02/17 - 07/29/17	—	$ —	—	$2,471,000
07/30/17 - 08/26/17	116	$ 34.55	116	$2,467,000
Total	4,788	$ 34.21	4,788	$2,467,000

Equity Compensation Plan Information

The following table provides information as of August 26, 2017 with respect to shares of our common stock that may be issued under our existing equity compensation plans:

Plan Category	(a) Number of Securities to be Issued Upon Exercise of	(b) Weighted Average Exercise Price of	(c) Number of Securities Remaining Available for

	Outstanding Options, Warrants and Rights	Outstanding Options, Warrants and Rights	Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in (a))
Equity compensation plans approved by shareholders - 2004 Plan [1]	13,500 [1]	— [3]	—
Equity compensation plans approved by shareholders - 2014 Plan	296,069 [2]	$ 28.15 [3]	2,243,788 [4]
Equity compensation plans not approved by shareholders [5]	49,729 [6]	— [3]	— [7]
Total	359,298	$ 28.15	2,243,788

(1) This number represents unvested share awards granted under the 2004 Plan. No new grants may be made under the 2004 Plan.

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(2) This number represents stock options and unvested stock awards granted under the 2014 Omnibus Equity, Performance Award, and Incentive Compensation Plan, as amended ("2014 Plan"). The 2014 Plan replaced the 2004 Plan effective January 1, 2014.

(3) This number represents the weighted average exercise price of outstanding stock options only. Restricted share awards do not have an exercise price so weighted average is not applicable.

(4) This number represents stock options available for grant under the 2014 Plan as of August 26, 2017.

(5) Our sole equity compensation plan not previously submitted to our shareholders for approval is the Directors' Deferred Compensation Plan, as amended ("Directors' Plan"). The Board of Directors may terminate the Directors' Plan at any time. If not terminated earlier, the Directors' Plan will automatically terminate on June 30, 2023. For a description of the key provisions of the Directors' Plan, see the information in our Proxy Statement for the Annual Meeting of Shareholders scheduled to be held December 12, 2017 under the caption "Director Compensation," which information is incorporated by reference herein.

6) 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 26, 2017 under the Directors' Plan.

(7) The table does not reflect a specific number of stock units which may be distributed pursuant to the Directors' Plan. The Directors' Plan does not limit the number of stock units issuable thereunder. The number of stock units to be distributed pursuant to the Directors' 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.

Performance Graph

The following graph compares our five-year cumulative total shareholder return (including reinvestment of dividends) with the cumulative total return on the Standard & Poor's 500 Index and a peer group. The peer group companies consisting of Thor Industries, Inc., Polaris Industries, Inc. and Brunswick Corporation were selected by us as they also manufacture recreation products. It is assumed in the graph that $100 was invested in our common stock, in the Standard & Poor's 500 Index and in the stocks of the peer group companies on August 25, 2012 and that all dividends received within a quarter were reinvested in that quarter. In accordance with the guidelines of the SEC, the shareholder return for each entity in the peer group index has been weighted on the basis of market capitalization as of each annual measurement date set forth in the graph.

	Base Period					
Company/Index	8/25/12	8/31/13	8/30/14	8/29/15	8/27/16	8/26/17
Winnebago Industries, Inc.	100.00	202.27	224.61	188.62	225.18	329.83
S&P 500 Index	100.00	118.38	148.26	150.21	167.44	192.54
Peer Group	100.00	154.26	194.06	193.65	176.32	205.95

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Item 6. Selected Financial Data

	Fiscal Years Ended				
(In thousands, except EPS)	8/26/17 [1]	8/27/16	8/29/15	8/30/14	8/31/13 [2]
Income statement data:					
Net revenues	$1,547,119	$975,226	$976,505	$945,163	$803,165
Net income	71,330	45,496	41,210	45,053	31,953
Per share data:					
Net income - basic	2.33	1.69	1.53	1.64	1.14
Net income - diluted	2.32	1.68	1.52	1.64	1.13
Dividends declared and paid per common share	0.40	0.40	0.36	—	—
Balance sheet data:					
Total assets	902,512	390,718	362,174	358,302	309,145
Long-term liabilities	293,680	29,410	59,601	65,835	68,062

[1] Includes Grand Design operations from the date of its acquisition on November 8, 2016.
[2] The fiscal year ended August 31, 2013 contained 53 weeks; all other fiscal years contained 52 weeks.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations
Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is intended to provide a reader of our financial statements with a narrative from the perspective of our management on our financial condition, results of operations, liquidity and certain other factors that may affect our future results. Our MD&A is presented in six sections:

- Overview
- Results of Operations
- Analysis of Financial Condition, Liquidity and Capital Resources
- Contractual Obligations and Commercial Commitments
- Critical Accounting Policies
- New Accounting Pronouncements

Our MD&A should be read in conjunction with the Financial Statements and related Notes included in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K.

Overview
Winnebago Industries, Inc. is a leading US manufacturer of RVs with a proud history of manufacturing RV products for 59 years. We currently produce a large majority of our motorhomes in vertically integrated manufacturing facilities in Iowa and we produce all of our travel trailer and fifth wheel trailers in Indiana. We are in the process of expanding some motorhome manufacturing to Junction City, Oregon. We distribute our products primarily through independent dealers throughout the US and Canada, who then retail the products to the end consumer.

Significant Transaction

On November 8, 2016, we closed on the acquisition of all the issued and outstanding capital stock of towable RV manufacturer Grand Design for an aggregate purchase price of $520.5 million. This acquisition was funded from our cash on hand, $353.0 million from asset-based revolving and term loan credit facilities, as well as stock consideration as is more fully described in Note 2 and Note 8 to the Consolidated Financial Statements. We purchased Grand Design to significantly expand our existing towable RV product offerings and dealer base and acquire additional talent

in the RV industry.

In the first quarter of Fiscal 2017, we revised our reporting segments. Previously, we had one reporting segment which included all RV products and services. With the acquisition of Grand Design in the first quarter, we expanded the number of reporting segments to two: (1) Motorized products and services and (2) Towable products and services. The Motorized segment includes all products that include a motorized chassis as well as other related manufactured products. The Towable segment includes all products which are not motorized and are generally towed by another vehicle. Prior year segment information has been restated to conform to the current reporting segment presentation.

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Industry Trends

Key reported statistics for the North American RV industry are as follows:

- Wholesale unit shipments: RV product delivered to the dealers, which is reported monthly by RVIA
- Retail unit registrations: consumer purchases of RVs from dealers, which is reported by Stat Surveys

We track RV Industry conditions using these key statistics to monitor trends and evaluate and understand our performance relative to the overall industry. The rolling twelve months shipment and retail information for 2017 and 2016, as noted below, illustrates that the RV industry continues to grow at the wholesale and retail level. We believe retail demand is the key driver to continued growth in the industry.

	US and Canada Industry Wholesale Unit Shipments per RVIA Rolling 12 Months through August				Retail Unit Registrations per Stat Surveys Rolling 12 Months through August			
(In units)	2017	2016	Increase	Change	2017	2016	Increase	Change
Towable [1]	402,258	342,334	59,924	17.5 %	376,912	338,144	38,768	11.5 %
Motorized [2]	59,891	52,648	7,243	13.8 %	55,725	48,504	7,221	14.9 %
Combined	462,149	394,982	67,167	17.0 %	432,637	386,648	45,989	11.9 %

[1] Towable: Fifth wheel and travel trailer products

[2] Motorized: Class A, B and C products

The most recent towable and motorized RVIA wholesale shipment forecasts for calendar year 2017 and 2018 as noted in the table below illustrates continued projected growth of the industry. The outlook for future growth in RV sales is based on continued modest gains in job and disposable income prospects as well as low inflation, and takes into account the impact of slowly rising interest rates, a strong U.S. dollar and continued weakness in energy production and prices.

	Calendar Year			
Wholesale Unit Shipment Forecast per RVIA [1]	2018	2017	Unit Change	% Change
Towable	419,400	408,200	11,200	2.7 %
Motorized	61,900	60,200	1,700	2.8 %
Combined	481,300	468,400	12,900	2.8 %

[1] Prepared by Dr. Richard Curtin of the University of Michigan Consumer Survey Research Center for RVIA and reported in the Roadsigns RV Fall 2017 Industry Forecast Issue.

Market Share

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.

	Rolling 12 Months Through August		Calendar Year		
US and Canada	2017	2016	2016	2015	2014
Motorized A, B, C	16.3 %	18.6 %	18.0 %	20.5 %	20.7 %
Travel trailer and fifth wheels	5.1% [1]	1.1 %	1.7 %	0.9 %	0.8 %

[1] Includes retail unit market share for Grand Design since acquisition on November 8, 2016. Towable market share using data for the full rolling 12 month period is 5.7%.

Facility Expansion

During Fiscal 2017, the Board of Directors approved two large facility expansion projects in the fast growing Towable segment. The Grand Design expansion project began in Fiscal 2017 and is expected to increase units produced midway through Fiscal 2018. The facility expansion in the Winnebago-branded Towable division is expected to increase units produced by the end of Fiscal 2018.

ERP System

In the second quarter of Fiscal 2015, the Board of Directors approved the strategic initiative of implementing an ERP system to replace our legacy business applications. The new ERP platform will provide better support for our changing business needs and plans for future growth. Our initial cost estimates have grown for additional needs of the business such as the acquisition of the Junction City, Oregon plant and the opportunity to integrate the ERP system with additional manufacturing systems. The project includes software, external implementation assistance and increased internal staffing directly related to this initiative. We anticipate

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that approximately 40% of the cost will be expensed in the period incurred and 60% will be capitalized and depreciated over its useful life.

The following table illustrates the cumulative project costs:

(In thousands)	Fiscal 2017	Fiscal 2016	Fiscal 2015	Cumulative Investment	
Capitalized	$1,881	$7,798	$3,291	$12,970	54 %
Expensed	2,601	5,930	2,528	11,059	46 %
Total	$4,482	$13,728	$5,819	$24,029	100%

In May of 2017, the Board approved continued investment in the ERP system and a change in implementation partner. The project is proceeding and the benefits are expected to be realized over the next several years. Total project costs are expected to be approximately $38 million.

Consolidated Results of Operations

Fiscal 2017 Compared to Fiscal 2016

The following is an analysis of changes in key items included in the statements of operations for the fiscal year ended August 26, 2017 compared to the fiscal year ended August 27, 2016:

(In thousands, except percent and per share data)	Year Ended August 26, 2017	% of Revenues[1]	August 27, 2016	% of Revenues[1]	Increase (Decrease)	% Change
Net revenues	$1,547,119	100.0 %	$975,226	100.0 %	$571,893	58.6 %
Cost of goods sold	1,324,542	85.6 %	862,577	88.4 %	461,965	53.6 %
Gross profit	222,577	14.4 %	112,649	11.6 %	109,928	97.6 %
Selling	35,668	2.3 %	19,823	2.0 %	15,845	79.9 %
General and administrative	55,347	3.6 %	33,209	3.4 %	22,138	66.7 %
Postretirement health care benefit income	(24,796)	(1.6)%	(6,124)	(0.6)%	(18,672)	304.9 %
Transaction costs	6,592	0.4 %	—	— %	6,592	— %
Amortization of intangible assets	24,660	1.6 %	—	— %	24,660	— %
Total SG&A	97,471	6.3 %	46,908	4.8 %	50,563	107.8 %
Operating income	125,106	8.1 %	65,741	6.7 %	59,365	90.3 %
Interest Expense	16,837	1.1 %	—	— %	16,837	— %
Non-operating income	(330)	— %	(457)	— %	127	(27.8)%
Income before income taxes	108,599	7.0 %	66,198	6.8 %	42,401	64.1 %
Provision for taxes	37,269	2.4 %	20,702	2.1 %	16,567	80.0 %
Net income	$71,330	4.6 %	$45,496	4.7 %	$25,834	56.8 %
Diluted income per share	$2.32		$1.68		$0.64	38.1 %
Diluted average shares outstanding	30,766		27,033		3,733	13.8 %

[1] Percentages may not add due to rounding differences.

Consolidated net revenues increased $571.9 million or 58.6% in Fiscal 2017 over Fiscal 2016. This was primarily due to the acquisition of Grand Design which added revenues of $559.7 million in Fiscal 2017. Winnebago-branded towables products increased $36.1 million in Fiscal 2017. Growth in Towables revenues was partially offset by a $23.9 million decrease in Motorized revenues caused mainly by the consumer trend towards smaller RVs with a lower ASP. In addition, we exited the aluminum extrusion operation in Fiscal 2016 which caused a reduction of $6.1 million in Fiscal 2017 net revenue.

Cost of goods sold was $1.3 billion, or 85.6% of net revenues for Fiscal 2017 compared to $862.6 million, or 88.4% of net revenues for Fiscal 2016 due to the following:

- Total variable costs (materials, direct labor, variable overhead, delivery expense and warranty), as a percent of net revenues, decreased to 81.2% from 83.2% primarily due to a higher proportion of Towable revenue as the Towable segment operates at a higher gross profit rate. Also, improvement in Towables material efficiency and purchasing synergies reduced costs as a percent of net revenue. Finally, improvement in the Towable segment margin was partially offset by margin pressure in the Motorized segment due in part to the ramp up of the Junction City production facility.
- Fixed overhead (manufacturing support labor, depreciation and facility costs) and engineering-related costs were lower at 4.5% of net revenues compared to 5.2% in the prior year due mainly to a higher proportion of Towable revenue which operates at a lower fixed cost per unit.
- All factors considered, gross profit increased from 11.6% to 14.4% of net revenues.

Selling expenses were 2.3% of net revenues in Fiscal 2017 and 2.0% in Fiscal 2016. Selling expenses are largely variable and proportional to revenues. The increase in the rate of selling expense in Fiscal 2017 is due to the higher mix of Towable volume which operates at a higher commission rate.

General and administrative expenses were 3.6% and 3.4% of net revenues in Fiscal 2017 and Fiscal 2016, respectively. General and administrative expenses increased $22.1 million, or 66.7%, in Fiscal 2017. This increase was due to the addition of $13.9 million of general and administrative expenses related to the acquired Grand Design operation, an increase of $6.2 million in transaction related expenses, and the addition of $24.7 million in intangible amortization. In addition, Fiscal 2016 results of operations were impacted by $3.4 million in favorable legal settlements. These increases were partially offset in Fiscal 2017 by the increased benefit of $18.7 million associated with the termination of the postretirement health care plan and reduced ERP implementation expenses.

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Non-operating income decreased $0.1 million, in Fiscal 2017, primarily due to lower proceeds from COLI policies than we received in Fiscal 2016.

The effective tax rate for Fiscal 2017 was 34.3% compared to 31.3% in Fiscal 2016. The increase in the effective tax rate is primarily due to the increased income attributable to the Grand Design acquisition without a proportionate increase in tax credits and other favorable permanent items that provide a benefit to the tax rate. See Note 12.

Net income and diluted income per share were $71.3 million and $2.32 per share, respectively, for Fiscal 2017. In Fiscal 2016, net income was $45.5 million and diluted income per share was $1.68.

Non-GAAP Reconciliation

We have provided the following non-GAAP financial measures, which are not calculated or presented in accordance with GAAP, as information supplemental and in addition to the financial measures presented in accordance with GAAP. Such non-GAAP financial measures should not be considered superior to, as a substitute for, or as an alternative to, and should be considered in conjunction with, the GAAP financial measures presented herein. The non-GAAP financial measures presented below may differ from similar measures used by other companies.

The following table reconciles net income to consolidated Adjusted EBITDA for Fiscal 2017 and Fiscal 2016.

(In thousands)	Year Ended August 26, 2017	August 27, 2016
Net income	$71,330	$45,496
Interest expense	16,837	—
Provision for income taxes	37,269	20,702
Depreciation	7,315	5,745
Amortization	24,660	—
EBITDA	157,411	71,943
Postretirement health care benefit income	(24,796)	(6,124)
Legal settlement	—	(3,400)
Transaction costs	6,592	355
Non-operating income	(330)	(457)
Adjusted EBITDA	$138,877	$62,317

We have provided non-GAAP performance measures of EBITDA and Adjusted EBITDA as a comparable measure to illustrate items impacting current results which are not expected to impact future performance. EBITDA is defined as net income before interest expense, provision for income taxes, and depreciation and amortization expense. We believe EBITDA and Adjusted EBITDA provide meaningful supplemental information about our operating performance because each measure excludes amounts that we do not consider part of our core operating results when assessing our performance. Examples of items excluded from Adjusted EBITDA include the postretirement health care benefit resulting from plan amendments and termination over the past several years, favorable legal settlements including our Fiscal 2016 Australia trademark settlement, and transaction costs related to our acquisition of Grand Design RV.

Management uses these non-GAAP financial measures (a) to evaluate our historical and prospective financial performance and trends as well as our performance relative to competitors and peers that publish similar measures; (b) to measure operational profitability on a consistent basis; (c) in presentations to the members of our board of directors to enable our board of directors to have the same measurement basis of operating performance as is used by management in their assessments of performance and in forecasting and budgeting for our company; and, (d) to evaluate potential acquisitions. We believe these non-GAAP financial measures are frequently used by securities

analysts, investors and other interested parties to evaluate companies in our industry.

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Segment Results of Operations

The following is an analysis of key changes in our Motorized segment for Fiscal 2017 compared to Fiscal 2016.

Motorized	Year Ended					
	Aug 26, 2017	% of Revenue	Aug 27, 2016	% of Revenue	(Decrease)	% Change
Net revenues	$861,922		$885,814		$(23,892)	(2.7)%
Adjusted EBITDA	43,948	5.1 %	57,365	6.5 %	(13,417)	(23.4)%

Unit deliveries	Aug 26, 2017	Product Mix % [1]	Aug 27, 2016	Product Mix % [1]	Increase (Decrease)	% Change
Class A	3,182	34.4 %	2,925	31.4 %	257	8.8 %
Class B	1,541	16.6 %	1,239	13.3 %	302	24.4 %
Class C	4,537	49.0 %	5,143	55.3 %	(606)	(11.8)%
Total motorhomes	9,260	100.0 %	9,307	100.0 %	(47)	(0.5)%
Motorhome ASP	$91,759		$93,116		$(1,357)	(1.5)%

Backlog [2]	As Of Aug 26, 2017	Aug 27, 2016	Increase (Decrease)	% Change
Units	1,293	1,139	154	13.5 %
Dollars	$122,142	$107,621	$14,521	13.5 %
Dealer Inventory				
Units	4,282	4,345	(63)	(1.4)%

[1] Percentages may not add due to rounding differences.

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

Motorized net revenues decreased $23.9 million or 2.7% in Fiscal 2017 as compared to Fiscal 2016. This was primarily due to a decline in Class C sales, a lower ASP on the mix of units sold and the $6.1 million reduction in sales to aluminum extrusion customers as we have ceased those operations.

