

SUPREME INDUSTRIES INC  
Form DEF 14A  
April 01, 2011

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

**SCHEDULE 14A INFORMATION**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant  X

Filed by a Party other than the Registrant  O

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

SUPREME INDUSTRIES, INC.  
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 

(1)	Title of each class of securities to which transaction applies:
(2)	Aggregate number of securities to which transaction applies:
(3)	Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
(4)	Proposed maximum aggregate value of transaction:
(5)	Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
 

(1)	Amount Previously Paid:
(2)	Form, Schedule or Registration Statement No.:
(3)	Filing Party:
(4)	Date Filed:

**SUPREME INDUSTRIES, INC.**

**2581 East Kercher Road**

**P.O. Box 237**

**Goshen, IN 46528**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held May 5, 2011**

To Stockholders of

SUPREME INDUSTRIES, INC.:

The annual meeting of stockholders of Supreme Industries, Inc. (the Company) will be held at the BC Conference Center, 1401 Lincolnway East, Goshen, Indiana, on May 5, 2011, at 10:00 a.m. Eastern Time for the following purposes:

1. To elect eight directors to serve until the next annual meeting of stockholders and until their respective successors shall be elected and qualified;
2. To ratify the selection of Crowe Horwath LLP as the Company's Independent Registered Public Accounting Firm; and
3. To transact such other business as may properly come before the meeting and any adjournment thereof.

Information regarding matters to be acted upon at this meeting is contained in the accompanying Proxy Statement. Only stockholders of record at the close of business on March 14, 2011, are entitled to notice of and to vote at the meeting and any adjournment thereof.

All stockholders are cordially invited to attend the meeting.

IT IS IMPORTANT THAT YOUR STOCK BE REPRESENTED AT THE MEETING, REGARDLESS OF THE NUMBER OF SHARES YOU HOLD. PLEASE COMPLETE, SIGN, AND RETURN PROMPTLY THE ENCLOSED PROXY IN THE ACCOMPANYING

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ENVELOPE, WHETHER OR NOT YOU INTEND TO BE PRESENT AT THE MEETING.

By Order of the Board of Directors

Goshen, Indiana  
April 1, 2011

William J. Barrett  
Secretary

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### **SOLICITATION OF PROXIES**

This Proxy Statement and accompanying Proxy are furnished to owners of the Company's common stock, par value \$.10 per share (the Common Stock), in connection with the solicitation of proxies by the Board of Directors of Supreme Industries, Inc. (the Company) for use at the Annual Meeting of Stockholders (the Annual Meeting) to be held at the BC Conference Center, 1401 Lincolnway East, Goshen, Indiana, on May 5, 2011 at 10:00 a.m. Eastern Time, or at any adjournment thereof. The Notice of Meeting, the form of Proxy, and this Proxy Statement are being mailed to the Company's stockholders on or about April 1, 2011.

The expense of proxy solicitation will be borne by the Company. Although solicitation is to be made primarily through the mail, the Company's officers and/or employees and those of its transfer agent may solicit proxies by telephone or personal contact, but in such event no additional compensation will be paid by the Company for such solicitation efforts, however, the Company will reimburse such persons for all accountable costs so incurred.

A copy of the 2010 Annual Report to Stockholders of the Company for its fiscal year ended December 25, 2010, is being mailed with this Proxy Statement to all such stockholders entitled to vote, but does not form any part of the information for solicitation of proxies.

### **Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be held on May 5, 2011**

This Proxy Statement, the accompanying proxy card, and our 2010 Annual Report to Stockholders are available at [www.proxy.supremeind.com](http://www.proxy.supremeind.com).

### **RECORD DATE AND VOTING SECURITIES**

The Board of Directors of the Company has fixed the close of business on March 14, 2011, as the record date for determination of stockholders entitled to notice of and to vote at the Annual Meeting. As of the record date, there were 12,662,983 shares of Class A Common Stock and 1,716,937 shares of Class B Common Stock of the Company issued and outstanding. The presence, in person or by proxy, of the holders of a majority of the issued and outstanding shares of Common Stock as of the record date is necessary to constitute a quorum at the Annual Meeting with respect to matters upon which both classes of Common Stock are entitled to vote.

### **ACTION TO BE TAKEN AND VOTE REQUIRED**

Action will be taken at the meeting to elect a Board of Directors and to ratify the selection of Crowe Horwath LLP as the Company's Independent Registered Public Accounting Firm. Each proxy will be voted in accordance with the directions specified thereon and otherwise in accordance with the judgment of the persons designated as proxies. Any proxy on which no directions are specified will be voted for the election of directors named herein and otherwise in accordance with the judgment of the persons designated as proxies. Any person executing

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the enclosed proxy may nevertheless revoke it at any time prior to the actual voting thereof by filing with the Secretary of the Company either a written instrument expressly revoking it or a duly executed proxy bearing a later date. Furthermore, such person may nevertheless elect to attend the meeting and vote in person, in which event the proxy will be suspended.

The Company's Certificate of Incorporation authorizes two classes of \$.10 par value Common Stock (designated Class A and Class B) as well as one class of \$1.00 par value preferred stock. No shares of the preferred stock are outstanding. In voting on all matters expected to come before the Annual

Meeting, a stockholder of either Class A or Class B Common Stock will be entitled to one vote, in person or by proxy, for each share held in his or her name on the record date. The holders of the Class A Common Stock will be entitled to elect that number (rounded down) of directors equal to the total number of directors to be elected divided by three, i.e., two directors, and the holders of the Class B Common Stock will be entitled to elect the remaining directors. The Class A Directors are elected by majority vote of shares held by holders of Class A Common Stock attending in person or represented by proxy. The Class B Directors are elected by plurality vote of the holders of Class B Common Stock attending in person or represented by proxy. The ratification of the selection of Crowe Horwath LLP as the Company's Independent Registered Public Accounting Firm for the fiscal year ending December 31, 2011, must be approved by majority vote of the combined shares of the Class A Common Stock and Class B Common Stock held by the holders of such Class A Common Stock and Class B Common Stock attending in person or represented by proxy. The Company's Certificate of Incorporation prohibits cumulative voting.

