

WINNEBAGO INDUSTRIES INC  
Form 10-Q/A  
May 27, 2005

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

FORM 10-Q/A  
(Amendment No. 1)

(Mark One)

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

For the quarterly period ended February 26, 2005

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-06403

**WINNEBAGO INDUSTRIES, INC.**

(Exact name of registrant as specified in its charter)

IOWA

(State or other jurisdiction of  
incorporation or organization)

P. O. Box 152, Forest City, Iowa

(Address of principal executive offices)

42-0802678

(I.R.S. Employer  
Identification No.)

50436

(Zip Code)

Registrant's telephone number, including area code: (641) 585-3535

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No .

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

There were 33,379,859 shares of \$0.50 par value common stock outstanding on April 1, 2005.

**Explanatory Note**

This amendment No. 1 on Form 10-Q/A to Form 10-Q of Winnebago Industries, Inc. for the quarter ended February 26, 2005 is being filed to restate the condensed consolidated financial statements as of and for the 13 and 26 week periods ended February 26, 2005, but is not intended to update other information presented in this report as originally filed. The restatement updates or amends Part I Items 1, 2 and 4. See the Note 12 labeled Restatement to our Condensed Consolidated Financial Statements for further discussion of this matter. We are not required to and we have not updated any forward-looking statements previously included in the Quarterly Report on Form 10-Q filed on April 5, 2005.

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**WINNEBAGO INDUSTRIES, INC. AND SUBSIDIARIES**
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**PART I. FINANCIAL INFORMATION**
**Item 1. Financial Statements.**

**WINNEBAGO INDUSTRIES, INC. AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED BALANCE SHEETS**

Dollars in thousands

ASSETS	February 26, 2005	August 28, 2004
	As Restated - Note 12	
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 16,107	\$ 24,445
Short-term investments	97,479	51,100
Receivables, less allowance for doubtful accounts (\$137 and \$161, respectively)	27,677	46,112
Inventories	143,659	130,733
Prepaid expenses and other assets	5,035	4,814
Deferred income taxes	12,806	12,865
	<hr/>	<hr/>
Total current assets	302,763	270,069
	<hr/>	<hr/>
<b>PROPERTY AND EQUIPMENT, at cost</b>		
Land	1,000	1,000
Buildings	58,490	57,029
Machinery and equipment	99,775	99,511
Transportation equipment	9,405	9,349
	<hr/>	<hr/>
	168,670	166,889
Less accumulated depreciation	105,539	102,894
	<hr/>	<hr/>
Total property and equipment, net	63,131	63,995
	<hr/>	<hr/>
<b>DEFERRED INCOME TAXES</b>	25,228	25,166
	<hr/>	<hr/>
<b>INVESTMENT IN LIFE INSURANCE</b>	21,686	22,863
	<hr/>	<hr/>
<b>OTHER ASSETS</b>	14,492	12,463
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	\$ 427,300	\$ 394,556
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See Unaudited Condensed Notes to Condensed Consolidated Financial Statements.  
 Certain prior year information has been reclassified to conform to the current year presentation.

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**WINNEBAGO INDUSTRIES, INC. AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED BALANCE SHEETS**

Dollars in thousands, except par value

<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>	<b>February 26, 2005</b>	<b>August 28, 2004</b>
	<b>As Restated - Note 12</b>	
<b>CURRENT LIABILITIES</b>		
Accounts payable, trade	\$ 40,894	\$ 46,659
Income tax payable	10,652	4,334
Accrued expenses		
Accrued compensation	16,107	21,217
Product warranties	13,152	13,356
Promotional	12,485	5,885
Self-insurance	7,971	6,483
Other	6,916	7,344
	<u>108,177</u>	<u>105,278</u>
<b>POSTRETIREMENT HEALTH CARE AND DEFERRED COMPENSATION BENEFITS</b>	<b>88,069</b>	<b>87,403</b>
	<u>196,246</u>	<u>192,681</u>
<b>STOCKHOLDERS EQUITY</b>		
Capital stock, common, par value \$.50; authorized 60,000,000 shares: issued 51,776,000 shares	25,888	25,888
Additional paid-in capital	15,871	14,570
Reinvested earnings	419,832	392,430
	<u>461,591</u>	<u>432,888</u>
Less treasury stock, at cost	230,537	231,013
	<u>231,054</u>	<u>201,875</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS EQUITY</b>	<b>\$ 427,300</b>	<b>\$ 394,556</b>

See Unaudited Condensed Notes to Condensed Consolidated Financial Statements.

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**WINNEBAGO INDUSTRIES, INC. AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED STATEMENTS OF INCOME**

In thousands, except per share data

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	February 26, 2005	February 28, 2004*	February 26, 2005	February 28, 2004*
	As Restated - Note 12		As Restated - Note 12	
Net revenues	\$ 239,359	\$ 266,033	\$ 505,492	\$ 520,966
Cost of goods sold	210,098	231,004	436,167	446,472
Gross profit	29,261	35,029	69,325	74,494
Operating expenses				
Selling	4,564	4,461	9,118	9,022
General and administrative	5,798	6,039	11,355	11,777
Total operating expenses	10,362	10,500	20,473	20,799
Operating income	18,899	24,529	48,852	53,695
Financial income	639	283	1,133	586
Income before income taxes	19,538	24,812	49,985	54,281
Provision for taxes	6,967	8,932	17,870	20,334
Net income	\$ 12,571	\$ 15,880	\$ 32,115	\$ 33,947
Income per share - basic (Note 11)	\$ 0.37	\$ 0.47	\$ 0.95	\$ 0.98
Income per share - diluted (Note 11)	\$ 0.37	\$ 0.46	\$ 0.94	\$ 0.96
Weighted average shares of common stock outstanding				
Basic	33,672	33,928	33,647	34,613
Diluted	34,254	34,545	34,224	35,196

See Unaudited Condensed Notes to Consolidated Financial Statements.