Motorized unit deliveries decreased by 0.5% in Fiscal 2017, most notably in our Class C products. The unit growth we have generated has been in our Class A and Class B products. The shift in product mix has been towards Class B products, which have a lower ASP. Though total Motorized unit deliveries were down for the year, we have seen an increase in the backlog volumes by 13.5% in the fourth quarter of Fiscal 2017.

Motorized segment Adjusted EBITDA decreased $13.4 million or 23.4%. This reduction was due to lower revenues as described above, lower pricing, and additional costs associated with the investment in and shift of production to our Junction City, Oregon production facility. Higher personnel expenses were partially offset by a decrease in ERP expenses.

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The following is an analysis of key changes in our Towable segment for Fiscal 2017 compared to Fiscal 2016.

Towable	Year Ended					
	Aug 26, 2017	% of Revenue	Aug 27, 2016	% of Revenue	Increase	% Change
Net revenues	$685,197		$89,412		$595,785	666.3 %
Adjusted EBITDA	94,929	13.9 %	4,952	5.5 %	89,977	1,817.0 %

Unit deliveries	Aug 26, 2017	Product Mix % [1]	Aug 27, 2016	Product Mix % [1]	Increase	% Change
Travel trailer	13,650	60.7 %	3,613	86.0 %	10,037	277.8 %
Fifth wheel	8,824	39.3 %	586	14.0 %	8,238	1,405.8 %
Total Towables	22,474	100.0 %	4,199	100.0 %	18,275	435.2 %
Towables ASP	30,571		21,321		9,250	43.4 %

Backlog [2]	As Of Aug 26, 2017	Aug 27, 2016	Increase	% Change
Units	8,001	492	7,509	1,526.2 %
Dollars	$229,706	$8,420	$221,286	2,628.1 %
Dealer Inventory Units	9,545	2,156	7,389	342.7 %

[1] Percentages may not add due to rounding differences.

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

Towable net revenues increased $595.8 million or 666.3% in Fiscal 2017 as compared to Fiscal 2016. This was primarily due to the acquisition of Grand Design which added revenues of $559.7 million in Fiscal 2017. In addition, Winnebago-branded towable revenues rose $36.1 million or 40.4% in Fiscal 2017.

Towable unit deliveries grew by 435.2% in Fiscal 2017 primarily due to the acquisition of Grand Design and also due to Towables growth in excess of recent industry trends. With the addition of Grand Design in November, our towables market share increased from 1.1% to 5.1% when comparing shipments during the twelve month trailing periods ended August 2016 and August 2017. The addition of Grand Design has also resulted in a higher ASP due to a greater proportion of higher-priced fifth wheel units sold in Fiscal 2017 compared to Fiscal 2016. Other strong increases in backlog and the dealer inventory turn ratio have been influenced by the acquisition of Grand Design.

Towable segment Adjusted EBITDA excludes the costs associated with the acquisition and as such increased $90.0 million. This increase illustrates the favorable impact of Grand Design and the organic growth of Winnebago-branded towables. We achieved strong results in our Towables segment, where shipments grew much faster than the industry as a result of greater penetration of our new products and further expansion of our distribution base and higher gross profit on new products. In addition to the growth in Towables, profitability has increased due to material efficiencies and the leverage of higher volume on the fixed cost components of our business.

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Fiscal 2016 Compared to Fiscal 2015

The following is an analysis of changes in key items included in the statements of operations for the fiscal year ended August 27, 2016 compared to the fiscal year ended August 29, 2015:

(In thousands, except percent and per share data)	Year Ended August 27, 2016	% of Revenues[1]		August 29, 2015	% of Revenues[1]		(Decrease) Increase	% Change	
Net revenues	$975,226	100.0	%	$976,505	100.0	%	$ (1,279)	(0.1)	%
Cost of goods sold	862,577	88.4	%	871,625	89.3	%	(9,048)	(1.0)	%
Gross profit	112,649	11.6	%	104,880	10.7	%	7,769	7.4	%
Selling	19,823	2.0	%	19,161	2.0	%	662	3.5	%
General and administrative	33,209	3.4	%	29,911	3.1	%	3,298	11.0	%
Postretirement health care benefit income	(6,124)	(0.6)	%	(4,073)	(0.4)	%	(2,051)	50.4	%
Impairment of fixed assets	—	—	%	462	—	%	(462)	NMF	
Total SG&A	46,908	4.8	%	45,461	4.7	%	1,447	3.2	%
Operating income	65,741	6.7	%	59,419	6.1	%	6,322	10.6	%
Non-operating income	(457)	—	%	(115)	—	%	(342)	297.4	%
Income before income taxes	66,198	6.8	%	59,534	6.1	%	6,664	11.2	%
Provision for taxes	20,702	2.1	%	18,324	1.9	%	2,378	13.0	%
Net income	$45,496	4.7	%	$41,210	4.2	%	$ 4,286	10.4	%
Diluted income per share	$1.68			$1.52			$ 0.16	10.5	%
Diluted average shares outstanding	27,033			27,051			(18)	(0.1)	%

[1] Percentages may not add due to rounding differences.

Consolidated net revenues decreased $1.3 million or 0.1% in Fiscal 2016 over Fiscal 2015. Other manufactured products decreased by $21.1 million primarily due to our exit of the aluminum extrusion and bus operations. This was partially offset by an increase of motorhome net revenues of $2.1 million and an increase in Towable revenues of $17.7 million due to increases in unit deliveries.

Cost of goods sold was $862.6 million, or 88.4% of net revenues for Fiscal 2016 compared to $871.6 million, or 89.3% of net revenues for Fiscal 2015 due to the following:

- Total variable costs (materials, direct labor, variable overhead, delivery expense and warranty), as a percent of net revenues, decreased to 83.2% from 84.0% primarily due to improved material sourcing, product shift to a more favorable mix, and cessation of bus and virtually all aluminum extrusion operations which were less profitable than the remainder of our RV products.
- Fixed overhead (manufacturing support labor, depreciation and facility costs) and engineering-related costs were comparable at 5.2% of net revenues compared to 5.2% in the prior year.
- All factors considered, gross profit increased from 10.7% to 11.6% of net revenues.

Selling expenses were 2.0% of net revenues in both Fiscal 2016 and Fiscal 2015, respectively. Selling expenses are largely variable and remained proportional to revenues in Fiscal 2016.

General and administrative expenses were 2.8% and 2.6% of net revenues in Fiscal 2016 and Fiscal 2015, respectively. General and administrative expenses increased $1.2 million, or 4.8%, in Fiscal 2016. This increase was due primarily to an increase in ERP related expenses of $3.4 million, bonuses earned of $2.8 million, $0.7 million in compensation, benefits and recruiting costs, and $0.3 million in transaction related costs pertaining to the acquisition of Grand Design. These increases were partially offset by favorable legal settlements of $3.4 million in Fiscal 2016, a

reduction in professional fees of $1.6 million incurred in Fiscal 2015 related to the strategic sourcing program, and a reduction of $1.0 million in costs associated with the former CEO retirement agreement in Fiscal 2015.

During Fiscal 2015, we recorded an asset impairment on our corporate plane of $0.5 million.
Non-operating income increased $0.3 million, in Fiscal 2016, primarily due to higher proceeds from COLI policies than we received in Fiscal 2015.

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The effective tax rate for Fiscal 2016 was 31.3% compared to 30.8% in Fiscal 2015. The increase in the effective tax rate is due to a reduction in the amount of the Domestic Production Activities Deduction applicable in Fiscal 2016 as compared to Fiscal 2015. The reduction in this deduction was partially offset by other tax credits. See Note 12.

Net income and diluted income per share were $45.5 million and $1.68 per share, respectively, for Fiscal 2016. In Fiscal 2015, net income was $41.2 million and diluted income per share was $1.52.

Non-GAAP Reconciliation

We have provided the following non-GAAP financial measures, which are not calculated or presented in accordance with GAAP, as information supplemental and in addition to the financial measures presented in accordance with GAAP. Such non-GAAP financial measures should not be considered superior to, as a substitute for, or as an alternative to, and should be considered in conjunction with, the GAAP financial measures presented herein. The non-GAAP financial measures presented below may differ from similar measures used by other companies.

The following table reconciles net income to consolidated Adjusted EBITDA for Fiscal 2016 and Fiscal 2015

(In thousands)	Year Ended August 27, 2016	August 29, 2015
Net income	$45,496	$41,210
Interest expense	—	10
Provision for income taxes	20,702	18,324
Depreciation	5,745	4,513
EBITDA	71,943	64,057
Postretirement health care benefit income	(6,124)	(4,073)
Legal settlement	(3,400)	—
Transaction costs	355	—
Non-operating income	(457)	(115)
Adjusted EBITDA	$62,317	$59,869

We have provided non-GAAP performance measures of EBITDA and Adjusted EBITDA as a comparable measure to illustrate items impacting current results which are not expected to impact future performance. EBITDA is defined as net income before interest expense, provision for income taxes, and depreciation and amortization expense. We believe EBITDA and Adjusted EBITDA provide meaningful supplemental information about our operating performance because each measure excludes amounts that we do not consider part of our core operating results when assessing our performance. Examples of items excluded from Adjusted EBITDA include the postretirement health care benefit resulting from plan amendments over the past several years, favorable legal settlements including our Fiscal 2016 Australia trademark settlement, and transaction costs related to our acquisition of Grand Design RV.

Management uses these non-GAAP financial measures (a) to evaluate our historical and prospective financial performance and trends as well as our performance relative to competitors and peers that publish similar measures; (b) to measure operational profitability on a consistent basis; (c) in presentations to the members of our board of directors to enable our board of directors to have the same measurement basis of operating performance as is used by management in their assessments of performance and in forecasting and budgeting for our company; and, (d) to evaluate potential acquisitions. We believe these non-GAAP financial measures are frequently used by securities analysts, investors and other interested parties to evaluate companies in our industry.

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Segment Results of Operations

The following is an analysis of key changes in our Motorized segment for Fiscal 2016 compared to Fiscal 2015.

Motorized	Year Ended					
	Aug 27, 2016	% of Revenue	Aug 29, 2015	% of Revenue	(Decrease) Increase	% Change
Net revenues	$885,814		$904,821		$(19,007)	(2.1)%
Adjusted EBITDA	57,365	6.5 %	57,102	6.3 %	263	0.5 %

Unit deliveries	Aug 27, 2016	Product Mix % [1]	Aug 29, 2015	Product Mix % [1]	(Decrease) Increase	% Change
Class A	2,925	31.4 %	3,442	37.8 %	(517)	(15.0)%
Class B	1,239	13.3 %	991	10.9 %	248	25.0 %
Class C	5,143	55.3 %	4,664	51.3 %	479	10.3 %
Total motorhomes	9,307	100.0 %	9,097	100.0 %	210	2.3 %
Motorhome ASP	$93,116		$94,841		$(1,725)	(1.8)%

Backlog [2]	As Of Aug 27, 2016	Aug 29, 2015	(Decrease) Increase	% Change
Units	1,139	1,754	(615)	(35.1)%
Dollars	$107,621	$156,353	$(48,732)	(31.2)%
Dealer Inventory Units	4,345	4,072	273	6.7 %

[1] Percentages may not add due to rounding differences.

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

Motorized net revenues decreased $19.0 million or 2.1% in Fiscal 2016 as compared to Fiscal 2015. This was attributed to a $21.1 million decrease in our other manufactured parts revenue primarily due to our exit of the aluminum extrusion and bus operations. Offsetting this reduction was modest growth in motorhome revenues primarily attributed to a 2.3% increase in unit deliveries in Fiscal 2016.

- Unit growth was 25.0% for Class B and 10.3% for Class C products which was partially offset by a decline in demand for higher priced Class A products.
- Total motorhome ASP decreased 1.8% in Fiscal 2016 compared to Fiscal 2015 because Fiscal 2016 saw more deliveries of lower priced Class B and C unit sales. ASPs did increase in every motorhome product category during Fiscal 2016, however, this did not offset the decline due to the lower mix of Class A products in Fiscal 2016.

Motorized segment Adjusted EBITDA increased $0.3 million or 0.5%. The increase is due to higher gross margin in Fiscal 2016 due to exit of the aluminum extrusion and bus operations. Both of these operations provided very low margins while consuming production labor in Forest City, Iowa. Labor has been redirected to higher margin motorhome production. The margin improvement was offset by an increase in general and administrative expenses of $0.7 million including several offsetting effects. Cost increases due to ERP related expenses of $3.4 million, bonuses earned of $2.6 million, $0.7 million in compensation, and benefits and recruiting costs were partially offset by a reduction in professional fees of $1.6 million related to strategic sourcing program initiated in Fiscal 2015, and a reduction of $1.0 million in costs associated with the former CEO retirement agreement in Fiscal 2015.

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The following is an analysis of key changes in our Towable segment for Fiscal 2016 compared to Fiscal 2015.

Towable	Year Ended					
	Aug 27, 2016	% of Revenue	Aug 29, 2015	% of Revenue	Increase	% Change
Net revenues	$89,412		$71,684		$17,728	24.7 %
Adjusted EBITDA	4,952	5.5 %	2,767	3.9 %	2,185	79.0 %

Unit deliveries	Aug 27, 2016	Product Mix % [1]	Aug 29, 2015	Product Mix % [1]	Increase (Decrease)	% Change
Travel trailer	3,613	86.0 %	2,182	81.7 %	1,431	65.6 %
Fifth wheel	586	14.0 %	488	18.3 %	98	20.1 %
Total Towables	4,199	100.0 %	2,670	100.0 %	1,529	57.3 %
Towables ASP	21,321		23,312		(1,991)	(8.5)%

Backlog [2]	As Of Aug 27, 2016	Aug 29, 2015	Increase	% Change
Units	492	248	244	98.4 %
Dollars	$8,420	$6,171	$2,249	36.4 %
Dealer Inventory Units	2,156	1,663	493	29.6 %

[1] Percentages may not add due to rounding differences.
[2] We include in our backlog all accepted orders from dealers to be shipped within the next six months. 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.

Towable net revenues increased $17.7 million or 24.7% in Fiscal 2016 compared to Fiscal 2015. This was primarily due to an increase in unit deliveries by 57.3% offset by a decrease in ASP of 8.5% due to the mix of new products.

Towable segment Adjusted EBITDA increased $2.2 million or 79.0%. This increase is due to organic revenue growth and higher gross profit on new products. This is partially offset by increases in general and administrative expenses of $0.5 million, including bonuses earned of $0.2 million.

In order to generate sales growth, we have expanded our towables distribution base and thus dealer inventory was higher throughout the year than in previous years. On a year over year basis, towables dealer inventory increased by 29.6% which is reasonable in anticipation of continued sales growth which increased 57.3% in Fiscal 2016 compared to Fiscal 2015 on a unit basis.

Analysis of Financial Condition, Liquidity and Resources
Cash and cash equivalents decreased $49.6 million during Fiscal 2017 and totaled $35.9 million as of August 26, 2017. The significant liquidity events that occurred during Fiscal 2017 were:

- Generated net income of $71.3 million
- Capital expenditures of $14.0 million
- Dividend payments of $12.7 million

- Contribution of $39.5 million in cash toward the $520.5 million acquisition of Grand Design
- Established a new Credit Agreement in conjunction with the acquisition of Grand Design as detailed below
- Repayment of $82.4 million of debt

As described in Note 8, our new Credit Agreement consists of a $300 million term loan and a $125 million asset-based revolving credit (ABL) agreement (collectively, the Credit Agreement) with JPMorgan Chase.

We filed a Registration Statement on Form S-3, which was declared effective by the SEC on April 25, 2016. Subject to market conditions, this registration provides for the ability to offer and sell up to $35.0 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 this Registration Statement; however, it does provide another potential source of liquidity to raise capital if we need it, in addition to the alternatives already in place.

Working capital at August 26, 2017 and August 27, 2016 was $147.0 million and $187.6 million, respectively, a decrease of $40.6 million. We currently expect cash on hand, funds generated from operations and the borrowing available under our Credit

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Agreement to be sufficient to cover both short-term and long-term operating requirements. We anticipate capital expenditures in Fiscal 2018 of approximately $35.0 - $40.0 million. We will continue to invest in our current motorhome facilities and our ERP system as well as expand our Towable facilities.

On October 18, 2017, the Board of Directors approved a quarterly cash dividend of $0.10 per share of common stock, payable on November 29, 2017 to shareholders of record at the close of business on November 15, 2017. We expect this cash outflow to be approximately $3.2 million.

Operating Activities

Cash provided by operating activities was $97.1 million for the fiscal year ended August 26, 2017 compared to $52.7 million for the fiscal year ended August 27, 2016, and $45.2 million for the fiscal year ended August 29, 2015. The combination of net income of $71.3 million in Fiscal 2017 and changes in non-cash charges (e.g., amortization of debt issuance costs, depreciation, LIFO, stock-based compensation, deferred income taxes, postretirement benefits) provided $93.3 million of operating cash compared to $52.7 million in Fiscal 2016 and $49.0 million in Fiscal 2015. In Fiscal 2017 and Fiscal 2016, changes in assets and liabilities provided $3.8 million and $0.1 million, respectively, and used $3.8 million of operating cash in Fiscal 2015.

Investing Activities

Cash used in investing activities of $405.4 million in Fiscal 2017 was due primarily to the acquisition of Grand Design for which we paid cash of $392.5 million, net of cash acquired, in addition to issuing Winnebago stock with a value of $124.1 million at closing. Capital expenditures were due primarily to spending on property and equipment of $14.0 million. In Fiscal 2016, cash used in investing activities of $23.4 million was primarily due to capital spending of $24.6 million. In Fiscal 2015, cash used in investing activities of $16.5 million was primarily due to capital spending of $16.6 million.

Financing Activities

Cash provided by financing activities of $258.6 million in Fiscal 2017 was primarily due to cash proceeds from the new Credit Agreement of $366.4 million, partially offset by payments on the new Credit Agreement of $82.4 million, $12.7 million for the payment of dividends, and $11.0 million for the payment of debt issuance costs. The repayments on the new Credit Agreement included the full repayment of amounts borrowed under the ABL to finance the acquisition of Grand Design in the first quarter. Cash used in financing for the fiscal year ended August 27, 2016 was primarily due to $10.9 million for the payments of dividends and $3.1 million in repurchases of our stock. Cash used in financing for the fiscal year ended August 29, 2015 was $16.2 million primarily due to the payments of dividends and repurchases of our stock. In addition, in Fiscal 2015 we borrowed and repaid $22.0 million on our line of credit.

Share Repurchase Authorization

On October 18, 2017, the Company's Board of Directors authorized a share repurchase program in the amount of $70 million, which is approximately 5% of the Company's market capitalization as of October 18, 2017.