Abstentions are voted as shares present at the Annual Meeting for purposes of determining whether a quorum exists. In the election of the Class B Directors, votes withheld will have no effect on the outcome of the vote. In the election of the Class A Directors and the vote on the ratification of the selection of our independent registered public accounting firm, votes withheld and abstentions will have the effect of a vote against the proposal. Proxies submitted by brokers that do not indicate a vote for some or all of the proposals because the brokers do not have discretionary voting authority and have not received instructions from a stockholder as to how to vote on those proposals (so-called broker non-votes) are considered shares present for purposes of determining whether a quorum exists. However, broker non-votes are not considered to be shares entitled to vote and will not affect the outcome of any vote.

Prior to 2010, the election of directors was considered a routine matter for which brokers were permitted to vote stockholders' shares. Beginning in 2010, brokers are no longer permitted to vote stockholders' shares for the election of directors. Therefore, we urge all stockholders to give voting instructions to their brokers on all voting items.

#### **SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following tabulation sets forth the names of those persons who are known to management to be the beneficial owners as of March 14, 2011, of more than five percent (5%) of the Company's Class A or Class B Common Stock. Such tabulation also sets forth the number of shares of the Company's Class A or Class B Common Stock beneficially owned as of March 14, 2011 by all of the Company's directors and nominees, named executive officers, and all directors and officers of the Company as a group. Persons having direct beneficial ownership of the Company's Common Stock possess the sole voting and dispositive power in regard to such stock. Class B Common Stock is freely convertible on a one-for-one basis into an equal number of shares of Class A Common Stock, and ownership of Class B Common Stock is deemed to be beneficial ownership of Class A Common Stock under Rule 13d-3(d)(1) promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act). As of March 14, 2011, there were 12,622,983 shares of Class A Common Stock and 1,716,937 shares of Class B Common Stock outstanding.

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The following tabulation also includes shares of Class A Common Stock covered by options granted under the Company's 2004, 2001, and 1998 Stock Option Plans, which options are collectively referred to as Stock Options. The Stock Options have no voting or dividend rights.

Finally, the following tabulation includes shares of restricted Class A Common Stock, as defined in the Company's Amended and Restated 2004 Stock Option Plan, which shares are referred to as Restricted Stock. Restricted Stock has the right to vote and receive dividends; however, it contains restrictions regarding the holder's ability to sell, transfer, pledge, or assign such stock.

Name and Address of Beneficial Owner	Title Class	Amount and Nature of Beneficial Ownership	Percent of Class (1)
Heartland Advisors, Inc. 789 North Water Street Milwaukee, WI 53202	Class A	1,170,000(2)	9.2%
First Manhattan Co. 437 Madison Avenue New York, NY 10022	Class A	705,893(3)	5.6%
Wilten Management Company, Inc. 2360 West Joppa Road, Suite 226 Lutherville, MD 21093	Class A	735,291(4)	5.8%
William J. Barrett 636 River Road Fair Haven, NJ 07704	Class A Class B	1,823,025(5)(6)(10)(11) 859,862(6)	13.4% 50.1%
Robert J. Campbell 15690 Treasure Cove Bullard, TX 75757	Class A Class B	157,957(5)(8)(10) 47,620	1.2% 2.8%
Kim Korth 17846 Dewberry Grand Haven, MI 49417	Class A	7,692	*
Edward L. Flynn 7511 Myrtle Avenue Glendale, NY 11385	Class A	211,863(5)(9)	1.7%
Herbert M. Gardner 2581 East Kercher Road Goshen, IN 46528	Class A Class B	1,183,023(5)(7)(10)(11) 623,218(7)	8.8% 36.3%
Jeffery D. Mowery 2581 East Kercher Road Goshen, IN 46528	Class A	77,913(5)(11)	*
Mark C. Neilson 7140 Calabria Court San Diego, CA 92122	Class A	104,906(5)	*

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Name and Address of Beneficial Owner	Title Class	Amount and Nature of Beneficial Ownership	Percent of Class (1)
Wayne A. Whitener 101 E. Park Blvd., Suite 955 Plano, TX 75074	Class A	12,931(5)	*
Robert W. Wilson 2581 East Kercher Road Goshen, IN 46528	Class A	238,779(5)(11)	1.9%
All directors and officers as a group of (9) persons	Class A	3,818,089(5)(6)(7)(8)(9)(10)(11)	26.2%
	Class B	1,530,700(6)(7)	89.2%

\* Less than 1%

(1) The percentage calculations have been made in accordance with Rule 13d-3(d)(1) promulgated under the Exchange Act. In making these calculations, shares beneficially owned by a person as a result of the ownership of Stock Options, or ownership of Class B Common Stock, were deemed to be currently outstanding solely with respect to the holders of such options or Class B Common Stock.

(2) Heartland Advisors, Inc. ( Heartland ) filed a Schedule 13G/A on February 10, 2011, reporting that Heartland owns and has shared voting and dispositive power over 1,170,000 shares of Class A Common Stock. All information presented above relating to Heartland is based solely on the Schedule 13G/A.

(3) First Manhattan Co. ( First Manhattan ) filed a Schedule 13G/A on February 15, 2011, reporting that First Manhattan owns and has shared dispositive power over 705,893 shares of Class A Common Stock. (Shared voting power is limited to 667,209 of the 705,893 shares.) All information presented above relating to First Manhattan is based solely on the Schedule 13G/A.

(4) Wilen Management Company, Inc. ( Wilen ) filed a Schedule 13G/A on January 28, 2011, reporting that Wilen owns and has sole voting and dispositive power over 735,291 shares of Class A Common Stock. All information presented above relating to Wilen is based solely on the Schedule 13G/A.

(5) Includes the number of shares of Class A Common Stock set forth opposite the persons named in the following table which shares are beneficially owned as a result of the ownership of Stock Options under the Company's 2004, 2001, and 1998 Stock Option Plans.

	Stock Options
William J. Barrett	128,045
Robert J. Campbell	13,872
Edward L. Flynn	6,487
Herbert M. Gardner	122,076
Jeffery D. Mowery	25,624
Mark C. Neilson	9,885
Wayne A. Whitener	4,325



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Robert W. Wilson	75,642
All directors and officers as a group	385,956

(6) Includes 109,942 shares of Class A Common Stock and 16,054 shares of Class B Common Stock owned by Mr. Barrett's wife. Mr. Barrett has disclaimed beneficial ownership of these shares.