\*Adjusted for 2-for-1 stock split on March 5, 2004.

**WINNEBAGO INDUSTRIES, INC. AND SUBSIDIARIES**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

Dollars in thousands	Twenty-Six Weeks Ended	
	February 26, 2005	February 28, 2004
	<b>As Restated - Note 12</b>	
<b>Cash flows from operating activities</b>		
Net income	\$ 32,115	\$ 33,947
<b>Adjustments to reconcile net income to net cash provided by operating activities</b>		
Depreciation and amortization	4,931	4,759
Tax benefit of stock options	687	2,328
Other	543	504
<b>Change in assets and liabilities</b>		
Decrease (increase) in receivable and other assets	18,210	(11,446)
Increase in inventories	(12,926)	(23,101)
Increase in deferred income taxes	(3)	(2,248)
(Decrease) increase in accounts payable and accrued expenses	(3,419)	10,568
Increase in income taxes payable	6,318	7,485
(Decrease) increase in postretirement benefits	(249)	2,891
Net cash provided by operating activities	46,207	25,687
<b>Cash flows (used in) provided by investing activities</b>		
Purchases of property and equipment	(4,178)	(4,967)
Purchases of short-term investments	(147,473)	(63,707)
Proceeds from the sale of short-term investments	101,094	103,817
Other	(365)	(115)
Net cash (used in) provided by investing activities	(50,922)	35,028
<b>Cash flows used in financing activities and capital transactions</b>		
Payments for purchase of common stock	(1,787)	(63,979)
Payment of cash dividends	(4,712)	(3,517)
Proceeds from issuance of common and treasury stock	2,876	4,226
Net cash used in financing activities and capital transactions	(3,623)	(63,270)
Net decrease in cash and cash equivalents	(8,338)	(2,555)
Cash and cash equivalents - beginning of period	24,445	9,272
Cash and cash equivalents - end of period	\$ 16,107	\$ 6,717

See Unaudited Condensed Notes to Condensed Consolidated Financial Statements.  
Certain prior year information has been reclassified to conform to the current year presentation.

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

**NOTE 1: Basis of Presentation**

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments, consisting of normal recurring accruals, necessary to present fairly the consolidated financial position as of February 26, 2005, the consolidated results of operations for the 13 and 26 weeks ended February 26, 2005 and February 28, 2004 and the consolidated cash flows for the 26 weeks ended February 26, 2005 and February 28, 2004. The statement of income for the 26 weeks ended February 26, 2005, is not necessarily indicative of the results to be expected for the full year. The balance sheet data as of August 28, 2004 was derived from audited financial statements, but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. These interim consolidated financial statements should be read in conjunction with the audited financial statements and notes thereto appearing in the Company's Annual Report to Shareholders for the year ended August 28, 2004.

**Cash and Cash Equivalents.** The Company maintains cash and money market account balances to meet daily liquidity needs.

**Short-Term Investments.** As of February 26, 2005, the Company classified its auction rate securities, municipal auction rate notes and other investment-grade marketable debt securities to short-term investments available-for-sale securities. As a result, the Company reclassified \$97.5 million from cash and cash equivalents to short-term investments available-for-sale securities as of February 26, 2005 with a corresponding reclassification of \$51.1 million recorded as of August 28, 2004. The Company also made corresponding adjustments to its unaudited condensed consolidated statements of cash flows to reflect the purchases and sales or maturity of these securities as investing cash flows.

**Accounting for Stock-Based Compensation.** The Company adopted SFAS No. 123, *Accounting for Stock-Based Compensation* in fiscal 1997. The Company has elected to continue following the accounting guidance of Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees* for measurement and recognition of stock-based transactions with employees. No compensation cost has been recognized for options issued under the Company's equity compensation plans because the exercise price of all options granted was not less than 100 percent of fair market value of the common stock on the date of grant. Had compensation cost for the stock options issued been determined based on the fair value at the grant date, consistent with provisions of SFAS No. 123, income and income per share for the 13 and 26 weeks ended February 26, 2005 and February 28, 2004 would have been changed to the proforma amounts as follows:

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	February 26, 2005	February 28, 2004	February 26, 2005	February 28, 2004
	As Restated - Note 12		As Restated - Note 12	
In thousands, except per-share amounts				
Net income				
Net income - as reported	\$ 12,571	\$ 15,880	\$ 32,115	\$ 33,947
Less estimated stock-based employee compensation determined under fair value based method	(1,115)	(808)	(1,985)	(1,616)
Net income - proforma	\$ 11,456	\$ 15,072	\$ 30,130	\$ 32,331
Earnings per common share				
Basic - as reported	\$ 0.37			