Contractual Obligations and Commercial Commitments

Our principal contractual obligations and commercial commitments as of August 26, 2017 were as follows:

	Payments Due By Period				
(In thousands)	Total	Fiscal 2018	Fiscal 2019-2020	Fiscal 2021-2022	More than 5 Years
Revolving credit agreement [1]	$—	$—	$ —	$ —	$—
Term debt [2]	284,000	4,250	30,000	30,000	219,750
Interest at variable rate [3]	88,181	16,678	30,734	26,921	13,848
Net swap payments [4]	3,981	1,208	2,415	358	—
Deferred compensation obligations [5]	16,923	2,794	5,160	4,819	4,150
Executive share option obligations [5]	1,498	200	1,298	—	—
Supplemental executive retirement plan benefit obligations [5]	2,534	287	572	547	1,128

Operating leases [6]	19,042	2,540	4,779	4,921	6,802
Contracted services	2,022	1,286	736	—	—
Unrecognized tax benefits [7]	1,606	—	—	—	—
Total contractual cash obligations	$419,787	$29,243	$ 75,694	$ 67,566	$245,678

	Expiration By Period				
(In thousands)	Total	Fiscal 2018	Fiscal 2019-2020	Fiscal 2021-2022	More than 5 Years
Contingent repurchase obligations [6]	$713,132	$69,579	$ 643,553	$ —	$ —

(1) As of August 26, 2017, we did not have any borrowings under our $125.0 million revolving Credit Agreement other than a $210,000 outstanding letter of credit. Borrowings and repayments are expected to fluctuate over the term.

(2) As of August 26, 2017, we had $284.0 million outstanding under our Term Loan agreement that matures on November 8, 2023. The contractual principal payments are included in the previous table. Additional principal payments are potentially due annually on a formula based on excess cash flow and the leverage ratio at that time as defined in the Credit Agreement. No amounts for this contingency are included in the above table.

(3) All of the debt under the Term Loan is at a variable rate and the interest in the table assumes the variable rate of 5.7% at August 26, 2017 is constant through the maturity dates of the debt and the principal payments on the term debt are made as scheduled. The variable rate is subject to change. For example, a 1.0% change in Term Loan rates for Fiscal 2018, would change the interest expense by $2.8 million. Additionally, included in interest payments due by period is a 0.4% commitment fee on the ABL for unused borrowings, which are assumed to be at $125.0 million. In addition to interest assumed to be paid, non-cash amortization of debt issuance costs will also be recorded within interest expense on the Consolidated Statements of Income and Comprehensive Income in future periods.

(4) We have an interest rate swap agreement with a notional amount of $200.0 million as of August 26, 2017 that decreases to $170.0 million on December 8, 2017, to $120.0 million in December 10, 2018, and $60.0 million on December 9, 2019 and expires on December 8, 2020. We pay a fixed rate at 1.82%, and receive a floating rate that was 1.2% at August 26, 2017. In the previous table, we have assumed the floating rate will be constant through the expiration of the interest rate swap when calculating the net swap payments. The variable rate is subject to change. For example, a 1.0% increase in the floating rate for Fiscal 2018, would decrease the payments noted in footnote[3] by $2.0 million.

(5) See Note 9.

(6) See Note 10.

(7) We are not able to reasonably estimate in which future periods these amounts will ultimately be settled.

Critical Accounting Policies

Our financial statements are prepared in accordance with 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 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. 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 of Directors.

Accounting for Business Combinations

We account for business combinations under the acquisition method of accounting. This method requires the recording of acquired assets, including separately identifiable intangible assets, and assumed liabilities at their acquisition date fair values. The excess of the purchase price over the fair value of assets acquired and liabilities assumed is recorded as goodwill. Determining the fair value of assets acquired and liabilities assumed requires management's judgment and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, royalty rates and asset lives, among other items.

We used the income approach to value certain intangible assets. Under the income approach, an intangible asset's fair value is equal to the present value of future economic benefits to be derived from ownership of the asset. We used the income approach known as the relief from royalty method to value the fair value of the trade name. The relief from royalty method is based on the hypothetical royalty stream that would be received if we were to license the trade name and was based on expected revenues. The fair value of the dealer network was estimated using an income approach known as the cost to recreate/cost savings method. This method uses the replacement of the asset as an indicator of the fair value of the asset. The determination of the fair value of other assets acquired and liabilities assumed involves assessing factors such as the expected future cash flows associated with individual assets and liabilities and appropriate discount rates at the date of the acquisition.

See Note 2 to the consolidated financial statements for further information.

Goodwill and Indefinite-lived Intangible Assets

We test goodwill and identifiable intangible assets with indefinite lives for impairment at least annually in the fourth quarter. Impairment testing for goodwill is done at a reporting unit level and all goodwill is assigned to a reporting unit. Our reporting units are the same as our operating segments and one level below the reporting segment level.

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We test goodwill for impairment by either performing a qualitative evaluation or a quantitative test, whereby a goodwill impairment loss will be measured as the excess of a reporting unit's carrying amount over its fair value. The qualitative evaluation is an assessment of factors, including reporting unit specific operating results and cost factors, as well as industry, market and general economic conditions, to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. We may elect to bypass this qualitative assessment and perform the quantitative test in accordance with ASC 350, Intangibles - Goodwill and Other. Fair values under the quantitative test are estimated using a combination of discounted projected future earnings or cash flow methods and multiples of earnings in estimating fair value. The estimate of the reporting unit’s fair value is determined by weighting a discounted cash flow model and a market-related model using current industry information that involve significant unobservable inputs (Level 3 inputs). In determining the estimated future cash flow, we consider and apply certain estimates and judgments, including current and projected future levels of income based on management’s plans, business trends, prospects and market and economic conditions and market-participant considerations. These assumptions require significant judgment and actual results may differ from assumed and estimated amounts. If we fail the quantitative assessment of goodwill impairment ("quantitative assessment"), pursuant to our adoption of FASB ASU No. 2017–04 in fiscal 2017, we would be required to recognize an impairment loss equal to the amount that a reporting unit's carrying value exceeded its fair value. Substantially all of the goodwill resulting from the Grand Design acquisition on November 8, 2016 is in the Towable products and services segment and reporting unit.

As of August 26, 2017, we had an indefinite-lived intangible asset for trade name of $148.0 million from the Grand Design acquisition. Annually in the fourth quarter, or if conditions indicate an interim review is necessary, we assess qualitative factors to determine if it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount. If we perform a quantitative test, projections regarding estimated discounted future cash flows and other factors are made to determine if impairment has occurred. These assumptions require significant judgment and actual results may differ from assumed and estimated amounts. If we conclude that there has been impairment, we will write down the carrying value of the asset to its fair value.

During the fourth quarter of Fiscal 2017, we completed our annual impairment tests. We elected not to rely on the qualitative assessment as of the testing date and rather performed the quantitative analysis. We elected to perform this analysis because Grand Design was acquired during Fiscal 2017 and the analysis resulted in setting foundational assumptions to be used to evaluate goodwill and the indefinite-lived trade name asset in the future. The result of the test was that the fair value far exceeded the carrying value of the reporting unit and no impairment was present.

Long-Lived Assets

Long-lived assets, which include property, plant and equipment, and definite-lived intangible assets, primarily the dealer network, are assessed for impairment whenever events or changes in circumstances indicate the carrying amount of the asset may not be recoverable. The impairment testing involves comparing the carrying amount of the asset to the forecasted undiscounted future cash flows generated by that asset. These assumptions require significant judgment and actual results may differ from assumed and estimated amounts. In the event the carrying amount of the asset exceeds the undiscounted future cash flows generated by that asset and the carrying amount is not considered recoverable, an impairment exists. An impairment loss is measured as the excess of the asset’s carrying amount over its fair value and is recognized in the statement of income in the period that the impairment occurs. The dealer network is amortized over its estimated useful life of 12 years. The reasonableness of the useful lives of this asset and other long-lived assets is regularly evaluated.

Revenue Recognition

Generally, revenues for our RVs are recorded and title passes when 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 (if applicable)

- an independent transportation company has accepted responsibility for the product as agent for the dealer; and
- the product is removed from the Company's property for delivery to the dealer by the agent.

Our shipping terms are FOB shipping point. Products are not sold on consignment, dealers do not have the right to return products, and dealers are typically responsible for interest costs to floor plan lenders.

Repurchase Commitments

It is customary practice for manufacturers in the RV industry to enter into repurchase agreements with financing institutions that provide financing to their dealers. Our repurchase agreements generally provide that, in the event of a default by a dealer in its obligation to these lenders, we will repurchase vehicles sold to the dealer that have not been resold to retail customers. The terms of these agreements, which 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 liability cannot exceed 100% of the dealer invoice. In certain instances, we also repurchase inventory from our dealers due to state law or regulatory requirements that govern voluntary or involuntary relationship terminations.

Based on these repurchase agreements, we establish an associated loss reserve which is included in "Accrued expenses - Other" on the consolidated balance sheets. Repurchased sales are not recorded as a revenue transaction, but the net difference between the original repurchase price and the resale price are recorded against the loss reserve, which is a deduction from gross revenue. Our loss reserve for repurchase commitments contains uncertainties because the calculation requires management to make

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assumptions and apply judgment regarding a number of factors. We base our reserve primarily on our historical loss experience rate per dollar of dealer inventory. The historical experience has been affected by a number of factors which are evaluated, such as macro-market conditions, current retail demand for our product, location of the dealer, and the financing source. The percentage of dealer inventory we estimate we will repurchase and the associated estimated loss is based on historical loss experience and current trends and economic conditions.

Repurchase risk is affected by the credit worthiness of our dealer network and if we are obligated to repurchase a substantially larger number of RVs in the future, this would increase our costs and could have a material adverse effect on our results of operations, financial condition, and cash flows.

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 warranty on Class A and C sidewalls and floors. We provide a comprehensive 12-month warranty on all towable products. Estimated costs related to product warranty are accrued at the time of sale and are based upon past warranty claims and unit sales history. Accruals are adjusted as needed to reflect actual costs incurred as information becomes available.

In addition to the costs associated with the contractual warranty coverage provided on our products, 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. 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. A hypothetical change of a 10% increase or decrease in our significant warranty commitment assumptions as of August 26, 2017 would have affected net income by approximately $1.9 million. Further discussion of our warranty costs and associated accruals is included in Note 7.

Income Taxes

We account for income taxes in accordance with ASC 740, Income Taxes. In preparing our financial statements, we are required to estimate our income taxes in each of the jurisdictions in which we operate. 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. We will continue to assess the likelihood that our deferred tax assets will be realizable at each reporting period. Any adjustment to the deferred tax assets could materially impact our financial position and results of operations. As of August 26, 2017, we have determined that our deferred tax assets are realizable and, therefore, no valuation allowance has been recorded.

New Accounting Pronouncements

See Note 1 for a summary of new accounting pronouncements which are incorporated by reference herein.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The assets we maintain to fund deferred compensation have market risk, but we maintain a corresponding liability for these assets. The market risk is therefore borne by the participants in the deferred compensation program.

Interest rate risk

We are exposed to market risks related to fluctuations in interest rates on the outstanding variable rate debt. As of August 26, 2017, we had $284.0 million outstanding under our Term Loan, subject to variable interest rates. This risk is partially mitigated through the use of an interest rate swap contract as detailed below.

Under terms of the Credit Agreement, we are required to maintain interest rate swaps to manage our interest rate exposure related to the variable component of interest cost on the Term Loan. This hedging arrangement must be maintained until the later of November 8, 2019 or when our leverage ratio is less than 2.0 to 1.0. On January 23, 2017, we entered into an interest rate swap to effectively convert $200.0 million of the Term Loan balance to a fixed rate. The notional amount of the swap is reduced to $170.0 million on December 8, 2017, $120.0 million in December 10, 2018, and $60.0 million on December 9, 2019. The swap contract expires on December 8, 2020. A hypothetical one percentage point increase in interest rates on the Term Loan would increase our interest expense (after consideration of the interest rate swap) for 2018 by approximately $0.8 million. Due to the floor of 1% on LIBOR for the Term Loan, a 1% decrease could only decrease to the floor for the variable rate, resulting in a decrease in interest expense (after consideration of the interest rate swap) for 2018 of $(0.2) million.

For variable rate debt, interest rate changes generally do not affect the fair value of the debt instrument, but do impact future earnings and cash flows, assuming other factors are held constant.

Derivative instruments are accounted for at fair value in accordance with ASC Topic 815, Derivatives and Hedging, and have been designated for hedge accounting. The fair value of the interest rate swap is based on observable market data (Level 2) and was $(0.8) million as of August 26, 2017. The interest rate swap requires us to pay interest at a fixed rate of 1.82% through the December 8, 2020 expiration of the swap. A 1.0% increase in the interest rate would have changed the fair value of the swap as of

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August 26, 2017 by approximately $3.8 million and a 1.0% decrease would have changed the fair value by $(2.4) million. These increases and decreases would be recorded in OCI and the hedged value on our consolidated balance sheet (currently recorded within other non-current liabilities). While these are our best estimates of the impact of the specified interest rate scenario, actual results could differ from those projected. The sensitivity analysis presented assumes interest rate changes are instantaneous, parallel shifts in the yield curve. In reality, interest rate changes of this magnitude are rarely instantaneous or parallel.

Item 8. Financial Statements and Supplementary Data

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MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

We, the management of Winnebago Industries, Inc. (the "Company") are 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 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 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 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 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 (2013) 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.

During Fiscal 2017, management excluded certain elements of internal control over financial reporting pertaining to the activities of the Grand Design business acquired in the first quarter (see Note 2 of Notes to Consolidated Financial Statements). Exclusion in the year of acquisition is customary to allow management sufficient time to evaluate and integrate our internal control over financial reporting. The exclusion for Grand Design represented 36.2% of consolidated total revenue and 39.8% of our consolidated total operating income for the year ended August 26, 2017 as well as 18.8% of our consolidated total assets as of August 26, 2017.

Based on its assessment and considering the exclusion noted above, management has concluded that the Company's internal control over financial reporting was effective as of August 26, 2017.

Deloitte & Touche LLP, the independent registered public accounting firm that audited the Company's financial statements included in this Annual Report on Form 10-K, has issued a report included herein, which expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Michael J. Happe	/s/ Bryan L. Hughes
Michael J. Happe	Bryan L. Hughes
President, Chief Executive Officer	Vice President, Chief Financial Officer
October 20, 2017	October 20, 2017

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Winnebago Industries, Inc.
Forest City, Iowa

We have audited the internal control over financial reporting of Winnebago Industries, Inc. and subsidiaries (the "Company") as of August 26, 2017, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. As described in Management's Report on Internal Control over Financial Reporting, management excluded from its assessment the internal control over financial reporting at Grand Design RV, LLC, which was acquired on November 8, 2016 and whose financial statements constitute 18.8% of total assets, 36.2% of net revenues, and 39.8% of operating income of the consolidated financial statements amounts as of and for the year ended August 26, 2017. Accordingly, our audit did not include the internal control over financial reporting at Grand Design RV, LLC. 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, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on 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, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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, the Company maintained, in all material respects, effective internal control over financial reporting as of August 26, 2017, based on the criteria established in Internal Control - Integrated Framework (2013) 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 26, 2017 of the Company and our report dated October 20, 2017 expressed an unqualified opinion on those financial statements.

/s/ Deloitte & Touche LLP
Minneapolis, Minnesota

October 20, 2017

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
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 26, 2017 and August 27, 2016, and the related consolidated statements of income and comprehensive income, changes in stockholders' equity, and cash flows for each of the three years in the period ended August 26, 2017. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the 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 and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Winnebago Industries, Inc. and subsidiaries at August 26, 2017 and August 27, 2016, and the results of their operations and their cash flows for each of the three years in the period ended August 26, 2017, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of August 26, 2017, based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated October 20, 2017 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP
Minneapolis, Minnesota
October 20, 2017

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Winnebago Industries, Inc.
Consolidated Statements of Income and Comprehensive Income

(In thousands, except per share data)	Year Ended August 26, 2017	August 27, 2016	August 29, 2015
Net revenues	$1,547,119	$975,226	$976,505
Cost of goods sold	1,324,542	862,577	871,625
Gross profit	222,577	112,649	104,880
SG&A:			
Selling	35,668	19,823	19,161
General and administrative	55,347	33,209	29,911
Postretirement health care benefit income	(24,796)	(6,124)	(4,073)
Transaction costs	6,592	—	—
Amortization of intangible assets	24,660	—	—
Impairment of fixed assets	—	—	462
Total SG&A	97,471	46,908	45,461
Operating income	125,106	65,741	59,419
Interest expense	16,837	—	—
Non-operating income	(330)	(457)	(115)
Income before income taxes	108,599	66,198	59,534
Provision for income taxes	37,269	20,702	18,324
Net income	$71,330	$45,496	$41,210
Income per common share:			
Basic	$2.33	$1.69	$1.53
Diluted	$2.32	$1.68	$1.52
Weighted average common shares outstanding:			
Basic	30,648	26,925	26,941
Diluted	30,766	27,033	27,051
Dividends paid per common share	$0.40	$0.40	$0.36
Net income	$71,330	$45,496	$41,210
Other comprehensive income (loss):			
Amortization of prior service credit (net of tax of $15,409, $2,947, and $2,110)	(25,035)	(4,788)	(3,428)
Amortization of net actuarial loss (net of tax of $5,976, $621, and $565)	9,705	1,010	918
Increase in actuarial loss (net of tax of $35, $415, and $250)	(57)	(674)	(407)
Plan amendment (net of tax of $2,402, $10,895, and $1,509)	3,903	17,701	2,451
Change in fair value of interest rate swap (net of tax of $314, $0, and $0)	(514)	—	—

Total other comprehensive income (loss)	(11,998)	13,249	(466)
Comprehensive income	$59,332	$58,745	$40,744

See notes to consolidated financial statements.