(7) Includes 10,447 shares of Class A Common Stock and 63,349 shares of Class B Common Stock owned by Mr. Gardner's wife. Mr. Gardner has disclaimed beneficial ownership of these shares.

(8) Includes 443 shares of Class A Common Stock owned beneficially by Mr. Campbell's wife as custodian for their children. Mr. Campbell has disclaimed beneficial ownership of these shares.

(9) Includes 21,624 shares of Class A Common Stock owned beneficially by Mr. Flynn's wife. Mr. Flynn has disclaimed beneficial ownership of these shares.

(10) Includes the number of shares of Class A Common Stock which are deemed to be beneficially owned as a result of ownership of shares of Class B Common Stock, which Class B shares are freely convertible on a one-for-one basis into shares of Class A Common Stock.

(11) Includes the following Restricted Stock:

Issue date	Will vest (i.e. restrictions will lapse) on the following dates*:			Shares	Recipient
	33%	33%	34%		
5/8/2008	5/8/2009	5/8/2010	5/8/2011	10,812	Barrett
				10,812	Gardner
				7,568	Mowery
				10,812	Wilson
11/17/2008	11/17/2009	11/17/2010	11/17/2011	10,600	Barrett
				10,600	Gardner
				7,420	Mowery
				10,600	Wilson

\* Vesting schedule assumes the recipient remains employed by the Company.

For all Restricted Stock, each recipient has full voting and dividend rights on all of his respective shares of Restricted Stock upon grant.

Depositories such as The Depository Trust Company (Cede & Company) as of March 14, 2011 held, in the aggregate, more than 5% of the Company's then outstanding Class A Common Stock. The Company understands that such depositories hold such shares for the benefit of various participating brokers, banks, and other institutions which are entitled to vote such shares according to the instructions of the beneficial owners thereof. Excluding Heartland, First Manhattan, and Wilen, the Company has no reason to believe that any of such beneficial owners hold more than 5% of the Company's outstanding voting securities.

**PROPOSAL NO. 1**

**ELECTION OF DIRECTORS**

Eight directors are to be elected at the Annual Meeting of Stockholders. Unless otherwise instructed, the proxy holders will vote the proxies received by them for the nominees shown below for the term of one year and until their successors are duly elected and have qualified. The Company's Board of Directors is currently comprised of eight members.

Of the persons named below, Messrs. Flynn and Neilson have been nominated for election by the holders of Class A Common Stock, and the remaining persons have been nominated for election by the holders of Class B Common Stock.

The nominees for election by holders of Class A Common Stock were recommended to the Board of Directors by a majority of the independent directors of the Board.

In addition to serving as directors, Messrs. Gardner, Barrett, and Wilson were executive officers of the Company (or its subsidiary) as of December 25, 2010. Officers are elected annually by the Board of Directors at the Annual Meeting of Directors held immediately following the Annual Meeting of Stockholders.

Although it is not contemplated that any nominee will be unable to serve as a director, in such event the proxies will be voted by the holders thereof for such other person as may be designated by the current Board of Directors. The management of the Company has no reason to believe that any of the nominees will be unable or unwilling to serve if elected to office, and to the knowledge of management, the nominees intend to serve the entire term for which election is sought.

Only eight nominees for director are named, even though the Company's bylaws allow a maximum of fifteen, since the proposed size of the board is deemed adequate to meet the requirements of the Board of Directors. The proxies given by the Class A stockholders cannot be voted for more than two persons, and the proxies given by Class B stockholders cannot be voted for more than six persons. The information set forth below with respect to each of the nominees has been furnished by each respective nominee.

Name, Age, and Business Experience	Executive Officer Since	Positions With Company
Herbert M. Gardner, 71  Chairman of the Board of the Company since 1979, Chief Executive Officer of the Company from 1979 to January 2011; President of the Company from June 1992 to February 2006; Executive Vice President of Barrett-Gardner Associates, Inc., an investment banking firm, from November 2002 until June 2009, and previously Senior Vice President of Janney Montgomery Scott LLC, investment bankers; Director of	1979	Chairman of the Board

Rumson-Fair Haven Bank and Trust Company, a New Jersey state independent, commercial bank and trust company; Director of TGC Industries, Inc., a company engaged in the geophysical services industry; and Director of Chase Packaging Corporation, a development stage company. Mr. Gardner was selected to serve as a director of the Company due to his depth of knowledge of the Company, including its strategies, operations and markets, his acute business judgment, his strong leadership skills, and his position with the Company.

Name, Age, and Business Experience	Executive Officer Since	Positions With Company
<p>Kim Korth, 56</p> <p>President and Chief Executive Officer and a Director since February 1, 2011. Ms. Korth is the founder, owner, and President of IRN, Inc. an international automotive consulting firm. She has led the consulting firm since 1983 and is viewed as an expert on automotive supplier strategy and issues. Ms. Korth is a member of the boards of Stoneridge, Inc., an independent designer and manufacturer of electrical and electronic components for the automotive, agricultural, and off-highway vehicle markets; Shape Corporation, a manufacturer of automotive bumper and impact energy management systems; Burke E. Porter Machinery Company, a manufacturer of automotive test systems; Unwired Technology LLC, a manufacturer of wireless headphones; and the Original Equipment Suppliers Association, an organization dedicated to supporting and promoting automotive suppliers. Ms. Korth has several decades of experience in corporate governance issues, organizational design, and development of strategies for growth and improved financial performance for automotive suppliers. In addition to the knowledge and experience described above, the Company believes that Ms. Korth should serve as a director because she provides insight regarding industry trends which strengthens the Board's collective qualifications, skills, and experience.</p>	2011	President, Chief Executive Officer, and Director
<p>William J. Barrett, 71</p> <p>Secretary and Assistant Treasurer of the Company and a Director since 1979 and Executive Vice President (Long Range and Strategic Planning) of the Company since 2004; President of Barrett-Gardner Associates, Inc., an investment banking firm, from November 2002 until June 2009, and since then President of W J Barrett Associates, Inc., and previously Senior Vice President of Janney Montgomery Scott LLC, investment bankers; Chairman of the Board and Director of Rumson-Fair Haven Bank and Trust Company, a New Jersey state independent, commercial bank and trust company; Director of TGC Industries, Inc., a company engaged in the geophysical services industry; Director of Chase Packaging Corporation, a development stage company; Director of MassMutual Corporate Investors, a closed-end investment company; and Director of MassMutual Participation Investors, a closed-end investment company. Mr. Barrett brings to the Board of Directors of the Company keen business and financial judgment and an extraordinary understanding of the Company's business, history, and organization, as well as extensive leadership experience.</p>	1979	Executive Vice President (Long Range and Strategic Planning), Assistant Treasurer, Secretary, and Director

Name, Age, and Business Experience	Executive Officer Since	Positions With Company
<p>Robert J. Campbell, 79</p> <p>Director of the Company since 1979; Retired Chief Executive Officer of TGC Industries, Inc., from March 1996 to December 1998, a company engaged in the geophysical services industry; Vice Chairman of the Board and Chief Executive Officer of TGC from July 1993 through March 1996; Chairman of the Board and Chief Executive Officer of TGC from July 1986 to July 1993; and prior to such time, President and Chief Executive Officer of the Company for more than five years. Mr. Campbell's qualifications to serve as a director of the Company include his extensive management experience and knowledge of its business, his business acumen and his experience as chief executive officer of another public company.</p>	n/a	Director
<p>Edward L. Flynn, 76</p> <p>Director of the Company since 2007; Owner of Flynn Meyer Company, a management company for the restaurant industry, since 1976; Director and Treasurer of Citri-Lite Co., a soft drink company, since 1994; Director of TGC Industries, Inc., a geophysical services company; Director of Chase Packaging Corporation, a development stage company; and Director of Biojet Medical, a medical device company. Mr. Flynn is an experienced leader of major organizations and brings to the Board of Directors of the Company strong executive management skills and experience serving on the boards of other public companies.</p>	n/a	Director
<p>Mark C. Neilson, 52</p> <p>Director of the Company since 2003; President/Founder of Accretive CFO Services of San Diego LLC and Accretive Services LLC (Indiana), a financial consulting services firm since December 2010; Partner, Tatum, LLC, a financial and technology consulting division of Spherion, from September 2005 to August 2010; Chief Financial Officer of Towne Air Freight, Inc., an air freight trucking company, from April 2001 to February 2005; Independent business consultant from November 1998 to March 2001; Chief Financial Officer of Therm-O-Lite, Inc., a manufacturer of interior insulated windows, from January 2000 through June 2009; and Chief Financial Officer and Director of Shelter Components Corporation, a supplier to the recreational vehicle industry, from March 1986 to October 1998. Mr. Neilson was selected to serve as a director of the Company due to his extensive background in public accounting and auditing. Mr. Neilson qualifies as an audit committee financial expert under guidelines of the Securities and Exchange Commission.</p>	n/a	Director

Name, Age, and Business Experience	Executive Officer Since	Positions With Company
<p>Wayne A. Whitener, 59</p> <p>Director of the Company since 2008; Director of TGC Industries, Inc. ( TGC ), a geophysical services company, since 1984; President of TGC since 1987; Chief Executive Officer of TGC since January 1999; Chief Operating Officer of TGC from July 1986 to December 1998; President of Tidelands Geophysical Co., Inc., a wholly-owned subsidiary of TGC, since 1987; and Director of Chase Packaging Corporation, a development stage company. As the principal executive officer of another public company, Mr. Whitener provides valuable insight and guidance on the issues of corporate strategy and risk management.</p>	n/a	Director
<p>Robert W. Wilson, 66</p> <p>Director of the Company since 1990; President and Chief Operating Officer of the Company from February 2006 through January 2011; Executive Vice President of the Company from December 1992 through February 2006; Treasurer and Chief Financial Officer of the Company from December 1992 through April 2005; Vice President of Finance, Treasurer, and Assistant Secretary of Supreme Corporation, a wholly-owned subsidiary of the Company, from 1998 through April 2005; co-holder of Office of the President of Supreme Corporation from November 2000 through April 2005; President and CEO of Supreme Indiana Operations, Inc. (formerly Supreme Corporation) from May 2005 through January 2011. Mr. Wilson was selected to serve as a director of the Company because of his understanding of the Company's operations, his financial expertise, his extensive employment experience with the Company, and his significant industry and management expertise.</p>	1992	Director

**The Board of Directors recommends a vote FOR Proposal No. 1.**

#### **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires the Company's directors and executive officers, and persons who own more than ten percent (10%) of Common Stock, to file with the Securities and Exchange Commission certain reports of beneficial ownership of Common Stock. Based solely upon a review of copies of such reports furnished to the Company, the Company believes that all applicable Section 16(a) filing requirements were complied with by its directors, executive officers, and ten percent (10%) stockholders during 2010.

#### **BOARD OF DIRECTORS**

##### **Board Leadership Structure**

Our holding company, Supreme Industries, Inc. (NYSE Amex: STS), is uniquely structured in that it has very few officers and is designed to have our business operations conducted on a day-to-day basis by management of Supreme Indiana Operations, Inc. ( Supreme Indiana ), our

wholly-owned and principal operating subsidiary, which is the source of virtually all of our revenues and business expenses.



The primary role of the holding company is to facilitate capital markets financing transactions, mergers and acquisitions, and other long-range strategies.

We have concluded that four independent directors, representing 50% of our Board of Directors, is appropriate given the size of our business, but enables the Company to obtain the benefits of diverse expertise, skill sets, and backgrounds for proper governance of the Company. In addition, to be cost effective, the Company has only one committee, the Audit Committee, comprised solely of independent directors. Our Audit Committee Charter is available at our website [www.supremeind.com](http://www.supremeind.com). Matters relating to other governance issues including, but not limited to, determining compensation and nominating directors, are managed by the Board. This structure enables effective communication among the directors by utilizing their participation in all of the critical areas of governance, including risk oversight and interaction with management. Recently, a policy has been adopted which provides for our independent directors to rotate the chairing of the periodic meetings of independent directors so that each of the directors will have an opportunity to set the agenda and chair the meeting. This results in there being no need to designate a lead director.

Our Board of Directors and principal executive officers have significant ownership of the equity securities of the Company. As a result, the Board of Directors believes that management focuses on both the short- and long-term objectives of the Company with neither being disadvantaged by the other. Management bonuses each year are tied to the profitability of Supreme Indiana and also to the future values of the Company's equity securities through options and common share ownership. As a result, the Board of Directors has concluded that the incentive promoting structure of the Company does not promote risks that are inappropriate for the operation of the business.