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Winnebago Industries, Inc.
Consolidated Balance Sheets

(In thousands, except per share data)	August 26, 2017	August 27, 2016
Assets		
Current assets:		
Cash and cash equivalents	$35,945	$85,583
Receivables, less allowance for doubtful accounts ($183 and $278, respectively)	124,539	66,184
Inventories	142,265	122,522
Prepaid expenses and other assets	11,388	6,300
Total current assets	314,137	280,589
Property, plant and equipment, net	71,560	55,931
Other assets:		
Goodwill	242,728	1,228
Other intangible assets, net	228,440	—
Investment in life insurance	27,418	26,492
Deferred income taxes	12,736	18,753
Other assets	5,493	7,725
Total assets	$902,512	$390,718
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$79,194	$44,134
Current maturities of long-term debt	2,850	—
Income taxes payable	7,450	19
Accrued expenses:		
Accrued compensation	24,546	19,699
Product warranties	30,805	12,412
Self-insurance	6,122	5,812
Promotional	6,560	4,756
Accrued interest	3,128	—
Other	6,503	6,117
Total current liabilities	167,158	92,949
Non-current liabilities:		
Long-term debt, less current maturities	271,726	—
Unrecognized tax benefits	1,606	2,461
Deferred compensations benefits and postretirement health care benefits, net of current portion	19,270	26,949
Other	1,078	—
Total non-current liabilities	293,680	29,410
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	80,401	32,717
Retained earnings	679,138	620,546
Accumulated other comprehensive (loss) income	(1,023)	10,975
Treasury stock, at cost (20,183 and 24,875 shares, respectively)	(342,730)	(421,767)
Total stockholders' equity	441,674	268,359
Total liabilities and stockholders' equity	$902,512	$390,718

See notes to consolidated financial statements.

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Winnebago Industries, Inc.
Consolidated Statements of Changes in Stockholders' Equity

(In thousands, except per share data)	Common Shares Number	Amount	Additional Paid-In Capital (APIC)	Retained Earnings	Accum-ulated Other Compre-hensive Income (Loss)	Treasury Stock Number	Amount	Total Stock-holders' Equity
Balance, August 30, 2014	51,776	$25,888	$31,672	$554,496	$(1,808)	(24,727)	$(417,500)	$192,748
Creation/(utilization) of APIC pool due to stock award	—	—	124	—	—	—	—	124
Issuance of restricted stock	—	—	(1,950)	—	—	199	3,360	1,410
Stock-based compensation, net of forfeitures	—	—	2,172	—	—	3	49	2,221
Payments for the purchase of common stock	—	—	—	—	—	(300)	(6,519)	(6,519)
Cash dividends paid on common stock-$0.36 per share	—	—	—	(9,765)	—	—	—	(9,765)
Prior service cost and actuarial loss, net of $1,795 tax	—	—	—	—	(2,917)	—	—	(2,917)
Plan amendment, net of $1,509 tax	—	—	—	—	2,451	—	—	2,451
Net income	—	—	—	41,210	—	—	—	41,210
Balance, August 29, 2015	51,776	$25,888	$32,018	$585,941	$(2,274)	(24,825)	$(420,610)	$220,963
Creation/(utilization) of APIC pool due to stock award	—	—	33	—	—	—	—	33
Issuance of restricted stock	—	—	(1,309)	—	—	108	1,826	517
Stock-based compensation, net of forfeitures	—	—	1,975	—	—	5	83	2,058
Payments for the purchase of common stock	—	—	—	—	—	(163)	(3,066)	(3,066)
Cash dividends paid on common stock-$0.40 per share	—	—	—	(10,891)	—	—	—	(10,891)
Prior service cost and actuarial loss, net of $2,741 tax	—	—	—	—	(4,452)	—	—	(4,452)
Plan amendment, net of $10,895 tax	—	—	—	—	17,701	—	—	17,701
Net income	—	—	—	45,496	—	—	—	45,496
Balance, August 27, 2016	51,776	$25,888	$32,717	$620,546	$10,975	(24,875)	$(421,767)	$268,359
Creation/(utilization) of APIC pool due to stock award	—	—	470	—	—	—	—	470
Issuance of restricted stock	—	—	(1,821)	—	—	155	2,629	808
Stock-based compensation, net of forfeitures	—	—	2,830	—	—	5	78	2,908
Issuance of stock for acquisition	—	—	46,205			4,586	77,861	124,066
Payments for the purchase of common stock	—	—	—	—	—	(54)	(1,531)	(1,531)
Cash dividends paid on common stock-$0.40 per share	—	—	—	(12,738)	—	—	—	(12,738)
	—	—	—	—	(15,387)	—	—	(15,387)

Prior service cost and actuarial loss, net of $9,468 tax								
Plan amendment, net of $2,402 tax	—	—	—	—	3,903	—	—	3,903
Change in fair value of interest rate swap, net of $314 tax	—	—	—	—	(514)	—	—	(514)
Net income	—	—	—	71,330	—	—	—	71,330
Balance, August 26, 2017	51,776	$25,888	$80,401	$679,138	$(1,023)	(20,183)	$(342,730)	$441,674

See notes to consolidated financial statements.

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Winnebago Industries, Inc.
Consolidated Statements of Cash Flows

(In thousands)	Year Ended August 26, 2017	August 27, 2016	August 29, 2015
Operating activities:			
Net income	$71,330	$45,496	$41,210
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	7,315	5,745	4,513
Amortization of intangible assets	24,660	—	—
Amortization of debt issuance costs	1,596	—	—
LIFO expense	1,722	1,153	1,244
Asset impairment	—	—	462
Stock-based compensation	2,977	3,293	3,097
Deferred income taxes	8,360	2,233	215
Deferred compensation expense and postretirement benefit income	(23,379)	(4,292)	(843)
Other	(1,257)	(935)	(909)
Change in assets and liabilities:			
Inventories	(6,165)	(11,510)	(561)
Receivables, prepaid and other assets	(27,597)	1,217	2,458
Investment in operating leases, net of repurchase obligations	—	—	(72)
Income taxes and unrecognized tax benefits	7,045	85	408
Accounts payable and accrued expenses	33,697	14,253	(1,880)
Postretirement and deferred compensation benefits	(3,177)	(3,992)	(4,159)
Net cash provided by operating activities	97,127	52,746	45,183
Investing activities:			
Purchases of property and equipment	(13,993)	(24,551)	(16,573)
Proceeds from the sale of property	223	18	65
Acquisition of business, net of cash acquired	(392,473)	—	—
Other	858	1,141	(9)
Net cash used in investing activities	(405,385)	(23,392)	(16,517)
Financing activities:			
Payments for repurchases of common stock	(1,530)	(3,066)	(6,519)
Payments of cash dividends	(12,738)	(10,891)	(9,765)
Payments of debt issuance costs	(11,020)	—	—
Borrowings on credit facility	366,400	—	22,000
Repayments of credit facility	(82,400)	—	(22,000)
Other	(92)	(53)	53
Net cash provided by (used in) financing activities	258,620	(14,010)	(16,231)
Net (decrease) increase in cash and cash equivalents	(49,638)	15,344	12,435
Cash and cash equivalents at beginning of year	85,583	70,239	57,804
Cash and cash equivalents at end of year	$35,945	$85,583	$70,239
Supplemental cash flow disclosure:			
Income taxes paid, net	$21,421	$18,449	$17,658
Interest paid	$11,893	$—	$10

Non-cash transactions:			
Issuance of Winnebago common stock for acquisition of business	$124,066	$—	$—
Capital expenditures in accounts payable	$1,021	$903	$—

See notes to consolidated financial statements.

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Winnebago Industries, Inc.
Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

Winnebago Industries, Inc., founded in 1958 and headquartered in Forest City, Iowa, is one of the leading manufacturers of RVs which we sell through independent dealers, primarily throughout the United States and Canada. Other products manufactured by us consist primarily of original equipment manufacturing parts for other manufacturers and commercial vehicles.

In the first quarter of Fiscal 2017, we revised our reporting segments. Previously we had one reporting segment which included all recreational vehicle products and services. With the acquisition of Grand Design in the first quarter of Fiscal 2017, we expanded the number of reporting segments to two: (1) Motorized products and services and (2) Towable products and services. The Towable segment includes all products which are not motorized and are generally towed by another vehicle. The Motorized segment includes all products that include a motorized chassis as well as other related manufactured products. All prior period amounts related to the segment change have been retrospectively reclassified to conform to the new presentation.

Principles of Consolidation

The consolidated financial statements for Fiscal 2017 include the parent company and our wholly-owned subsidiaries. All intercompany balances and transactions with our subsidiaries have been eliminated.

Fiscal Period

We follow a 52-/53-week fiscal year, ending the last Saturday in August. The financial statements presented are all 52-week fiscal periods.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the US requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of highly liquid investments with an original maturity of three months or less. The carrying amount approximates fair value due to the short maturity of the investments.

Fair Value Disclosures of Financial Instruments

All financial instruments are carried at amounts believed to approximate fair value.

Derivative Instruments and Hedging Activities

We use derivative instruments to hedge our floating interest rate exposure. Derivative instruments are accounted for at fair value in accordance with ASC Topic 815, Derivatives and Hedging. We have designated these derivatives as cash flow hedges for accounting purposes. Changes in fair value, for the effective portion of qualifying hedges, are recorded in OCI. We review the effectiveness of our hedging instruments on a quarterly basis, recognize current period hedge ineffectiveness immediately in earnings, and discontinue hedge accounting for any hedge that we no longer consider to be highly effective.

Allowance for Doubtful Accounts

The allowance for doubtful accounts is based on historical loss experience and any specific customer collection issues identified. Additional amounts are provided through charges to income as we believe necessary after evaluation of receivables and current economic conditions. Amounts which are considered to be uncollectible are written off and recoveries of amounts previously written off are credited to the allowance upon recovery.

Inventories

Substantially, all inventories are stated at the lower of cost or market, determined on the LIFO basis. Manufacturing cost includes materials, labor and manufacturing overhead. Unallocated overhead and abnormal costs are expensed as incurred.

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Property and Equipment

Depreciation of property and equipment is computed using the straight line method on the cost of the assets, less allowance for salvage value where appropriate, at rates based upon their estimated service lives as follows:

Asset Class	Asset Life
Buildings	10-30 years
Machinery and equipment	3-15 years
Software	3-10 years
Transportation equipment	4-6 years

We review our long-lived depreciable assets for impairment annually or whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable from future cash flows. If the carrying value of a long-lived asset is impaired, an impairment charge is recorded for the amount by which the carrying value of the long-lived asset exceeds its fair value. We assess the potential impairment of long-lived assets in accordance with ASC 360 Property, Plant and Equipment. We also reviewed all other long-lived depreciable assets for impairment, noting no impairment.

Goodwill and Indefinite-Lived Intangible Asset

Goodwill is tested annually in the fourth quarter of each year, and is tested for impairment between annual tests if an event occurs or circumstances change that would indicate the carrying amounts may be impaired. Impairment testing for goodwill is done at a reporting unit level and all goodwill is assigned to a reporting unit. Our reporting units are the same as our operating segments and one level below the reporting segment level.

Companies have the option to first assess qualitative factors to determine whether the fair value of a reporting unit is not “more likely than not” less than its carrying amount. If it is more likely than not that an impairment has occurred, companies then perform the quantitative goodwill impairment test. If we perform the quantitative test, we compare the carrying value of the reporting unit to an estimate of the reporting unit’s fair value to identify impairment. The estimate of the reporting unit’s fair value is determined by weighting a discounted cash flow model and a market-related model using current industry information that involve significant unobservable inputs (Level 3 inputs). In determining the estimated future cash flow, we consider and apply certain estimates and judgments, including current and projected future levels of income based on management’s plans, business trends, prospects and market and economic conditions and market-participant considerations. If we fail the quantitative assessment of goodwill impairment, pursuant to our adoption of FASB ASU No. 2017–04 in Fiscal 2017, we would be required to recognize an impairment loss equal to the amount that a reporting unit's carrying value exceeded its fair value.

As of August 26, 2017, we had an indefinite-lived intangible asset for the trade name of $148 million related to the Grand Design acquisition. Annually in the fourth quarter, or if conditions indicate an interim review is necessary, we assess qualitative factors to determine if it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount.

If we perform a quantitative test, projections regarding estimated discounted future cash flows and other factors are made to determine if impairment has occurred. These assumptions require significant judgment and actual results may differ from assumed and estimated amounts. If we conclude that there has been impairment, we will write down the carrying value of the asset to its fair value.

During the fourth quarter of Fiscal 2017, we completed our annual impairment tests. We elected not to rely on the qualitative assessment as of the testing date and rather performed the quantitative analysis. We elected to perform this analysis because Grand Design was acquired during Fiscal 2017 and the analysis resulted in setting foundational assumptions to be used to evaluate goodwill and the indefinite-lived trade name asset in the future. The result of the test was that the fair value far exceeded the carrying value of the reporting unit and no impairment was indicated.

Other Intangible and Long-Lived Assets

Long-lived assets, which include property, plant and equipment, and definite-lived intangible assets, primarily the dealer network, are assessed for impairment whenever events or changes in circumstances indicate the carrying amount of the asset may not be recoverable. The impairment test involves comparing the carrying amount of the asset to the forecasted undiscounted future cash flows generated by that asset. These assumptions require significant judgment and actual results may differ from assumed and estimated amounts. In the event the carrying amount of the asset exceeds the undiscounted future cash flows generated by that asset and the carrying amount is not considered recoverable, an impairment exists. An impairment loss is measured as the excess of the asset's carrying amount over its fair value and is recognized in the statement of income in the period that the impairment occurs. The dealer network is amortized over its estimated useful life of 12 years. The reasonableness of the useful lives of this asset and other long-lived assets is regularly evaluated.

There was no impairment loss for the period ended August 26, 2017 for goodwill, indefinite- or definite-lived intangible assets, or long-lived assets.

Debt Issuance Costs

We amortize debt issuance costs on a straight-line basis (which is not materially different from an effective interest method) over the term of the associated debt agreement. If early principal payments are made on the Term Loan, a proportional amount of the

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unamortized issuance costs will be expensed. As of August 26, 2017, we incurred $0.8 million of costs related to our revolving Credit Agreement that are being amortized on a straight-line basis over the five year term of the agreement. We also incurred $10.2 million of costs as of August 26, 2017 related to the Term Loan that are being amortized on a straight-line basis over the seven year term of the agreement.

Self-Insurance

Generally, we self-insure for a portion of product liability claims and workers' compensation. Under these plans, liabilities are recognized for claims incurred, including those incurred but not reported. We determined the liability for product liability and workers' compensation claims with the assistance of a third party administrator and actuary using various state statutes and historical claims experience. We have a $50.0 million insurance policy that includes an SIR for product liability of $2.5 million per occurrence and $6.0 million in aggregate per policy year. We maintain excess liability insurance with outside insurance carriers to minimize our risks related to catastrophic claims in excess of our self-insured positions for product liability and personal injury matters. Any material change in the aforementioned factors could have an adverse impact on our operating results. Our product liability and workers' compensation accrual is included within accrued self-insurance on our balance sheet.

Income Taxes

In preparing our financial statements, we are required to estimate our income taxes in each of the jurisdictions in which we operate. This process involves estimating our current tax exposure together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These temporary differences result in deferred tax assets and liabilities, which are included within our balance sheet. We then assess the likelihood that our deferred tax assets will be realized based on future taxable income and, to the extent we believe that recovery is not likely, we establish a valuation allowance. To the extent we establish a valuation allowance or change this allowance in a period, we include an expense or a benefit within the tax provision in our Statements of Income.

Legal

Our accounting policy regarding litigation expense is to accrue for probable and reasonably estimable exposure including estimated defense costs.

Revenue Recognition

Generally, revenues for our RVs are recorded when 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 (if applicable)
- an independent transportation company has accepted responsibility for the product as agent for the dealer; and
- the product is removed from our property for delivery to the dealer by the agent.

Our shipping terms are FOB shipping point. Products are not sold on consignment, dealers do not have the right to return products, and dealers are typically responsible for interest costs to floor plan lenders.

Delivery Revenues and Expenses

Delivery revenues for products delivered are included within net sales, while delivery expenses are included within cost of goods sold.

Concentration of Risk

One of our dealer organizations accounted for 10.0%, 13.0% and 15.0% of our net revenue for Fiscal 2017, Fiscal 2016, and Fiscal 2015, respectively. A second dealer organization accounted for 9.9%, 16.6%, and 17.9% of our consolidated net revenue in Fiscal 2017, 2016 and 2015, respectively. These dealers declined on a relative basis due to the growth of other dealers and due to the addition of Grand Design revenue in Fiscal 2017.

Sales Promotions and Incentives

We accrue for sales promotions and incentive expenses, which are recognized as a reduction to revenues, at the time of sale to the dealer or when the sales incentive is offered to the dealer or retail customer. Examples of sales promotions and incentive programs include dealer and consumer rebates, volume discounts, retail financing programs

and dealer sales associate incentives. Sales promotion and incentive expenses are estimated based upon then current program parameters, such as unit or retail volume and historical rates. Actual results may differ from these estimates if market conditions dictate the need to enhance or reduce sales promotion and incentive programs or if the retail customer usage rate varies from historical trends. Historically, sales promotion and incentive expenses have been within our expectations and differences have not been material.

Repurchase Commitments

It is customary practice for manufacturers in the RV industry to enter into repurchase agreements with financing institutions that provide financing to their dealers. Our repurchase agreements generally provide that, in the event of a default by a dealer in its obligation to these lenders, we will repurchase vehicles sold to the dealer that have not been resold to retail customers. The terms of these agreements, which 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 liability cannot exceed 100% of the dealer invoice. In certain instances, we also repurchase inventory from our dealers due to state law or regulatory requirements that govern voluntary or involuntary relationship terminations.

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Based on these repurchase agreements and our historical loss experience, we establish an associated loss reserve which is included in "Accrued expenses - Other" on the consolidated balance sheets. Repurchased sales are not recorded as a revenue transaction, but the net difference between the original repurchase price and the resale price are recorded against the loss reserve, which is a deduction from gross revenue. Our loss reserve for repurchase commitments contains uncertainties because the calculation requires management to make assumptions and apply judgment regarding a number of factors. See Note 10.

Reporting Segment

We have two reportable segments: (1) Motorized products and services and (2) Towable products and services. The Towable segment includes all products which are not motorized and are generally towed by another vehicle. The Motorized segment includes all products that include a motorized chassis as well as other related manufactured products. See Note 3.

Advertising

Advertising costs, which consist primarily of literature and trade shows, were $5.7 million, $4.9 million, and $5.5 million in Fiscal 2017, 2016 and 2015, respectively. Advertising costs are included in selling expense and are expensed as incurred with the exception of trade shows which are expensed in the period in which the show occurs.

Earnings Per Common Share

Basic income per common share is computed by dividing net income by the weighted average common shares outstanding during the period.

Diluted income per common share is computed by dividing net income by the weighted average common shares outstanding plus the incremental shares that would have been outstanding upon the assumed exercise of dilutive stock awards and options. See Note 13.

Subsequent Events

We evaluated events occurring between the end of our most recent fiscal year and the date the financial statements were issued. There were no material subsequent events, except those described in Note 16.

Recently Adopted Accounting Pronouncements

In April 2015, the FASB issued ASU 2015-03, Interest - Imputation of Interest (Topic 835), which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability. We adopted the standard during the first quarter of Fiscal 2017 and, accordingly, have presented unamortized debt issuance costs as a direct reduction allocated between Current maturities of long-term debt and Long-term debt, less current maturities on the Consolidated Balance Sheet as of August 26, 2017.