The Board of Directors has assessed the composition of the Board and has concluded that the Board has the appropriate mix of business experience and skills to address effectively the Company's business needs and challenges. In view of the small size of the Board of Directors, there are no membership requirements based on race or gender. However, we believe that our Board of Directors does have a wide range of diversity with regard to professional experience, skills, education, and other attributes that contribute to the Board's ability to operate in the long-range best interests of the Company's stockholders.

## **Independence**

The Board of Directors has determined that the following four directors have no material relationship with the Company that would interfere with the exercise of independent judgment and are independent within the meaning of the NYSE Amex director independence standards: Robert J. Campbell, Edward L. Flynn, Mark C. Neilson, and Wayne A. Whitener.

## **Committees**

Prior to January of 2011, the Company had an Executive Committee and a Stock Awards Committee. However, in the interest of greater efficiency (especially in view of the small size of the Board), in January of 2011 the Board of Directors terminated both of these committees with the duties of these committees being assumed by the full Board of Directors.

The Audit Committee is comprised of Messrs. Neilson, Campbell, and Flynn. The Audit Committee met four times during the year ended December 25, 2010. The purpose and functions of the Audit Committee are to: appoint or terminate the independent auditors; evaluate and determine compensation of the independent auditors; review the scope of the audit proposed by the independent auditors; review quarterly condensed consolidated financial statements and the annual audited consolidated financial statements prior to issuance; consult with the independent auditors on matters relating to internal financial controls and procedures; and make appropriate reports and recommendations to the Board of Directors.

The Company does not have a Compensation Committee at this time because the functions of a Compensation Committee are adequately performed by the independent directors. To best enable the Company to attract and retain superior executives, the Company and the Board of Directors assemble executive compensation packages which are believed to be reasonable and consistent with the Company's overall compensation program. In 2005, Mr. Michael Lew, an independent corporate compensation specialist, was hired by the Board of Directors to evaluate and make recommendations concerning the Company's compensation practices and procedures. After comparing the Company's compensation practices to those of a selected group of peer companies, Mr. Lew determined that the Company's levels of compensation were within the range of, and in some cases below, the levels of compensation of such peer companies. In carrying out the functions of a Compensation Committee, the Board of Directors does not rely on a Compensation Committee Charter. The Board of Directors periodically reviews the levels of compensation, perquisites, and other personal benefits provided by the Company to insure that compensation levels are reasonable, fair, and competitive. Executive officers are paid a base salary, and they are provided with the potential to earn cash bonuses that are tied to Company performance. In addition, executive officers are eligible to receive periodic awards of equity grants.

The Stock Awards Committee was comprised of Messrs. Gardner and Barrett. The Stock Awards Committee met twice during the year ended December 25, 2010. The Stock Awards Committee was responsible for awarding incentive stock options, nonqualified stock options, reload options, Common Stock, and restricted stock to key employees or individuals who provide substantial advice or other assistance to the Company so that they will apply their best efforts for the benefit of the Company.

The Company does not have a standing Nominating Committee, and nominations for director are made by the Company's independent directors. The Board of Directors believes that, considering the size of the Company and the Board of Directors, nominating decisions can be made effectively on a case-by-case basis, and there is no need for the added formality of a Nominating Committee. In carrying out the functions of a Nominating Committee, the Board of Directors does not rely on a Nominating Committee Charter. The independent directors of the Company utilize the following criteria as guidelines in considering nominations to the Company's Board of Directors. The criteria include:

- personal characteristics, including such matters as integrity, age, education, diversity of skills, opinions, perspectives, professional experiences, education and backgrounds, and absence of potential conflicts of interest with the Company or its operations;
- the availability and willingness to devote sufficient time to the duties of a director of the Company;
- experience in corporate management, such as serving as an officer or former officer of a publicly held company;
- experience in the Company's industry and with relevant social policy concerns;



- experience as a board member of another publicly held company;
- academic expertise in an area of the Company's operations; and
- practical and mature business judgment.

The criteria are not exhaustive, and the independent directors and the Board of Directors may consider other qualifications and attributes which they believe are appropriate in evaluating the ability of an individual to serve as a member of the Board of Directors. The independent directors goal is to assemble a Board of Directors that brings to the Company a variety of perspectives and skills derived from high quality business and professional experience. In order to ensure that the Board consists of members with a variety of perspectives and skills, the independent directors have not set any minimum qualifications and also consider candidates with appropriate non-business backgrounds. Other than ensuring that at least one member of the Board is a financial expert and that the overall composition of the Board meets all applicable independence requirements, the independent directors do not have any specific skills that they believe are necessary for any individual director to possess. Instead, the independent directors evaluate potential nominees based on the contribution such nominee's background and skills could have upon the overall functioning of the Board.

Acting in the capacity of a Nominating Committee, the Board of Directors has not adopted any policy with regard to the consideration of director candidates recommended by security holders for the reason that such a policy is deemed unnecessary since at no time in the history of the Company has any such recommendation ever been received from any of the Company's security holders.

### **Meetings**

During the year ended December 25, 2010, the Board of Directors held five regularly scheduled meetings. All of the directors listed herein attended 75% or more of the total meetings of the Board and of the committees on which they serve.

The Company encourages all directors to attend its Annual Meeting of Stockholders. All of the directors attended the Annual Meeting of Stockholders held in May of 2010.

### **Code of Ethics**

The Company has adopted a Code of Ethics that applies to the Company's officers and directors, including the Company's principal executive officer and principal financial and accounting officer. The code has been posted in the Shareholder Information section of the Company's website, [www.supremeind.com](http://www.supremeind.com).



## Stockholder Communications

The Company has established a process for stockholders to send their communications to the Board of Directors. Any stockholder who desires to contact an individual director, the entire Board of Directors, or a committee of the Board of Directors may mail a written communication to the Chief Executive Officer of the Company c/o Chief Executive Officer, Supreme Industries, Inc., 2581 East Kercher Road, P.O. Box 237, Goshen, Indiana 46528. The Chief Executive Officer will submit all stockholder communications to the appropriate directors, unless the communication is frivolous or includes advertising, solicitation for business, requests for employment, requests for contribution, or a communication of a similar nature. A stockholder communication relating to the Company's accounting, internal accounting controls, or auditing will be referred to the members of the Audit Committee.

The Chief Executive Officer will send a written acknowledgment to a stockholder upon receipt of his or her communication submitted in accordance with the provisions set forth in this proxy statement unless such stockholder communication is frivolous or includes advertising, solicitation for business, requests for employment, requests for contribution, or a communication of a similar nature. A stockholder wishing to contact the directors may do so anonymously; however, stockholders are encouraged to provide the name in which the Company's shares of stock are held and the number of such shares held.

The following communications to the directors will not be considered a stockholder communication: (i) communication from a Company officer or director; (ii) communication from a Company employee or agent, unless submitted solely in such employee's or agent's capacity as a stockholder; and (iii) any stockholder proposal submitted pursuant to Rule 14a-8 promulgated under the Exchange Act.

## AUDIT COMMITTEE AND AUDIT COMMITTEE REPORT

The responsibilities of the Audit Committee, which are set forth in the Audit Committee Charter adopted by the Board of Directors, include providing oversight to the Company's financial reporting process through periodic meetings with the Company's independent registered public accounting firm ( independent auditors ) and management to review accounting, auditing, internal controls, and financial reporting matters. The Audit Committee Charter is available on the Company's website, [www.supremeind.com](http://www.supremeind.com).

The members of the Audit Committee are independent as defined in Sections 803.A. and 803.B. of the listing standards of the NYSE Amex and Rule 10A-3(b)(1) under the Exchange Act. All members of the Audit Committee are financially literate and are able to read and understand fundamental financial statements, including a balance sheet, income statement, and cash flow statement. The Board of Directors has determined that Mr. Neilson qualifies as an Audit Committee Financial Expert as defined in Section 229.401(h) of the Exchange Act, and his experience and background are described in his biographical data under Proposal No. 1. The management of the Company is responsible for the preparation and integrity of the financial reporting information and related systems of internal controls. The Audit Committee, in carrying out its role, relies on the Company's senior management, including senior financial management, and its independent auditors. The Audit Committee has the authority and available funding to engage any independent legal counsel and any accounting or other expert advisors as necessary to carry out its duties.

We have reviewed and discussed with senior management the Company's audited financial statements included in the 2010 Annual Report to Stockholders. Management has confirmed to us that such financial statements: (i) have been prepared with integrity and objectivity and are the responsibility of management and; (ii) have been prepared in conformity with accounting principles generally accepted in the United States of America.

We have discussed with Crowe Horwath LLP, the Company's Independent Registered Public Accounting Firm, the matters required to be discussed by Statement of Auditing Standards ( SAS ) No. 61, Communications with Audit Committees, as amended and as adopted by the Public Company Accounting Oversight Board ( PCAOB ). SAS No. 61 requires the Company's independent auditors to provide us with additional information regarding the scope and results of their audit of the Company's financial statements, including with respect to: (i) their responsibility under auditing standards of the PCAOB (United States); (ii) significant accounting policies; (iii) management's judgments and estimates; (iv) any significant audit adjustments; (v) any disagreements with management; and (vi) any difficulties encountered in performing the audit.

We have received from Crowe Horwath LLP a letter providing the disclosures required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees, with respect to any relationships between Crowe Horwath LLP and the Company which, in their professional judgment, may reasonably be thought to bear on their independence. Crowe Horwath LLP has discussed its independence with us and has confirmed in such letter that, in its professional judgment, it is independent of the Company within the meaning of the federal securities laws.

Based on the review and discussions described above with respect to the Company's audited financial statements included in the Company's 2010 Annual Report to Stockholders, we have recommended to the Board of Directors that such financial statements be included in the Company's Annual Report on Form 10-K for filing with the Securities and Exchange Commission.

As specified in the Audit Committee Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and in accordance with accounting principles generally accepted in the United States of America. That is the responsibility of management and the Company's independent auditors. In giving our recommendation to the Board of Directors, we have relied on: (i) management's representation that such financial statements have been prepared with integrity and objectivity and in conformity with generally accepted accounting principles; and (ii) the report of the Company's independent auditors with respect to such financial statements.

**The Audit Committee:**

Mark C. Neilson (Chair)  
Robert J. Campbell  
Edward L. Flynn

**PRINCIPAL ACCOUNTING FEES AND SERVICES**

The accounting firm of Crowe Horwath LLP ( Crowe Horwath ) served as the Company's Independent Registered Public Accounting Firm for the fiscal year ended December 25, 2010. Crowe Horwath has served as auditors for the Company since October 9, 2001.





*Audit Fees.* The aggregate fees billed for professional services rendered by Crowe Horwath for the audit of our annual financial statements and preissuance reviews of the financial statements included in our quarterly reports on Form 10-Q were \$197,750 for fiscal 2010 and \$177,000 for fiscal 2009.

*Audit-Related Fees.* The aggregate fees billed for professional services by Crowe Horwath for assurance and related services reasonably related to the audit and review services described under *Audit Fees* above were \$10,350 for fiscal 2010 and \$18,127 for fiscal 2009. The amounts shown consist of fees for benefit plan audits and other various assurance services.

*Tax Fees.* The aggregate fees billed for professional services by Crowe Horwath for tax compliance, tax advice, and tax planning services were \$188,322 for fiscal 2010 and \$237,071 for fiscal 2009.

*All Other Fees.* The aggregate fees billed for professional services by Crowe Horwath for services other than those described above were \$0 for fiscal 2010 and 2009.

The Audit Committee has the sole authority to authorize all audit and non-audit services to be provided by the independent audit firm engaged to conduct the annual audit of the Company's consolidated financial statements. In addition, the Audit Committee has adopted pre-approval policies and procedures that are detailed as to each particular service to be provided by the independent auditors, and such policies and procedures do not permit the Audit Committee to delegate its responsibilities under the Exchange Act, as amended, to management. The Audit Committee pre-approved fees for all audit and non-audit services provided by the independent audit firm during the fiscal year ended December 25, 2010, as required by the Sarbanes-Oxley Act of 2002.

The Audit Committee has considered whether the providing of non-audit services has been compatible with maintaining the independent auditor's independence and has advised the Company that, in its opinion, the activities performed by Crowe Horwath on the Company's behalf were compatible with maintaining the independence of such auditors.