In September 2015, the FASB issued ASU 2015-16, Business Combinations (Topic 805), to simplify the accounting for measurement-period adjustments in a business combination. Under the new standard, an acquirer must recognize adjustments to provisional amounts in a business combination in the reporting period in which the adjustment amounts are determined, rather than retrospectively adjusting the provisional amounts recognized at the acquisition date with a corresponding adjustment to goodwill as under current guidance. We adopted this standard on August 28, 2016 and have accounted for all adjustments to provisional amounts in accordance with this guidance.

In January 2017, the FASB issued ASU 2017-04, Simplifying the Test for Goodwill Impairment (Topic 350), which eliminates the requirement to calculate the implied fair value of goodwill to measure a goodwill impairment change. ASU 2017-04 is effective prospectively for fiscal years, and the interim periods within those years, beginning after December 15, 2019 (our Fiscal 2021). We early adopted this standard as of the beginning of Fiscal 2017. There was no impact on our consolidated financial statements as there was no impairment indicated.

New Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), which establishes a comprehensive new model for the recognition of revenue from contracts with customers. This model is based on the core principle that revenue should be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Entities have the option of using either retrospective transition or a modified approach in applying the new standard. The standard is effective for fiscal years, and the interim periods within those years, beginning after December 15, 2017 (our Fiscal 2019).

We have performed an evaluation which included a review of representative contracts with key customers and the performance obligations contained therein, as well as a review of our commercial terms and practices across each of our segments. Based on our preliminary review, we do not expect adoption to have a material impact but further work to substantiate this preliminary conclusion is underway. We will determine the transition method to apply and the implications of using either the full retrospective or modified retrospective approach after this additional work is concluded.

In July 2015, the FASB issued ASU 2015-11, Inventory (Topic 330), which requires inventory measured using any method other than last-in, first-out (“LIFO”) or the retail inventory method to be subsequently measured at the lower of cost or net realizable value, rather than at the lower of cost or market. Under this ASU, subsequent measurement of inventory using the LIFO and retail

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inventory method is unchanged. ASU 2015-11 will become effective prospectively for fiscal years beginning after December 15, 2016 (our Fiscal 2018). We are currently evaluating the impact of adopting this ASU on our consolidated financial statements and do not expect adoption to have a material impact.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which requires an entity to recognize both assets and liabilities arising from financing and operating leases, along with additional qualitative and quantitative disclosures. The new standard is effective retrospectively or on a modified retrospective basis for fiscal years beginning after December 15, 2018 (our Fiscal 2020), including interim periods within those annual reporting periods. Early adoption is permitted. We are currently evaluating the impact of adopting this ASU on our consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, Improvements to Employee Share-Based Payment Accounting (Topic 718), which simplifies several aspects of the accounting for employee share-based payment transactions, including the accounting for the related income taxes, forfeitures, statutory tax withholding requirements and classification in the statement of cash flows. ASU 2016-09 is effective for annual reporting periods beginning after December 15, 2016 (our Fiscal 2018), including interim periods within those annual reporting periods. Early adoption is permitted. We will be adopting this standard in our forthcoming first quarter of our Fiscal 2018, and we do not expect adoption to have a material impact.

In August 2016, the FASB issued ASU 2016-15, Classification of Certain Cash Receipts and Cash Payments (Topic 230), which provides guidance for eight specific cash flow issues with the objective of reducing the existing diversity in practice. ASU 2016-15 is effective retrospectively for annual reporting periods beginning after December 15, 2017 (our Fiscal 2019), including interim periods within those annual reporting periods. Early adoption is permitted. We are currently evaluating the impact of adopting this ASU on our consolidated financial statements and do not expect adoption to have a material impact.

In August 2017, the FASB issued ASU 2017-12, Derivatives and Hedging (Topic 815), which improves the financial reporting of hedging relationships to better portray the economic results of an entity's risk management activities in its financial statements. ASU 2017-12 is effective for annual reporting periods beginning after December 15, 2018 (our Fiscal 2020), including interim periods within those annual reporting periods. Early adoption is permitted. We are currently evaluating the impact of adopting this ASU on our consolidated financial statements.

Note 2: Business Combination, Goodwill and Other Intangible Assets

We acquired 100% of the ownership interests of Grand Design on November 8, 2016 in accordance with the Securities Purchase Agreement for an aggregate purchase price of $520.5 million, which was paid in cash and Winnebago shares as follows:

(In thousands, except shares)	November 8, 2016
Cash	$ 396,442
Winnebago shares: 4,586,555 at $27.05 per share	124,066
Total	$ 520,508

The cash portion was funded from cash on hand and borrowings under our ABL and Term Loan agreements. The stock was valued using our share price on the date of closing.

The acquisition has been accounted for in accordance with ASC 805, Business Combinations, using the acquisition method of accounting. Under the acquisition method of accounting, the total purchase price was allocated to the net tangible and intangible assets of Grand Design acquired, based on their fair values at the date of the acquisition. We believe that the information provides a reasonable basis for estimating the fair values, but we are waiting for additional information necessary to finalize the amounts related to income taxes. Thus, the preliminary measurements

of fair value reflected are subject to change. We expect to finalize the valuation and complete the purchase price allocation during the first quarter of Fiscal 2018 and no later than one year from the acquisition date. The current allocation of the purchase price to assets acquired and liabilities assumed is as follows:

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(In thousands)	November 8, 2016
Cash	$ 1,748
Accounts receivable	32,834
Inventories	15,300
Prepaid expenses and other assets	3,788
Property, plant and equipment	8,998
Goodwill	241,499
Other intangible assets	253,100
Total assets acquired	557,267
Accounts payable	11,163
Accrued compensation	3,615
Product warranties	12,904
Promotional	3,976
Other	290
Deferred tax liabilities	4,811
Total liabilities assumed	36,759
Total purchase price	$ 520,508

The acquisition of 100% of the ownership interests of Grand Design occurred in two steps: (1) direct purchase of 89.34% of Grand Design member interests and (2) simultaneous acquisition of the remaining 10.66% of Grand Design member interests via the purchase of 100% of the shares of SP GE VIII-B GD RV Blocker Corp. (Blocker Corp) which held the remaining 10.66% of the Grand Design member interests. We agreed to acquire Blocker Corp as part of the Securities Purchase Agreement and we did not receive a step-up in basis for 10.66% of the Grand Design assets. As a result, we established a deferred tax liability of $8.5 million on the opening balance sheet that relates to intangibles that will not be amortizable for tax purposes.

The goodwill recognized is primarily attributable to the value of the workforce, reputation of founders, customer and dealer growth opportunities and expected synergies. Key areas of cost synergies include increased purchasing power for raw materials and supply chain consolidation. Goodwill is expected to be mostly deductible for tax purposes. The goodwill resulting from the acquisition of Grand Design increased total goodwill to $242.7 million within the Towable segment as of August 26, 2017 from $1.2 million as of August 27, 2016.

The allocation of the purchase price to the net assets acquired and liabilities assumed resulted in the recognition of intangible assets with fair value on the closing date of November 8, 2016 and amortization accumulated from the closing date through August 27, 2016 as follows:

(In thousands)	Weighted Average Life-Years	Fair Value Amount	Accumulated Amortization
Trade name	Indefinite	$148,000	$ —
Dealer network	12.0	80,500	5,348
Backlog	0.5	18,000	18,000
Non-compete agreements	4.0	4,600	1,116
Leasehold interest-favorable	8.1	2,000	196
Total		253,100	$ 24,660
Accumulated amortization		(24,660)	
Net book value of intangible assets		$228,440	

We used the income approach to value certain intangible assets. Under the income approach, an intangible asset's fair value is equal to the present value of future economic benefits to be derived from ownership of the asset. We used the income approach known as the relief from royalty method to value the trade name. The relief from royalty method is based on the hypothetical royalty stream that would be received if we were to license the trade name and is based on expected revenues from such license. The fair value of the dealer network was estimated using an income approach known as the cost to recreate/cost savings method. This method uses the replacement of the asset as an indicator of the fair value of the asset. The useful life of the intangible assets was determined considering the period of expected cash flows used to measure the fair value of the intangible assets adjusted as appropriate for the entity-specific factors including legal, regulatory, contractual, competitive, economic or other factors that may limit the useful life of the intangible assets.

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For Fiscal 2017 and 2016, amortization of intangible assets charged to operations was $24.7 million and $0, respectively. The weighted average remaining amortization period for intangible assets as of August 26, 2017 was approximately 11.0 years. Remaining estimated aggregate annual amortization expense by fiscal year is as follows:

(In thousands)	Amount
2018	$ 7,854
2019	7,733
2020	7,733
2021	7,733
2022	7,106
Thereafter	42,281

Within the Towable segment, the results of Grand Design's operations have been included in our consolidated financial statements from the close of the acquisition. The following table provides net revenues and operating income (which includes amortization expense) from the Grand Design business included in our consolidated results during the fiscal year ended August 26, 2017 following the November 8, 2016 closing date:

(In thousands)	Year Ended August 26, 2017
Net revenues	$ 559,664
Operating income	56,475

Unaudited pro forma information has been prepared as if the acquisition had taken place on August 30, 2015. The unaudited pro forma information is not necessarily indicative of the results that we would have achieved had the transaction actually taken place on August 30, 2015, and the unaudited pro forma information does not purport to be indicative of future financial operating results. The unaudited pro forma condensed consolidated financial information does not reflect any operating efficiencies and cost savings that may be realized from the integration of the acquisition. Unaudited pro forma information is as follows:

	Year Ended	
(In thousands, except per share data)	August 26, 2017	August 27, 2016
Net revenues	$ 1,642,786	$ 1,402,897
Net income	91,163	48,357
Income per share - basic	2.89	1.53
Income per share - diluted	2.88	1.53

The unaudited pro forma data above includes the following significant non-recurring adjustments made to account for certain costs which would have changed if the acquisition of Grand Design had been completed on August 30, 2015:

(In thousands)	Year Ended August 26, 2017	August 27, 2016
Amortization of intangibles (1 year or less useful life)	$ (18,751)	$ 18,871
Increase in amortization of intangibles	1,551	7,733
Expenses related to business combination (transaction costs) [1]	(6,649)	6,649

Interest to reflect new debt structure	3,672	19,622
Taxes related to the adjustments to the pro forma data and to the income of Grand Design	11,648	1,680

(1) Pro forma transaction costs include $0.1 million incurred by Grand Design prior to acquisition.

We incurred approximately $6.9 million of acquisition-related costs to date, of which $6.6 million was expensed during Fiscal 2017 and $0.3 million was expensed in Fiscal 2016.

Note 3: Business Segments

We report segment information based on the "management" approach defined in ASC 280, Segment Reporting. The management approach designates the internal reporting used by management for making decisions and assessing performance as the source of our reportable segments.

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In the first quarter of Fiscal 2017, we revised our reporting segments. Previously we had one reporting segment which included all recreational vehicle products and services. With the acquisition of Grand Design in the first quarter of Fiscal 2017, we expanded the number of reporting segments to two: (1) Motorized products and services and (2) Towable products and services. The Towable segment includes all products which are not motorized and are generally towed by another vehicle. The Motorized segment includes all products that include a motorized chassis as well as other related manufactured products. Prior year segment information has been restated to conform to the current reporting segment presentation.

We organize our business reporting on a product basis. Each reportable segment is managed separately to better align to our customers, distribution partners and the unique market dynamics of the product groups. The accounting policies of both reportable segments are the same and described in Note 1, "Summary of Significant Accounting Policies".

We evaluate the performance of our reportable segments based on Adjusted EBITDA. Adjusted EBITDA is defined as earnings before interest, taxes, depreciation and amortization and other adjustments made in order to present comparable results from period to period. Examples of items excluded from Adjusted EBITDA include the postretirement health care benefit income resulting from the plan amendments over the past several years, favorable legal settlements including our Fiscal 2016 Australia trademark settlement, and transaction costs related to our pending acquisition of Grand Design RV.

The following table shows information by reporting segment for Fiscal 2017, Fiscal 2016 and Fiscal 2015:

(In thousands)	Year Ended August 26, 2017	August 27, 2016	August 29, 2015
Net revenues			
Motorized	$861,922	$885,814	$904,821
Towable	685,197	89,412	71,684
Consolidated	$1,547,119	$975,226	$976,505
Adjusted EBITDA			
Motorized	$43,948	$57,365	$57,102
Towable	94,929	4,952	2,767
Consolidated	$138,877	$62,317	$59,869
Capital Expenditures			
Motorized	$9,587	$23,920	$10,923
Towable	4,406	631	5,650
Consolidated	$13,993	$24,551	$16,573

(In thousands)	Year Ended August 26, 2017	August 27, 2016
Total Assets		
Motorized	$333,600	$368,941
Towable	568,912	21,777
Consolidated	$902,512	$390,718

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Reconciliation of net income to consolidated Adjusted EBITDA:

(In thousands)	Year Ended August 26, 2017	August 27, 2016	August 29, 2015
Net income	$71,330	$45,496	$41,210
Interest expense	16,837	—	10
Provision for income taxes	37,269	20,702	18,324
Depreciation	7,315	5,745	4,513
Amortization	24,660	—	—
EBITDA	157,411	71,943	64,057
Postretirement health care benefit income	(24,796)	(6,124)	(4,073)
Legal settlement	—	(3,400)	—
Transaction costs	6,592	355	—
Non-operating income	(330)	(457)	(115)
Adjusted EBITDA	$138,877	$62,317	$59,869

Net revenue by geographic area:

(In thousands)	Year Ended August 26, 2017		August 27, 2016		August 29, 2015	
United States	$1,445,401	93.4 %	$940,230	96.4 %	$920,315	94.2 %
International	101,718	6.6 %	34,996	3.6 %	56,190	5.8 %
Total net revenues	$1,547,119	100.0%	$975,226	100.0%	$976,505	100.0%

Note 4: Derivatives, Investments and 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 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.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value hierarchy contains three levels as follows:

Level 1 - Unadjusted quoted prices that are available in active markets for the identical assets or liabilities at the measurement date.

Level 2 - Other observable inputs available at the measurement date, other than quoted prices included in Level 1, either directly or indirectly, including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets in nonactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 - Unobservable inputs that cannot be corroborated by observable market data and reflect the use of significant management judgment. These values are generally determined using pricing models for which the assumptions utilize management’s estimates of market participant assumptions.

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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 August 26, 2017 and August 27, 2016 according to the valuation techniques we used to determine their fair values:

(In thousands)	Fair Value at August 26, 2017	Fair Value Measurements Using Inputs Considered As Level 1	Level 2	Level 3
Assets that fund deferred compensation:				
Domestic equity funds	$1,708	$1,671	$37	$ —
International equity funds	174	157	17	—
Fixed income funds	259	170	89	—
Interest rate swap contract	(828)	—	(828)	—
Total assets (liabilities) at fair value	$1,313	$1,998	$(685)	$ —

(In thousands)	Fair Value at August 27, 2016	Fair Value Measurements Using Inputs Considered As Level 1	Level 2	Level 3
Cash equivalents [1]	$77,234	$77,234	$—	$ —
Assets that fund deferred compensation:				
Domestic equity funds	3,587	3,515	72	—
International equity funds	258	225	33	—
Fixed income funds	265	206	59	—
Total assets (liabilities) at fair value	$81,344	$81,180	$164	$ —

(1) Cash equivalent balances valued using Level 1 inputs include only those accounts that may fluctuate in value. Cash in disbursing accounts and on-demand accounts are not included above.

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

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 and are included in cash and cash equivalents on the accompanying consolidated balance sheets.

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. The majority of securities 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 and the Executive Deferred Compensation Plan (see Note 9). The proportion of the assets that will fund options which expire within a year are included in prepaid expenses and other current assets in the accompanying consolidated balance sheets. The remaining assets are classified as non-current and are included in other assets.

Interest Rate Swap Contract

Under terms of our Credit Agreement (see Note 8) we are required to hedge a portion of the floating interest rate exposure. In accordance with this requirement, we entered into an interest swap contract on January 23, 2017, which

effectively fixed our interest rate on $200.0 million of our Term Loan at 6.32%. The notional amount of the swap contract decreases to $170.0 million on December 8, 2017, $120.0 million on December 10, 2018, and $60.0 million on December 9, 2019. The swap contract expires on December 8, 2020.

The fair value of the interest rate swap based on a Level 2 valuation was a liability of $0.8 million as of August 26, 2017. The fair value is classified as Level 2 as it is corroborated based on observable market data. This amount is included in other non-current liabilities and accumulated other comprehensive income on the consolidated balance sheet since the interest rate swap has been designated for hedge accounting.

Assets and Liabilities that are measured at Fair Value on a Nonrecurring Basis
Our non-financial assets, which includes goodwill, intangible assets, and property, plant 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 Fiscal 2017, no impairments were recorded for non-financial assets.

The carrying value of our debt as of August 26, 2017 approximates fair value as interest is at variable market rates.

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Note 5: Inventories

Inventories consist of the following:

(In thousands)	August 26, 2017	August 27, 2016
Finished goods	$16,947	$19,129
Work-in-process	60,818	76,350
Raw materials	99,919	60,740
Total	177,684	156,219
LIFO reserve	(35,419)	(33,697)
Total inventories	$142,265	$122,522

The above value of inventories, before reduction for the LIFO reserve, approximates replacement cost at the respective dates. Of the $177.7 million and $156.2 million inventory at August 26, 2017 and August 27, 2016, respectively, $149.8 million and $149.4 million is valued on a LIFO basis. The remaining inventories of $27.9 million and $6.8 million at August 26, 2017 and August 27, 2016, respectively, are valued on a FIFO basis.

Note 6: Property, Plant and Equipment

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

(In thousands)	August 26, 2017	August 27, 2016
Land	$3,914	$3,864
Buildings and building improvements	73,831	62,073
Machinery and equipment	99,952	95,087
Software	17,844	15,878
Transportation	8,993	8,956
Total property, plant and equipment, gross	204,534	185,858
Less accumulated depreciation	(132,974)	(129,927)
Total property, plant and equipment, net	$71,560	$55,931

As part of the Grand Design acquisition, in the first quarter of Fiscal 2017 we purchased land and buildings for approximately $9.0 million. See Note 2.

Note 7: 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. From time to time, we also voluntarily incur costs for certain warranty-type expenses occurring after the normal warranty period 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 historical warranty and service claims experience. Adjustments are made to accruals as claim data and cost experience 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.