## EXECUTIVE COMPENSATION

The table below summarizes the total compensation earned by the Company's Chief Executive Officer and the two other most highly compensated executive officers of the Company (the Named Executive Officers) during the last completed fiscal year. As discussed below in the section titled Employment Contracts, the Company has entered into employment contracts with Messrs. Gardner, Wilson, and Barrett.

Summary Compensation Table

(a) Name and Principal Position	(b) Year	(c) Salary (1)	(d) Bonus	(e) Stock Awards (2)	(f) Option Awards (2)	(g) Non-Equity Incentive Plan Compensation	(h) Nonqualified Deferred Compensation Earnings	(i) All Other Compensation (3)	(j) Total
Herbert M. Gardner Chairman of the Board	2010	\$ 95,850	\$	\$	\$ 34,522	\$	\$	\$ 61,897	\$ 192,269
	2009	\$ 91,800	\$	\$	\$ 12,167	\$	\$	\$ 71,230	\$ 175,197
Robert W. Wilson President and Chief Operating Officer	2010	\$ 162,500	\$	\$	\$ 34,522	\$	\$	\$ 76,382	\$ 273,404
	2009	\$ 150,000	\$	\$	\$ 12,167	\$	\$	\$ 72,893	\$ 235,060
William J. Barrett Executive Vice President and Secretary	2010	\$ 95,850	\$	\$	\$ 33,048	\$	\$	\$ 56,860	\$ 185,758
	2009	\$ 91,800	\$	\$	\$ 11,575	\$	\$	\$ 60,405	\$ 163,780

(1) Effective December 1, 2008, Messrs. Gardner, Wilson, and Barrett initiated reductions from the salary levels outlined in their respective employment contracts. For the period beginning December 1, 2008 through June 30, 2010, salaries for Messrs. Gardner and Barrett were reduced by 15%, and Mr. Wilson's salary was reduced by 25%. For the period beginning July 1, 2010 through December 25, 2010, the reduction in salaries for Messrs. Gardner and Barrett were dropped from 15% to 7.5% and from 25% to 12.5% for Mr. Wilson.

(2) The amounts in columns (e) and (f) reflect the aggregate grant date fair values computed in accordance with FASB ASC Topic 718 of awards pursuant to the Company's 2004, 2001, and 1998 Stock Option Plans, and thus include amounts from awards granted in 2006 through 2010. Assumptions used in the calculation of these amounts are included in Note 1 of the Company's consolidated financial statements for the fiscal year ended December 25, 2010, included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 25, 2011.

(3) Includes the Company's matching contributions to the Company's Section 401(k) Retirement Plan, car allowance, payment of premiums for disability and life insurance, and reimbursement of fees paid for personal income tax preparation. Significant amounts are itemized in the following table:

Name and Principal Position	Year	Auto Allowance	Life Insur. Reimb.	Income Tax on Life Insur.	Other	Total, All Other Compensation
Herbert M. Gardner Chairman of the Board	2010	\$ 8,600	\$ 30,000	\$ 23,050	\$ 247	\$ 61,897
	2009	\$ 18,180	\$ 30,000	\$ 23,050	\$ 6,441	\$ 71,230
Robert W. Wilson President and Chief Operating Officer	2010	\$ 5,875	\$ 40,000	\$ 28,201	\$ 2,306	\$ 76,382
	2009	\$ 3,917	\$ 40,000	\$ 28,201	\$ 775	\$ 72,893
William J. Barrett Executive Vice President and Secretary	2010	\$ 5,375	\$ 30,000	\$ 21,238	\$ 247	\$ 56,860
	2009	\$ 9,167	\$ 30,000	\$ 21,238	\$	\$ 60,405

### Outstanding Equity Awards At Fiscal Year End

The following table provides information concerning the holdings of stock options and restricted stock by the Named Executive Officers at December 25, 2010.

(a) Name	(b) Number of Securities Underlying Unexercised Options Exercisable	Stock Option Awards		(e) Option Expiration Date	Restricted Stock Awards	
		(c) Number of Securities Underlying Unexercised Options Unexercisable	(d) Option Exercise Price		(f) Number of Shares or Units of Stock That Have Not Vested	(g) Market Value Of Shares Or Units of Stock That Have Not Vested
Herbert M. Gardner	32,436		\$ 6.52	5/4/2013	3,604	\$ 9,911
	29,058		\$ 5.78	4/29/2014	3,533	\$ 9,717
	30,582		\$ 4.86	5/7/2015		
	15,000		\$ 1.55	6/26/2016		
	15,000	15,000	\$ 2.23	9/30/2017		
	122,076	15,000			7,137	\$ 19,628
Robert W. Wilson	32,436		\$ 6.52	5/4/2013	3,604	\$ 9,911
	24,214		\$ 5.78	4/29/2014	3,533	\$ 9,717
	13,992	6,996	\$ 4.72	5/6/2015		
	5,000	10,000	\$ 1.55	6/26/2016		
		30,000	\$ 2.23	9/30/2017		
	75,642	46,996			7,137	\$ 19,628
William J. Barrett	32,436		\$ 7.17	5/4/2013	3,604	\$ 9,911
	31,968		\$ 6.36	4/29/2014	3,533	\$ 9,717
	33,641		\$ 5.34	5/7/2015		
	15,000		\$ 1.71	6/26/2016		
	15,000	15,000	\$ 2.45	9/30/2017		
	128,045	15,000			7,137	\$ 19,628

### Equity Compensation Plans

The following table summarizes the securities authorized for issuance under the 2004, 2001, and 1998 Stock Option Plans which have been approved by the Board of Directors and ratified by the Company's stockholders. There are no equity compensation plans which have not been approved by the Company's stockholders.

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants, and rights	(b) Weighted-average exercise price of outstanding options, warrants, and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	1,204,715	\$ 3.83	17,905

### Long-Term Equity-Based Incentives

The Company believes that the best way to align the interests of the named executive officers and its stockholders is for such officers to own a meaningful amount of the Company's Common Stock. In order to reach this objective and to retain its executives, the Company grants equity-based awards to the Named Executive Officers under its 2004, 2001, and 1998 Stock Option Plans.

### POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

The following summaries describe potential payments payable to our Executive Officers upon termination of employment or a change in control. The actual payments to Named Executive Officers are contingent upon many factors as of the time benefits would be paid, including elections by the executive and tax rates as well as the discretion of the Board of Directors or a committee designated by the Board of Directors.