In addition to the costs associated with the contractual warranty coverage provided on our products, 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. Changes in our product warranty liability during Fiscal 2017, Fiscal 2016, and Fiscal 2015 are as follows:

(In thousands)	August 26, 2017	August 27, 2016	August 29, 2015

Balance at beginning of year	$ 12,412	$ 11,254	$ 9,501
Acquisition of Grand Design	12,904	—	—
Provision	31,631	16,503	12,892
Claims paid	(26,142)	(15,345)	(11,139)
Balance at end of year	$ 30,805	$ 12,412	$ 11,254

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Note 8: Long-Term Debt

The components of long-term debt are as follows:

(In thousands)	August 26, 2017	August 27, 2016
ABL	$—	$ —
Term Loan	284,000	—
Gross Long-term debt, excluding issuance costs	284,000	—
Less: debt issuance cost, net	(9,424)	—
Long-term debt, net of issuance costs	274,576	—
Less: current maturities	(2,850)	—
Long-term debt, less current maturities	$271,726	$ —

On November 8, 2016, we entered into a $125.0 million ABL agreement and a $300.0 million Term Loan with JPMorgan Chase.

Under the ABL agreement, we have a five-year credit facility on a revolving basis, subject to availability under a borrowing base consisting of eligible accounts receivable and eligible inventory. The line is available for issuance of letters of credit to a specified limit of $10.0 million. We pay a customary commitment fee based upon the amount of the facility available but unused.

Under the agreement, we can elect to base the interest rate on various base rates plus specific spreads, depending on the amount of borrowings outstanding. As of August 26, 2017 no funds were drawn on the ABL agreement other than an outstanding $0.2 million letter of credit.

Under the Term Loan agreement, we have a seven-year credit facility originally repayable in quarterly installments in an aggregate amount equal to 1.0% of the original amount of the Term Loan on March 31, June 30 and September 30, 2017; 1.25% each calendar quarter end thereafter; with the balance payable on November 8, 2023. A voluntary prepayment of $10.0 million in June of 2017 was designated as applying to the next regularly-scheduled payments. This designation provides an opportunity to defer principal payments on the term loan, at our option, until March 31, 2018. There are mandatory prepayments for proceeds of new debt, sale of significant assets or subsidiaries, and excess cash flow as those terms are defined in the agreement. Incremental term loans of up to $125.0 million are available if certain financial ratios and other conditions are met.

Under the Term Loan agreement, we can elect to base the interest rate on various base rates plus specific spreads. The interest rate as of August 26, 2017, before consideration of the hedge, was 5.7%.

The Term Loan agreement and the ABL agreement both contain various financial covenants. As of August 26, 2017, we are in compliance with all financial covenants of the Credit Agreement.

The ABL and Term Loan are guaranteed by Winnebago Industries, Inc. and all material direct and indirect domestic subsidiaries, and are secured by a security interest in substantially all of our assets, except minor excluded assets.

As of August 26, 2017, $9.4 million of debt issuance costs, net of amortization of $1.6 million, were recorded as a direct deduction from long-term debt, $1.4 million from the current portion and $8.0 million from the long-term portion. Unamortized debt issuance costs of $0.1 million related to the prior Amended Credit Agreement were expensed in the three months ended November 26, 2016.

Aggregate contractual maturities of debt in future fiscal years, are as follows:

(In thousands)	Amount
Year: 2018	$4,250
2019	15,000
2020	15,000
2021	15,000
2022	15,000
2023	15,000
2024	204,750
Total debt	$284,000

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Note 9: Employee and Retiree Benefits

Postretirement health care and deferred compensation benefits are as follows:

(In thousands)	August 26, 2017	August 27, 2016
Postretirement health care benefit cost	$ —	$ 6,346
Non-qualified deferred compensation	16,476	18,003
Executive share option plan liability	1,498	3,341
SERP benefit liability	2,534	2,681
Executive deferred compensation	447	389
Officer stock-based compensation	1,664	763
Total postretirement health care and deferred compensation benefits	22,619	31,523
Less current portion[1]	(3,349)	(4,574)
Long-term postretirement health care and deferred compensation benefits	$ 19,270	$ 26,949

(1) Included in Accrued compensation in the Consolidated Balance Sheets

Postretirement Health Care Benefits

Historically, we provided certain health care and other benefits for retired employees hired before April 1, 2001, who had fulfilled eligibility requirements at age 55 with 15 years of continuous service. We used a September 1 measurement date for this plan and our postretirement health care plan was not funded.

In Fiscal 2005, through a plan amendment, we established dollar caps on the amount that we paid for postretirement health care benefits per retiree on an annual basis so that we were not exposed to continued medical inflation. Retirees were 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. Each year from 2012 to 2015, the employer established dollar caps were reduced by 10% through plan amendments. In Fiscal 2016, postretirement health care benefits were discontinued for retirees age 65 and over. The plan amendment also included a 10% reduction in employer paid premiums for retirees under age 65. On October 26, 2016, we announced the termination of the remaining postretirement health care benefits to all participants. Beginning January 1, 2017, postretirement health care benefits were discontinued for retirees under age 65. As a result of these amendments, our liability for postretirement health care was reduced as presented in the following table.

Date	Plan Amendment	Dollar Cap Reduction	Liability Reduction (in thousands)	Amortization Period [1]
Fiscal 2005	Established employer dollar cap		$ 40,414	11.5 years
January 2012	Reduced employer dollar cap	10 %	4,598	7.8 years
January 2013	Reduced employer dollar cap	10 %	4,289	7.5 years
January 2014	Reduced employer dollar cap	10 %	3,580	7.3 years
January 2015	Reduced employer dollar cap	10 %	3,960	7.1 years
January 2016	Reduced employer dollar cap for retirees under age 65; discontinued retiree benefits for retirees age 65 and over	10 %	28,596	6.9 years
January 2017 [2]	Terminated Plan		6,338	0.2 years

(1) Plan amendments are amortized on a straight-line basis over the expected remaining service period of active plan participants.

(2) In accordance with ASC 715, the effects of the plan amendment are accounted for at the date the amendment is adopted and has been communicated to plan participants. The effective date for this plan amendment was October 26, 2016.

Based on actuarial evaluations, the discount rate used in determining the accumulated postretirement benefit obligation was 2.73% at August 27, 2016, which increased the benefit obligation by $0.9 million at August 27, 2016. There was no actuarial evaluation in Fiscal 2017 due to the termination of postretirement health care benefits. Changes in our postretirement health care liability were as follows:

(In thousands)	August 26, 2017	August 27, 2016
Balance at beginning of year	$ 6,346	$ 34,535
Interest cost	29	327
Service cost	16	108
Net benefits paid	(53)	(878)
Actuarial loss	—	850
Plan amendment	(6,338)	(28,596)
Balance at end of year	$ —	$ 6,346

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Net periodic postretirement benefit income for the past three fiscal years consisted of the following components:

(In thousands)	Year Ended August 26, 2017	August 27, 2016	August 29, 2015
Interest cost	$29	$ 327	$ 1,382
Service cost	16	108	427
Amortization of prior service benefit	(40,444)	(7,736)	(5,538)
Amortization of net actuarial loss	15,648	1,612	1,465
Net periodic postretirement benefit income	$(24,751)	$ (5,689)	$ (2,264)

For accounting purposes, we recognized net periodic postretirement income as presented in the previous table, due to the amortization of prior service benefit associated with the establishment of caps on the employer portion of benefits in Fiscal 2005 and the plan amendments made over the past five years.

Amounts not yet recognized in net periodic benefit cost and included in accumulated other comprehensive income (before taxes) are as follows:

(In thousands)	August 26, 2017	August 27, 2016
Prior service credit	$ —	$(34,139)
Net actuarial loss	—	15,648
Accumulated other comprehensive income	$ —	$(18,491)

Deferred Compensation Benefits

Non-Qualified Deferred Compensation Program (1981)

We have a Non-Qualified Deferred Compensation Program which permitted key employees to annually elect to defer a portion of their compensation until their retirement. The plan has been closed to any additional deferrals since January 2001. The retirement benefit to be provided is based upon the amount of compensation deferred and the age of the individual at the time of the contracted deferral. An individual generally vests at age 55 and 5 years of participation under the plan. For deferrals prior to December 1992, vesting occurs at the later of age 55 and 5 years of service from first deferral or 20 years of service. Deferred compensation expense was $1.2 million, $1.3 million and $1.3 million in Fiscal 2017, 2016 and 2015, respectively. Total deferred compensation liabilities were $16.5 million and $18.0 million at August 26, 2017 and August 27, 2016, respectively.

Supplemental Executive Retirement Plan (SERP)

The primary purpose of this plan was to provide our officers and managers with supplemental retirement income for a period of 15 years after retirement. We have not offered this plan on a continuing basis to members of management since 1998. The plan was funded with individual whole life insurance policies (Split Dollar Program) owned by the named insured officer or manager. We initially paid the life insurance premiums on the life of the individual and the individual would receive life insurance and supplemental cash payment during the 15 years following retirement. In October 2008, the plan was amended as a result of changes in the tax and accounting regulations and rising administrative costs. Under the redesigned SERP, the underlying life insurance policies previously owned by the insured individual became COLI by a release of all interests by the participant and assignment to us as a prerequisite to participation in the SERP and transition from the Split Dollar Program. Total SERP liabilities were $2.5 million and $2.7 million at August 26, 2017 and August 27, 2016, respectively. This program remains closed to new employee participation.

To assist in funding the deferred compensation and SERP liabilities, we have invested in COLI policies. The cash surrender value of these policies is presented as investment in life insurance in the accompanying balance sheets and consists of the following:

(In thousands)	August 26, 2017	August 27, 2016
Cash value	$ 62,824	$ 60,263
Borrowings	(35,406)	(33,771)
Investment in life insurance	$ 27,418	$ 26,492

Non-Qualified Share Option Program (2001)
The Non-Qualified Share Option Program permitted participants in the Executive Share Option Plan (the "Executive Plan") to choose to defer a portion of their salary or other eligible compensation in the form of options to purchase selected securities, primarily equity-based mutual funds. These assets are treated as trading securities and are recorded at fair value. The Executive Plan has been closed to any additional deferrals since January 2005. The Executive Plan assets related to those options that will expire within a year are included in prepaid expenses and other assets in the accompanying balance sheets. The remaining assets are included in other assets. Total assets on August 26, 2017 and August 27, 2016 were $1.6 million and $3.7 million, respectively, and the liabilities were $1.5 million and $3.3 million, respectively. The difference between the asset and liability

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balances represents the additional 25% we contributed at the time of the initial deferrals to aid in potential additional earnings to the participant. This contribution is required to be paid back to us when the option is exercised. A participant may exercise his or her options per the plan document, but there is a requirement that after these dollars have been invested for 15 years the participant is required to exercise such option.

Executive Deferred Compensation Plan (2007)

In December 2006, we adopted the Winnebago Industries, Inc. Executive Deferred Compensation Plan (the "Executive Deferred Compensation Plan"). Under the Executive Deferred Compensation Plan, corporate officers and certain key employees may annually choose to defer up to 50% of their salary and up to 100% of their cash incentive awards. The assets are presented as Other assets and the liabilities are presented as Deferred compensation benefits and postretirement health care benefits in the accompanying balance sheets. Such assets on August 26, 2017 and August 27, 2016 were $0.4 million and $0.4 million, respectively, and liabilities were $0.4 million and $0.4 million, respectively.

Profit Sharing Plan

We have a qualified profit sharing and contributory 401(k) plan for eligible employees. The plan provides quarterly discretionary matching cash contributions as approved by our Board of Directors. Contributions to the plan for Fiscal 2017, 2016 and 2015 were $1.6 million, $1.5 million and $1.2 million, respectively.

Note 10: 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 company lends the dealer all, or substantially all, of the purchase price, collateralized by a security interest in the RVs 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 to the lending institution, or dealer invoice less periodic reductions based on the time since the date of the original invoice. 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 RVs to repurchase current inventory if a dealership exits the business. Our total contingent liability on all repurchase agreements was approximately $713.1 million and $417.2 million at August 26, 2017 and August 27, 2016, respectively, with the increase attributed primarily to Grand Design.

Our risk of loss related to these 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 and our historical loss experience, we established an associated loss reserve. Our accrued losses on repurchases were $0.7 million as of August 26, 2017 and $0.9 million as of August 27, 2016 and are included in Accrued expenses - Other on the Consolidated Balance Sheets. Repurchase risk is affected by the credit worthiness of our dealer network and we do not believe there is a reasonable likelihood that there will be a material change in the estimates or assumptions used to establish the loss reserve for repurchase commitments.

A summary of the activity for the fiscal years stated for repurchased units is as follows:

(Dollars in thousands)	Fiscal 2017	Fiscal 2016	Fiscal 2015 (1)
Inventory repurchased:			
Units	14	29	62

Dollars	$408	$1,605	$7,472
Inventory resold:			
Units	15	28	62
Cash collected	$393	$1,510	$6,409
Loss recognized	$44	$95	$1,063
Units in ending inventory	—	1	1

(1) A significant number of the units repurchased in Fiscal 2015 were attributable to a single dealership for which we had established a specific repurchase loss reserve in Fiscal 2014.

Litigation

We are involved in various legal proceedings which are ordinary and routine litigation incidental to our business, some of which are covered in whole or in part by insurance. While we believe the ultimate disposition of litigation will not have material adverse effect on our financial position, results of operations or liquidity, there exists the possibility that such litigation may have an impact on our results for a particular reporting period in which litigation effects become probable and reasonably estimable. Though we do not

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believe there is a reasonable likelihood that there will be a material change related to these matters, litigation is subject to inherent uncertainties and management's view of these matters may change in the future.

Lease Commitments

As part of our acquisition of Grand Design, we acquired leases to two properties which hold Grand Design's current principal facilities, and facilities under construction for expansion. The lessor under these leases is an Indiana limited liability company, Three Oaks, LLC, owned by three of Grand Design's selling equity holders. One of the selling equity holders, Mr. Don Clark, has assumed the position of Vice President for Winnebago and is the President of Grand Design. Upon joining our company, Mr. Clark has agreed that as long as he is an employee of Grand Design, he has relinquished his voting rights in Three Oaks, LLC while retaining all other economic rights in Three Oaks, LLC.

We have operating leases for certain land, buildings and equipment. Lease expense was $2.9 million for Fiscal 2017, $0.6 million for Fiscal 2016 and $0.9 million for Fiscal 2015.

Our future lease commitments included the following related party and non-related party leases:

(In thousands)		Related Party Amount	Non-related Party Amount	Total
Year Ended:	2018	$1,897	$ 643	$2,540
	2019	1,800	623	2,423
	2020	1,800	556	2,356
	2021	1,800	551	2,351
	2022	1,800	770	2,570
	Thereafter	$6,574	$ 228	$6,802
	Total	$15,671	$ 3,371	$19,042

Note 11: Stock-Based Compensation Plans

We have a 2014 Omnibus Equity, Performance Award, and Incentive Compensation Plan (as amended, the "Plan") in place as approved by shareholders, 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.

No more than 3.6 million shares of common stock may be issued under the Plan and no more than 3.6 million of those shares may be used for awards other than stock options or stock appreciation rights. Shares subject to awards that are forfeited or terminated, expire unexercised, are cancelled and settled in cash in lieu of common stock or are exchanged for awards that do not involve common stock, shall be added back to the limits and again immediately become available for awards.

Stock Options and Share Awards

The term of any options granted under the Plan may not exceed ten years from the date of the grant. Stock options are granted at the closing market price on the date of grant. Options issued to key employees generally vest over a three-year period in equal annual installments, beginning one year after the date of grant, with immediate vesting upon a change of control (as defined in the Plan), if earlier. Historically, options issued to directors vested six months after grant.

Share awards generally vest over a three-year period in equal annual installments with continued employment, beginning one year after the date of grant, with immediate vesting upon retirement for awards made prior to October 2016 or upon a change of control (collectively, "time-based") or upon attainment of established goals. Share awards that are not time-based typically vest at the end of a one year or three-year incentive period based upon the achievement of company goals ("performance-based"). The value of time-based restricted share awards is based on the number of shares granted and the closing price of our common stock on the date of grant. The value of performance-based restricted share awards is based upon the terms of the plan and an assessment of the probability of reaching the established performance targets. Historically, the terms of these plans linked the incentive payment to a

percentage of base salary compensation and if the established goals are met, shares of the appropriate value are then granted.

Annual Incentive Plans

For Fiscal 2015 and Fiscal 2016, the Human Resources Committee of our Board of Directors established annual incentive plans for the officers that were to be paid in 2/3 cash and 1/3 restricted stock (stock must be held for one year from date of grant except for shares we agree to repurchase in lieu of executives' payment of payroll taxes). The Fiscal 2017 Annual Incentive Plan was paid out entirely in cash.

The following table shows the amount accrued each fiscal year for stock-based compensation under the annual incentive plan. The Human Resources Committee of the Board of Directors approved the awards of restricted stock to the officers on the dates shown.

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	August 26, 2017	August 27, 2016	August 29, 2015
Annual incentive accrual (in thousands)	$ 3,037	$ 1,467	$ 454
Date of award	—	10/11/2016	10/13/2015
Stock-based portion of annual incentive accrual (in thousands)	$ —	$ 489	$ 157
Restricted shares awarded	—	17,532	7,914

Long-Term Incentive Plans

For Fiscal 2015, Fiscal 2016 and Fiscal 2017, the Human Resources Committee of our Board of Directors established three different three-year incentive compensation plans (Officers Long-Term Incentive Plan Fiscal 2013-2015, 2014-2016 and 2015-2017) to serve as an incentive to our senior management team to achieve certain ROE targets. If the ROE target is met, restricted stock will be awarded subsequent to the end of each three year period with a one-year restriction on sale upon award (except for shares we agree to repurchase in lieu of executives' payment of payroll taxes). In the event that we do not achieve the required ROE targets, no restricted stock will be granted. If it becomes probable that certain of the ROE performance targets will be achieved, the corresponding estimated cost of the grant will be recorded as stock-based compensation expense over the performance period. The probability of reaching the targets is evaluated each reporting period. If it becomes probable that certain of the target performance levels will be achieved, a cumulative adjustment will be recorded and future stock-based-compensation expense will increase based on the then projected performance levels. If we later determine that it is not probable that the minimum ROE performance threshold for the grants will be met, no further stock-based compensation cost will be recognized and any previously recognized stock-based compensation cost related to these plans will be reversed.

The following table shows the amount accrued each fiscal year for stock-based compensation as a result of ROE targets being met. The Human Resources Committee of the Board of Directors approved the awards of restricted stock to the officers on the dates shown.

	August 26, 2017	August 27, 2016	August 29, 2015
LTIP accrual (in thousands)	$ 86	$ 318	$ 360
LTIP plan year	2015-2017	2014-2016	2013-2015
Date of award	10/18/2017	10/11/2016	10/13/2015
Restricted shares awarded	1,939	11,419	18,156

Director's Deferred Compensation Plan

Non-employee directors may elect to defer all or part of their annual retainer into a deferred compensation plan. The plan allows them to defer into either money units or stock units and is more fully described in the Proxy Statement. For the directors who elected to defer during Fiscal 2017, 4,588 stock units were created. The aggregate intrinsic value of the stock units outstanding as of August 26, 2017 was $1.7 million with 49,729 stock units outstanding.

Stock-Based Compensation

Total stock-based compensation expense for the past three fiscal years consisted of the following components:

(In thousands)	Year Ended August 26, 2017	August 27, 2016	August 29, 2015
Share awards:			
Performance-based annual plan employee award expense	$—	$ 489	$ 157
Performance-based LTIP employee award expense	69	318	360
Time-based employee award expense	1,965	1,583	2,060
Time-based directors award expense	641	743	412
Directors stock unit expense	138	149	108
Stock options	164	11	—

Total stock-based compensation	$2,977	$ 3,293	$ 3,097

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Stock Options

A summary of stock option activity for Fiscal 2017, 2016 and 2015 is as follows:

	Year Ended August 26, 2017		August 27, 2016		August 29, 2015	
	Shares	Wtd. Avg. Exercise Price/Share	Shares	Wtd. Avg. Exercise Price/Share	Shares	Wtd. Avg. Exercise Price/Share
Outstanding at beginning of year	10,000	$ 16.67	167,394	$ 28.30	457,421	$ 30.38
Options granted	63,800	29.92	10,000	16.67	—	—
Options exercised	—	—	—	—	—	—
Options cancelled	(8,000)	27.89	(167,394)	28.30	(290,027)	31.58
Outstanding at end of year	65,800	$ 28.15	10,000	$ 16.67	167,394	$ 28.30
Exercisable at end of year	3,333	$ 16.67	—	$ —	167,394	$ 28.30
Vested and expected to vest at end of year	65,800	$ 28.15	10,000	$ 16.67	167,394	$ 28.30

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average valuation assumptions:

Valuation Assumptions[1]	Fiscal 2017	Fiscal 2016
Expected dividend yield	1.35 %	2.40 %
Risk-free interest rate [2]	1.47 %	1.49 %
Expected life (in years) [3]	5	5
Expected volatility [4]	39.34%	43.52%
Weighted average fair value of options granted	$9.58	$5.31

[1] Forfeitures are estimated based on historical experience.

[2] Risk-free interest rate is based on Treasury Securities constant maturity interest rate whose term is consistent with the expected life of our stock options.

[3] Expected life of stock options is based on historical experience.

[4] Expected stock price volatility is based on historical experience over a term consistent with the expected life of our stock options.

The weighted average remaining contractual life for options outstanding at August 26, 2017 was 9.1 years. Aggregate intrinsic value for options outstanding at August 26, 2017 was $0.4 million. As of August 26, 2017, there was $0.4 million of unrecognized compensation expense related to option awards that is expected to be recognized over a weighted average period of 2.2 years.

On October 18, 2017 the Board of Directors granted 72,710 stock options to our officers.

Share Awards

A summary of share award activity for Fiscal 2017, 2016 and 2015 is as follows:

Year Ended August 26, 2017		August 27, 2016		August 29, 2015	
Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value

Beginning of year	283,881	$ 20.45	163,420	$ 20.83	198,523	$ 18.98
Granted	156,801	28.13	240,270	19.72	165,624	21.70
Vested	(159,979)	22.66	(110,283)	19.44	(198,693)	19.71
Cancelled	(36,934)	22.61	(9,526)	20.28	(2,034)	20.58
End of year	243,769	$ 23.61	283,881	$ 20.45	163,420	$ 20.83

The aggregate intrinsic value of awards outstanding at August 26, 2017 was $8.4 million.
As of August 26, 2017, there was $3.0 million of unrecognized compensation expense related to restricted stock awards that is expected to be recognized over a weighted average period of 1.8 years. The total fair value of awards vested during Fiscal 2017, 2016 and 2015 was $4.9 million, $2.2 million and $4.2 million, respectively.

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On October 18, 2017 the Board of Directors granted awards of 47,680 shares of our restricted common stock under the Plan valued at $2.1 million to our key management group (approximately 75 employees). The Board of Directors also granted 14,980 shares of our restricted common stock valued at $0.7 million to the non-management members of the Board.

The value of the restricted stock is based on the closing price of our common stock on the date of grant, which was $44.40. The fair value of this award to employees is amortized on a straight-line basis over the requisite service period of three years. Estimated non-cash stock compensation expense based on this restricted stock grant will be approximately $1.0 million for Fiscal 2018.

Note 12: Income Taxes

Income tax expense consisted of the following:

(In thousands)	Year Ended August 26, 2017	August 27, 2016	August 29, 2015
Current			
Federal	$33,125	$ 14,293	$ 15,406
State	2,937	1,685	1,124
Total	36,062	15,978	16,530
Deferred			
Federal	926	4,280	1,486
State	281	444	308
Total	1,207	4,724	1,794
Income Tax Expense	$37,269	$ 20,702	$ 18,324

The following table provides a reconciliation of the US statutory income tax rate to our effective income tax rate:

(A percentage)	Year Ended August 26, 2017	August 27, 2016	August 29, 2015
US federal statutory rate	35.0 %	35.0 %	35.0 %
State taxes, net of federal benefit	2.8 %	2.5 %	2.4 %
Tax-free and dividend income	(0.7)%	(1.3)%	(1.3)%
Income tax credits	(0.6)%	(1.1)%	(0.3)%
Domestic production activities deduction	(2.4)%	(2.5)%	(3.7)%
Other items	0.8 %	(1.3)%	(0.8)%
Uncertain tax positions settlements and adjustments	(0.6)%	— %	(0.5)%
Effective tax provision rate	34.3 %	31.3 %	30.8 %

The tax effects of temporary differences that give rise to deferred income taxes were as follows:

(In thousands)	August 26, 2017	August 27, 2016
Deferred income tax asset (liability)		
Deferred compensation	$ 9,135	$ 9,609
Warranty reserves	11,675	4,729
Postretirement health care benefits	—	2,262
Self-insurance reserve	1,967	2,214
Accrued vacation	2,142	2,006
Stock based compensation	943	1,030
Unrecognized tax benefit	437	698

Other [1]	2,072	1,785
Total deferred tax assets	28,371	24,333
Inventory	(1,919)	(1,930)
Intangibles	(7,455)	—
Depreciation	(6,261)	(3,650)
Total deferred tax liabilities	(15,635)	(5,580)
Total deferred income tax assets, net of deferred tax liabilities	$ 12,736	$ 18,753

[1] At August 26, 2017, Other includes $46,000 related to state NOLs that will begin to expire in Fiscal 2021. We have evaluated all the positive and negative evidence and consider it more likely than not that these carryforwards can be realized.

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Unrecognized Tax Benefits

Changes in the unrecognized tax benefits are as follows:

(In thousands)	August 26, 2017	August 27, 2016	August 29, 2015
Unrecognized tax benefits - beginning balance	$ 1,710	$ 1,589	$ 1,709
Gross decreases - tax positions in a prior period	(536)	(355)	(568)
Gross increases - current period tax positions	21	476	448
Unrecognized tax benefits - ending balance	1,195	1,710	1,589
Accrued interest and penalties	411	751	922
Total unrecognized tax benefits	$ 1,606	$ 2,461	$ 2,511

The amount of unrecognized tax benefits is not expected to change materially within the next 12 months.

If the remaining uncertain tax positions are ultimately resolved favorably, $1.5 million of unrecognized tax benefits would have a favorable impact on our effective tax rate. It is our policy to recognize interest and penalties accrued relative to unrecognized tax benefits into tax expense.

We file a US federal tax return and various state tax returns. Although certain years are no longer subject to examinations by the various taxing authorities, NOL carryforwards generated in those years may be adjusted upon examination by the taxing authorities if the NOL carryforwards are utilized in a future period. As of August 26, 2017, our federal returns from Fiscal 2014 to present are subject to review by the IRS. With limited exception, state returns from Fiscal 2013 to present continue to be subject to review by state taxing jurisdictions. Several years may lapse before an uncertain tax position is audited and finally resolved and it is difficult to predict the outcome of such audits.

Note 13: Earnings Per Share

The following table reflects the calculation of basic and diluted income per share for the past three fiscal years:

	Year Ended		
(In thousands, except per share data)	August 26, 2017	August 27, 2016	August 29, 2015
Income per share - basic			
Net income	$71,330	$ 45,496	$ 41,210
Weighted average shares outstanding	30,648	26,925	26,941
Net income per share - basic	$2.33	$ 1.69	$ 1.53
Income per share - assuming dilution			
Net income	$71,330	$ 45,496	$ 41,210
Weighted average shares outstanding	30,648	26,925	26,941
Dilutive impact of awards and options outstanding	118	108	110
Weighted average shares and potential dilutive shares outstanding	30,766	27,033	27,051
Net income per share - assuming dilution	$2.32	$ 1.68	$ 1.52

The computation of weighted average shares and potential dilutive shares outstanding excludes the effect of options to purchase 55,800, 10,000 and 167,394 shares of common stock for the fiscal years ended August 26, 2017, August 27, 2016 and August 29, 2015, respectively. These amounts 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.

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Note 14: Interim Financial Information (Unaudited)

Fiscal 2017	Quarter Ended			
(In thousands, except per share data)	November 26, 2016	February 25, 2017	May 27, 2017	August 26, 2017
Net revenues	$245,308	$ 370,510	$476,364	$ 454,936
Gross profit	28,875	49,316	70,804	73,582
Operating income	18,399	28,376	34,860	43,471
Net income	11,738	15,278	19,391	24,923
Net income per share (basic)[1]	0.42	0.48	0.61	0.79
Net income per share (diluted)[1]	0.42	0.48	0.61	0.79

[1] The sum of the quarterly amounts will not equal the YTD amount due primarily to the stock issuance during Fiscal 2017

Fiscal 2016	Quarter Ended			
(In thousands, except per share data)	November 28, 2015	February 27, 2016	May 28, 2016	August 27, 2016
Net revenues	$214,223	$ 225,672	$272,077	$ 263,254
Gross profit	25,249	25,276	30,257	31,867
Operating income	12,759	13,503	20,593	18,886
Net income	8,558	9,354	14,438	13,146
Net income per share (basic)	0.32	0.35	0.54	0.49
Net income per share (diluted)	0.32	0.35	0.53	0.49

Note 15: Comprehensive Income

Changes in AOCI by component, net of tax, were:

	Year Ended					
	August 26, 2017			August 27, 2016		
(In thousands)	Defined Benefit Pension Items	Interest Rate Swap	Total	Defined Benefit Pension Items	Interest Rate Swap	Total
Balance at beginning of year	$10,975	$—	$10,975	$(2,274)	$ —	$(2,274)
OCI before reclassifications	3,846	(514)	3,332	17,027	—	17,027
Amounts reclassified from AOCI	(15,330)	—	(15,330)	(3,778)	—	(3,778)
Net current-period OCI	(11,484)	(514)	(11,998)	13,249	—	13,249
Balance at end of year	$(509)	$(514)	$(1,023)	$10,975	$ —	$10,975

Reclassifications out of AOCI in net periodic benefit costs, net of tax, were:

		Year Ended	
(In thousands)	Location on Consolidated Statements of Income and Comprehensive Income	August 26, 2017	August 27, 2016
Amortization of prior service credit	Cost of goods sold	$(25,035)	$ (4,788)
Amortization of net actuarial loss	Cost of goods sold	9,705	1,010
Total reclassifications		$(15,330)	$ (3,778)

Note 16: Subsequent Events

Issues of stock options and restricted common stock
On October 17, 2017 the Human Resources Committee of our Board of Directors issued stock options and shares of restricted common stock, which is further discussed in Note 11.

Dividend
On October 18, 2017 our Board of Directors declared a cash dividend of $0.10 per outstanding share of common stock. The dividend will be paid on November 29, 2017 to all shareholders of record at the close of business on November 15, 2017.

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Share Repurchase Authorization
On October 18, 2017 our Board of Directors authorized a share repurchase program in the amount of $70 million, which is approximately 5% of our market capitalization as of October 18, 2017.

Employee stock purchase plan
On October 18, 2017 our Board of Directors adopted the Winnebago Industries, Inc. Employee Stock Purchase Plan (the "ESPP") subject to approval by the shareholders at our annual meeting on December 12, 2017.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure
None.

Item 9A. 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 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 and believes that such controls and procedures are effective at the reasonable assurance level.
Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated 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 Annual 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.
Evaluation of Internal Control Over Financial Reporting
Management's report on internal control over financial reporting as of August 26, 2017 is included within Item 8 of this Annual Report on Form 10-K and is incorporated herein by reference. The report of Deloitte & Touche LLP on the effectiveness of internal control over financial reporting is included within Item 8 of this Annual Report on Form 10-K and is incorporated herein by reference.
Changes in Internal Control Over Financial Reporting
During the first quarter of Fiscal 2017, we completed the acquisition of Grand Design RV, LLC which represents a material change in internal control over financial reporting. Our report on our internal control over financial reporting in this Annual Report on Form 10-K for the year ending August 26, 2017 excludes the acquired Grand Design subsidiaries. Exclusion in the year of acquisition is customary to allow management sufficient time to evaluate and integrate our internal control over financial reporting. Other than the foregoing, there have been no changes in our internal control over financial reporting identified in connection with the evaluation reported in Item 8 of this Annual Report on Form 10-K that occurred in the fiscal year ended August 26, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

We are implementing an ERP system which is expected to improve the efficiency of certain financial and related transaction processes. The implementation of an ERP system will likely affect the processes that constitute our internal control over financial reporting and will require testing for effectiveness. As we have completed implementation of certain phases of the ERP, internal controls over financial reporting have been tested for effectiveness with respect to the scope of the phase completed. We concluded, as part of our evaluation described in the above paragraphs, that the implementation of ERP in these circumstances has not materially affected our internal control over financial reporting. The implementation is continuing in a phased approach and will continue to be evaluated for effect on our internal control over financial reporting.

Item 9B. Other Information
None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance
Reference is made to the table entitled "Executive Officers of the Registrant" in Part I of this report and to the information included under the captions "Board of Directors, Committees of the Board and Corporate Governance", "Section 16(a) Beneficial Ownership Reporting Compliance", "Election of Directors" and "Fiscal Year 2018 Shareholder Proposals" in our Proxy Statement for the Annual Meeting of Shareholders scheduled to be held December 12, 2017, which information is incorporated by reference herein.

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We have adopted a written code of ethics, the "Code of Ethics for CEO and Senior Financial Officers" (the "Code") which is applicable to our Chief Executive Officer, Chief Financial Officer, and Treasurer (collectively, the "Senior Officers"). In accordance with the rules and regulations of the SEC, a copy of the Code has been filed as an exhibit to this Form 10-K and is posted on our website.
We intend to disclose any changes in or waivers from the Code applicable to any Senior Officer on our website at www.winnebagoind.com or by filing a Form 8-K.

Item 11. Executive Compensation
Reference is made to the information included under the captions "Director Compensation" and "Executive Compensation" in our Proxy Statement for the Annual Meeting of Shareholders scheduled to be held December 12, 2017, which information is incorporated by reference herein.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters
Reference is made to the table entitled "Equity Compensation Plan Information" in Part II of this report and to the share ownership information included under the caption "Voting Securities and Principal Holders Thereof" in our Proxy Statement for the Annual Meeting of Shareholders scheduled to be held December 12, 2017, which information is incorporated by reference herein.

Item 13. Certain Relationships and Related Transactions, and Director Independence
Reference is made to the information included under the caption "Board of Directors, Committees of the Board and Corporate Governance" in our Proxy Statement for the Annual Meeting of Shareholders scheduled to be held December 12, 2017, which information is incorporated by reference herein.

Item 14. Principal Accounting Fees and Services
Reference is made to the information included under the caption "Independent Registered Public Accountants Fees and Services" in our Proxy Statement for the Annual Meeting of Shareholders scheduled to be held December 12, 2017 which information is incorporated by reference herein.

PART IV

Item 15. Exhibits, Financial Statement Schedules

1. Our consolidated financial statements are included in Item 8 and an index to financial statements appears on page 29 of this report.
2. Financial Statement Schedules: Winnebago Industries, Inc. and Subsidiaries

All schedules are omitted because of the absence of the conditions under which they are required or because the information required is shown in the consolidated financial statements or the notes thereto.

3. Exhibit Index

Exhibit Number	Description
2a.	Securities Purchase Agreement by and among, Grand Design RV, LLC, Octavius Corporation, Winnebago Industries, Inc. Summit Partners Growth Equity Fund VIII-B, L.P., Summit Partners Growth Equity Fund VIII-A, L.P., Summit Partners Entrepreneur Advisors Fund I, L.P., Summit Investors I, LLC, Summit Investors I (UK), L.P., SP GE VIII-B GD RV Holdings, L.P., RDB IIII, Inc., and each of the shareholders of RDB III, Inc.previously filed with the Registrant's Current Report on Form 8-K dated October 5, 2016 (Commission File Number 001-06403) and incorporated by reference herein.
3a.	Articles of Incorporation previously filed with the Registrant's Quarterly Report on Form 10-Q for the quarter ended May 27, 2000 (Commission File Number 001-06403) and incorporated by reference herein.
3b.	Amended By-Laws of the Registrant previously filed with the Registrant's Current Report on Form 8-K dated March 24, 2010 (Commission File Number 001-06403) and incorporated by reference herein.

10a.	Winnebago Industries, Inc. Deferred Compensation Plan previously filed with the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 2, 1991 (Commission File Number 001-06403), and incorporated by reference herein and the Amendment dated June 29, 1995 previously filed with the Registrant's Annual Report on Form 10-K for the fiscal year ended August 26, 1995 (Commission File Number 001-06403) and incorporated by reference herein.*
10b.	Winnebago Industries, Inc. Executive Share Option Plan previously filed with the Registrant's Annual Report on Form 10-K for the fiscal year ended August 29, 1998 (Commission File Number 001-06403) and incorporated by reference

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herein, and the Amendment dated July 1, 1999 previously filed with the Registrant's Quarterly Report on Form 10-Q for the quarter ended May 29, 1999 (Commission File Number 001-06403) and incorporated by reference herein and the Amendment dated January 1, 2001 previously filed with the Registrant's Quarterly Report on Form 10-Q for the quarter ended February 24, 2001 (Commission File Number 001-06403) and incorporated by reference herein.*

10c. Winnebago Industries, Inc. Executive Deferred Compensation Plan previously filed with the Registrant's Quarterly Report on Form 10-Q for the quarter ended November 25, 2006 (Commission File Number 001-06403) and incorporated by reference herein.*

10d. Winnebago Industries, Inc. 2004 Incentive Compensation Plan previously filed as Appendix B with the Registrant's Proxy Statement for the Annual Meeting of Shareholders held on January 13, 2004 (Commission File Number 001-06403) and incorporated by reference herein and the Amendment dated October 11, 2006 previously filed with the Registrant's Quarterly Report on Form 10-Q for the quarter ended November 25, 2006 (Commission File Number 001-06403) and incorporated by reference herein and the Amendment dated March 23, 2011 previously filed with the Registrant's Quarterly Report on Form 10-Q for the quarter ended May 28, 2011 (Commission File Number 001-06403) and incorporated by reference herein.*

10e. Winnebago Industries, Inc. 2014 Omnibus Equity, Performance Award, and Incentive Compensation Plan previously filed as Appendix B with the Registrant's Proxy Statement for the Annual Meeting of Shareholders held on December 17, 2013 (Commission File Number 001-06403) and incorporated by reference herein and the Supplement dated December 6, 2013 previously filed (Commission File Number 001-06403) and incorporated by reference herein.*

10f. Winnebago Industries, Inc. Directors' Deferred Compensation Plan previously filed with the Registrant's Annual Report on Form 10-K for the fiscal year ended August 30, 1997 (Commission File Number 001-06403), and incorporated by reference herein and the Amendment dated October 15, 2003 previously filed with the Registrant's Quarterly Report on Form 10-Q for the quarter ended November 29, 2003 (Commission File Number 001-06403) and incorporated by reference herein and the Amendment dated October 11, 2006 previously filed with the Registrant's Quarterly Report on Form 10-Q for the quarter ended November 25, 2006 (Commission File Number 001-06403) and incorporated by reference herein.*

10g. Winnebago Industries, Inc. Profit Sharing and Deferred Savings Investment Plan previously filed with the Registrant's Annual Report on Form 10-K for the fiscal year ended August 31, 1985 (Commission File Number 001-06403), and incorporated by reference herein, the Amendment dated July 1, 1995 previously filed with the Registrant's Annual Report on Form 10-K for the fiscal year ended August 26, 1995 (Commission File Number 001-06403) and incorporated by reference herein and the Amendment dated March 21, 2007 (Commission File Number 001-06403) and incorporated by reference herein.*

10h. Winnebago Industries, Inc. Officers' Long-Term Incentive Plan, fiscal three-year period 2015, 2016 and 2017 previously filed with the Registrant's Current Report on Form 8-K dated June 18, 2014 (Commission File Number 001-06403) and incorporated by reference herein.*

10i. Winnebago Industries, Inc. Officers' Long-Term Incentive Plan, fiscal three-year period 2016, 2017 and 2018 previously filed with the Registrant's Current Report on Form 8-K dated June 16, 2015 (Commission File Number 001-06403) and incorporated by reference herein.*

10j. Winnebago Industries, Inc. Officers' Long-Term Incentive Plan, fiscal three-year period 2017, 2018 and 2019 previously filed with the Registrant's Current Report on Form 8-K dated October 14, 2016 (Commission File Number 001-06403) and incorporated by reference herein.*

10k. Winnebago Industries, Inc. Officers' Long-Term Incentive Plan, fiscal three-year period 2018, 2019 and 2020 previously filed with the Registrant's Current Report on Form 8-K dated October 20, 2017 (Commission File Number 001-06403) and incorporated by reference herein.*

10l. Executive Change of Control dated June 20, 2012 between Winnebago Industries, Inc. and Steven S. Degnan previously filed with the Registrant's Annual Report on Form 10-K for the fiscal year ended August 25, 2012 (Commission File Number 001-06403) and incorporated by reference herein.*

10m. Executive Change of Control dated June 20, 2012 between Winnebago Industries, Inc. and Scott C. Folkers previously filed with the Registrant's Annual Report on Form 10-K for the fiscal year ended August 25, 2012

(Commission File Number 001-06403) and incorporated by reference herein.*

10n. Executive Change of Control between Winnebago Industries, Inc. and Bret A. Woodson previously filed with the Registrant's Current Report on Form 8-K dated January 12, 2015 (Commission File Number 001-06403) and incorporated by reference herein.*

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10o.	Executive Change of Control between Winnebago Industries, Inc. and Michael J. Happe previously filed with the Registrant's Current Report on Form 8-K dated April 26, 2016 (Commission File Number 001-06403) and incorporated by reference herein.*
10p.	Executive Change of Control Agreement between Winnebago Industries, Inc. and Ashis Bhattacharya previously filed with the Registrant's Annual Report on Form 10-K for the fiscal year ended August 27, 2016 (Commission File Number 001-06403) and incorporated by reference herein.*
10q.	Executive Change of Control Agreement between Winnebago Industries, Inc. and Brian Hazelton previously filed with the Registrant's Annual Report on Form 10-K for the fiscal year ended August 27, 2016 (Commission File Number 001-06403) and incorporated by reference herein.*
10r.	Executive Change of Control Agreement between Winnebago Industries, Inc. and Chris West previously filed with the Registrant's Annual Report on Form 10-K for the fiscal year ended August 27, 2016 (Commission File Number 001-06403) and incorporated by reference herein.*
10s.	Separation Agreement between Winnebago Industries, Inc. and Sarah N. Nielsen previously filed with the Registrant's Annual Report on Form 8-K dated June 19, 2017 (Commission File Number 001-06403) and incorporated by reference herein.*
10t.	Winnebago Industries, Inc. Supplemental Executive Retirement Plan previously filed with the Registrant's Annual Report on Form 10-K for the fiscal year ended August 29, 2009 (Commission File Number 001-06403) and incorporated by reference herein.*
10u.	Winnebago Industries, Inc. Officers' Incentive Compensation Plan for Fiscal 2015 previously filed with the Registrant's Current Report on Form 8-K dated June 18, 2014 (Commission File Number 001-06403) and incorporated by reference herein.*
10v.	Winnebago Industries, Inc. Officers' Incentive Compensation Plan for Fiscal 2016 previously filed with the Registrant's Current Report on Form 8-K dated June 16, 2015 (Commission File Number 001-06403) and incorporated by reference herein.*
10w.	Winnebago Industries, Inc. Officers' Incentive Compensation Plan for Fiscal 2017 previously filed with the Registrant's Current Report on Form 8-K dated October 14, 2016 (Commission File Number 001-06403) and incorporated by reference herein.*
10x.	Winnebago Industries, Inc. Officers' Incentive Compensation Plan for Fiscal 2018 previously filed with the Registrant's Current Report on Form 8-K dated October 20, 2017 (Commission File Number 001-06403) and incorporate by reference herein.*
10y.	Winnebago Industries, Inc. Credit Agreement with GECC (later acquired by Wells Fargo Capital Finance) previously filed with the Registrant's Current Report on Form 8-K dated October 31, 2012 and amended on Form 8-K dated May 28, 2014 (Commission File Number 001-06403) and incorporated by reference herein.
10z.	Winnebago Industries, Inc. Registration Statement previously filed on Form S-3 on April 8, 2016 (Commission File Number 333-210659) and incorporated by reference herein.
10aa.	Winnebago Industries, Inc. Registration Statement previously filed on Form S-3 on January 20, 2017 (Commission File Number 333-215641) and incorporated by reference herein.
10ab.	Winnebago Industries, Inc. Registration Statement previously filed on Form S-8 on March 28, 2014 (Commission File Number 333-194854) and incorporated by reference herein.
10ac.	Non-competition, Non-solicitation and Confidentiality Agreement by and among Octavius Corporation, Winnebago Industries, Inc., Grand Design RV, LLC, RDB III, Inc., Ronald Fenech, Donald Clark and William Fenech previously filed with the Registrant's Current Report on Form 8-K dated October 5, 2016 (Commission File Number 001-06403) and incorporated by reference herein.
10ad.	Non-Solicitation and Confidentiality Agreement by and among Octavius Corporation, Winnebago Industries, Inc., Grand Design, RV, LLC, Summit Partners Growth Equity Fund VIII-B, L.P., Summit Partners Growth Equity Fund VIII-A, L.P., Summit Entrepreneur Advisors Fund I, L.P., Summit Investors I, LLC, Summit Investors I (UK), L.P., and SP GE VIII-B GD RV Holdings previously filed with the Registrant's Current Report on Form 8-K dated October 5, 2016 (Commission File Number 001-06403) and incorporated by reference herein.

10ae.	Registration Rights Agreement by and among Winnebago Industries, Inc. and the Shareholder Parties previously filed with the Registrant's Current Report on Form 8-K dated October 5, 2016 (Commission File Number 001-06403) and incorporated by reference herein.

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10af.	Standstill Agreement by and among Summit Partners Growth Equity Fund VIII-B, L.P., Summit Partners Growth Equity Fund-VIII-A, L.P., Summit Entrepreneur Advisors Fund I, L.P., Summit Investors I, LLC, Summit Investors I (UK), L.P. and SP GE VIII-B GD RV Holdings, L.P. and Winnebago Industries, Inc. previously filed with the Registrant's Current Report on Form 8-K dated October 5, 2016 (Commission File Number 001-06403) and incorporated by reference herein.
10ag.	Standstill Agreement by and among Donald Clark, Ronald Fenech, William Fenech and Winnebago Industries, Inc. previously filed with the Registrant's Current Report on Form 8-K dated October 5, 2016 (Commission File Number 001-06403) and incorporated by reference herein.
10ah.	Lock-up Letter Agreement to Winnebago Industries, Inc. from Donald Clark, Ronald Fenech and William Fenech previously filed with the Registrant's Current Report on Form 8-K dated October 5, 2016 (Commission File Number 001-06403) and incorporated by reference herein.
10ai.	Consulting Agreement by and between Winnebago Industries, Inc., and Ronald Fenech previously filed with the Registrant's Current Report on Form 8-K dated October 5, 2016 (Commission File Number 001-06403) and incorporated by reference herein.
10aj.	Consulting Agreement by and between Winnebago Industries, Inc. and William Fenech previously filed with the Registrant's Current Report on Form 8-K dated October 5, 2016 (Commission File Number 001-06403) and incorporated by reference herein.
10ak.	Employment Agreement by and between Grand Design RV, LLC and Donald Clark previously filed with the Registrant's Current Report on Form 8-K dated October 5, 2016 including Exhibit A, Executive Change of Control Agreement between Winnebago Industries, Inc. and Donald Clark (Commission File Number 001-06403) and incorporated by reference herein.
10al.	Commitment Letter between Winnebago Industries, Inc. and JPMorgan Chase Bank, N.A. previously filed with the Registrant's Current Report on Form 8-K dated October 5, 2016 (Commission File Number 001-06403) and incorporated by reference herein.
10am.	Loan Agreement by and among Winnebago Industries, Inc., Octavius Corporation and JPMorgan Chase Bank, N.A. previously filed as Exhibit 99.2 with the Registrant's Current Report on Form 8-K dated November 14, 2016 (Commission File Number 001-06403) and incorporated by reference herein.
10an.	Credit Agreement by and among Winnebago Industries, Inc., Winnebago of Indiana, LLC, Grand Design RV, LLC and JPMorgan Chase Bank, N.A. previously filed as Exhibit 99.3 with the Registrant's Current Report on Form 8-K dated November 14, 2016 (Commission File Number 001-06403) and incorporated by reference herein.
10ao.	Intercreditor Agreement by and among Winnebago Industries, Inc., Winnebago of Indiana, LLC, Grand Design RV, LLC, Octavius Corporation and JPMorgan Chase Bank, N.A. previously filed as Exhibit 99.4 with the Registrant's Current Report on Form 8-K dated November 14, 2016 (Commission File Number 001-06403) and incorporated by reference herein.
10ap.	Underwriting Agreement by and between Winnebago Industries, Inc. and Summit Partners Growth Equity Fund VIII-A, L.P.,Summit Partners Growth Equity Fund VIII-B, L.P., Summit Partners Entrepreneur Advisors Fund I, L.P., Summit Investors I, LLC, Summit Investors I (UK), L.P., and SP GE VIII-B GD RV Holdings, L.P. previously filed with the Registrant's Current Report on Form 8-K dated April 11, 2017 (Commission File Number 001-06403) and incorporated by reference herein.
14.1	Winnebago Industries, Inc. Code of Ethics for CEO and Senior Financial Officers previously filed with the Registrant's Annual Report on Form 10-K for the fiscal year ended August 30, 2003 (Commission File Number 001-06403) and incorporated by reference herein.
21.	List of Subsidiaries.
23.	Consent of Independent Registered Accounting Firm.
31.1	Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 dated October 20, 2017.
31.2	Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 dated October 20, 2017.

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 October 20, 2017.

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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 October 20, 2017.
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

*Management contract or compensation plan or arrangement.
**Attached as Exhibit 101 to this report are the following financial statements from our Annual Report on Form 10-K for the year ended August 26, 2017 formatted in XBRL: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements Stockholders' Equity, (iv) the Consolidated Statement of Cash Flows, and (v) related notes to these financial statements. Such exhibits are deemed furnished and not filed pursuant to Rule 406T of Regulation S-T.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

By /s/ Michael J. Happe
Michael J. Happe

President, Chief Executive Officer
(Principal Executive Officer)

Date: October 20, 2017

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on, October 20, 2017, by the following persons on behalf of the Registrant and in the capacities indicated.

Signature	Capacity
/s/ Michael J. Happe Michael J. Happe	President, Chief Executive Officer (Principal Executive Officer)
/s/ Bryan L. Hughes Bryan L. Hughes	Vice President, Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ Christopher J. Braun Christopher J. Braun	Director
/s/ Robert M. Chiusano Robert M. Chiusano	Director
/s/ William C. Fisher William C. Fisher	Director
/s/ David W. Miles David W. Miles	Director
/s/ Richard D. Moss Richard D. Moss	Director
/s/ John M. Murabito John M. Murabito	Director
/s/ Martha T. Rodamaker Martha T. Rodamaker	Director
/s/ Mark T. Schroepfer Mark T. Schroepfer	Director

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BOARD OF DIRECTORS

Michael J. Happe (46)
President, Chief Executive Officer
Winnebago Industries, Inc.

Christopher J. Braun (57) 1, 2
Former Chief Executive Officer
Teton Buildings

Robert M. Chiusano (66)** 2, 4
Chairman of the Board
Winnebago Industries, Inc.
Former Executive Vice President and Chief Operating Officer - Commercial Systems
Rockwell Collins, Inc.

William C. Fisher (63) 1, 2*,
Former Vice President and Chief Information Officer
Polaris Industries, Inc.

David W. Miles (60) 3, 4*
Chairman and Principal Owner
Miles Capital, Inc.

Richard D. Moss (58) 1, 4
Former Chief Financial Officer
Hanesbrands, Inc.

John M. Murabito (58) 2, 3
Executive Vice President and Chief

SHAREHOLDER INFORMATION

Publications
A notice of Annual Meeting of Shareholders and Proxy Statement is furnished to shareholders upon request in advance of the annual meeting.

Copies of our quarterly financial earnings releases, the annual report on Form 10-K (without exhibits), the quarterly reports on Form 10-Q (without exhibits) and current reports on Form 8-K (without exhibits) as filed by us with the Securities and Exchange Commission, may be obtained without charge from the corporate offices as follows:

Sam Jefson, PR Specialist
Winnebago Industries, Inc.
605 W. Crystal Lake Road
P.O. Box 152
Forest City, Iowa 50436-0152
Telephone: (641) 585-3535
Fax: (641) 585-6966
E-Mail: ir@wgo.net

Independent Auditors
Deloitte & Touche LLP
Suite 2800
50 South Sixth Street
Minneapolis, Minnesota 55402-1844
(612) 397-4000

NYSE Annual CEO Certification and Sarbanes-Oxley Section 302 Certifications
We submitted the annual Chief Executive Officer Certification to the New York Stock Exchange (NYSE) as required under the corporate governance rules of the NYSE. We also filed as exhibits to our 2015 Annual Report on Form 10 K, the Chief Executive Officer and Chief Financial Officer certifications required under Section 302 of the Sarbanes-Oxley Act of 2002.

Winnebago Industries is an equal opportunity employer.

Human Resources Officer
Cigna Corporation

Martha T. Rodamaker (55) 3*, 4
President and Chief Executive Officer
First Citizens National Bank

Mark T. Schroepfer (70) 1*, 3
Former President and Chief Executive Officer
Lincoln Industrial Corp

Board Committee/Members
1. Audit
2. Human Resources
3. Nominating and Governance
4. Finance
* Committee Chairman
** Chair of Board

OFFICERS

Michael J. Happe (46)
President, Chief Executive Officer

Ashis N. Bhattacharya (54)
Vice President, Strategic Planning and Development

Donald J. Clark (57)
CEO & President, Grand Design RV

S. Scott Degnan (52)
Vice President & General Manager-Towables Business

Scott C. Folkers (55)
Vice President, General Counsel and Secretary

All news releases issued by us, reports filed by us with the Securities and Exchange Commission (including exhibits) and information on our Corporate Governance Policies and Procedures may also be viewed at the Winnebago Industries' website: http://wgo.net/investor.html. Information contained on Winnebago Industries' website is not incorporated into this Annual Report or other securities filings.

Number of Shareholders of Record
As of October 17, 2017, Winnebago Industries had 2,756 shareholders of record.

Dividends Paid
Quarterly cash dividends of $0.10 were paid in Fiscal 2017 and Fiscal 2016.

Shareholder Account Assistance
Transfer Agent to contact for address changes, account certificates and stock holdings:

Wells Fargo Shareowner Services
P.O. Box 64854
St. Paul, MN 55164-0854 or
1110 Centre Pointe Curve, Suite 101
Mendota Heights, MN 55120
Telephone: (800) 468-9716 or (651) 450-4064
Inquiries:
www.shareowneronline.com

Annual Meeting
The Annual Meeting of Shareholders is scheduled to be held on Tuesday, December 12, 2017 at 4:00 p.m. (CST) in

The Letter to Shareholders contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that forward-looking statements are inherently uncertain. A number of factors could cause actual results to differ materially from these statements. These factors are included under “Item 1A. Risk Factors” in Part 1 of the accompanying Annual Report on Form 10-K. Other risk factors that may emerge in the future as significant risks or uncertainties to Winnebago Industries will be disclosed in a future Quarterly Report on Form 10-Q or Current Report on Form 8-K.

Brian D. Hazelton (52) Vice President and General Manager-Motorhome Business	Winnebago Industries' South Office Complex Theater, 605 W. Crystal Lake Road, Forest City, Iowa.
Bryan L. Hughes (48) Vice President, Chief Financial Officer	
Jeff D. Kubacki (59) Vice President Information Technology, Chief Information Officer	
Christopher D. West (45) Vice President, Operations	
Bret A. Woodson (47) Vice President, Administration	