#### The Amended and Restated 2004 Stock Option Plan

The Company's Amended and Restated 2004 Stock Option Plan provides that upon the effective date of a change in control (as defined in the Amended and Restated 2004 Stock Option Plan), all options will become immediately exercisable. In addition, upon the Named Executive Officer's death or disability, any options that would have become exercisable had the Named Executive Officer remained employed through the vesting date immediately following the date of his death or disability will become immediately exercisable. The Amended and Restated 2004 Stock Option Plan also provides that if vesting is based upon the attainment of one or more performance goals (as defined in the Amended and Restated 2004 Stock Option Plan), the pro-rata portion of the Named Executive Officer's options that would have become exercisable had he remained employed through the vesting date immediately following the date of his death or disability (or such other date as may be determined by the Stock Awards Committee in its sole discretion) will become immediately exercisable.



### **The 1998 Stock Option Plan and the 2001 Stock Option Plan**

The terms of the 1998 Stock Option Plan and the 2001 Stock Option Plan are substantially similar. Although these plans do not provide for acceleration of vesting upon termination of a Named Executive Officer, the plans provide for varying time periods for the exercise of options, which time periods are based on the manner in which the Named Executive Officer has been terminated. Under these plans, if a Named Executive Officer voluntarily terminates his employment or is terminated for cause (as defined in the 1998 Stock Option Plan and the 2001 Stock Option Plan), then the portion of an option that remains unexercised, including that portion that is not yet exercisable, at the time of the Named Executive Officer's termination of employment, will terminate and cease to be exercisable immediately upon such termination. If the Named Executive Officer is terminated without cause, then he or she will have the right for 30 days following such termination to exercise any options that are exercisable as of the date of such termination, and thereafter any remaining options will terminate and cease to be exercisable. If the Named Executive Officer ceases to be employed due to disability, then he or she will have the right for 90 days after the date of termination to exercise any options that are exercisable on the date of his or her termination of employment, and thereafter any remaining options will terminate and cease to be exercisable. If the Named Executive Officer's employment is terminated due to death, then his or her legal representatives will have six months following the date of the Named Executive Officer's death to exercise any options that are exercisable on the date of his or her death, and thereafter any remaining options will terminate and cease to be exercisable.

### **Herbert M. Gardner's Employment Contract**

The Board approved an Amended and Restated Employment Contract between the Company and Mr. Herbert M. Gardner effective January 1, 2005. Mr. Gardner's Employment Contract is automatically extended for one additional day so that a constant three-year term is always in effect. In consideration of services to be provided to the Company, the Employment Contract provides for Mr. Gardner to receive (in addition to certain fringe benefits): (1) annual base compensation of \$108,000 (which monthly payments are to be offset by all other fees paid to Mr. Gardner for serving as a member of the Board of Directors and any committee of the Company and its subsidiaries); and (2) if the pre-tax earnings of the Company exceed \$2,000,000, an incentive bonus of \$36,000, plus an amount equal to 0.6% of the amount by which such pre-tax earnings exceed \$2,000,000.

Under Mr. Gardner's Employment Contract, if he dies, suffers a disability, is terminated by the Company without cause, or terminates his Employment Contract for good reason (as such terms are defined in his Employment Contract), then Mr. Gardner or his dependents will be paid his base salary for the remainder of the term of his Employment Contract and the proportionate share of his targeted bonus. The Employment Contract defines Mr. Gardner's proportionate share as a fraction the numerator of which is the number of days in such calendar year ending with the end of the term of his Employment Contract and the denominator of which is the total number of days in such calendar year. If Mr. Gardner is terminated (other than for cause), he will also be entitled to maintain his fringe benefits, including his medical benefits, dental benefits, and insurance benefits. In addition to his base salary, proportionate share of his bonus, and fringe benefits discussed above, if Mr. Gardner is terminated (other than for cause), then the Company will either sell or lease to him the automobile that the Company is providing to him. In such case, the Company will, not later than March 15 following the end of the calendar year in which his employment terminates, either sell him the automobile for \$10 along with any insurance coverage (if assignable) or assign to him all of the Company's interest in and to any lease. Upon termination of such lease, the Company will purchase the leased automobile and convey ownership to him. If the Company terminates Mr. Gardner for gross misconduct materially injurious to the Company, then he will not receive any termination payments or benefits.

Under Mr. Gardner's Employment Contract, the definition of "good reason" includes a change in control (as defined in Exhibit A to his Employment Contract). Notwithstanding the foregoing, in the event payments are being made to Mr. Gardner on account of a change in control based upon a hostile takeover of the Company, the pre-tax incentive bonus discussed above will be determined based upon the highest pre-tax earnings of the Company in the three calendar years immediately preceding the calendar year in which termination occurs.

#### **William J. Barrett's Employment Contract**

The Board approved an Amended and Restated Employment Contract between the Company and Mr. William J. Barrett, Executive Vice President (Long Range and Strategic Planning), Assistant Treasurer, and Secretary of the Company, effective January 1, 2005. Mr. Barrett's Employment Contract is automatically extended for one additional day so that a constant three-year term is always in effect. In consideration of services to be provided to the Company, the Employment Contract provides for Mr. Barrett to receive (in addition to certain fringe benefits): (1) annual base compensation of \$108,000 (which monthly payments are to be offset by all other fees paid to Mr. Barrett for serving as a member of the Board of Directors and any committee of the Company and its subsidiaries); and (2) if the pre-tax earnings of the Company exceed \$2,000,000, an incentive bonus of \$36,000, plus an amount equal to 0.6% of the amount by which such pre-tax earnings exceed \$2,000,000.

The terms of Mr. Barrett's Employment Contract are substantially similar to Mr. Gardner's Employment Contract. Under Mr. Barrett's Employment Contract, if he dies, suffers a disability, is terminated by the Company without cause, or terminates his Employment Contract for "good reason" (as such terms are defined in his Employment Contract), then Mr. Barrett or his dependents will be paid his base salary for the remainder of the term of his Employment Contract and the proportionate share of his targeted bonus. The Employment Contract defines Mr. Barrett's proportionate share as a fraction the numerator of which is the number of days in such calendar year ending with the end of the term of his Employment Contract and the denominator of which is the total number of days in such calendar year. If Mr. Barrett is terminated (other than for cause), Mr. Barrett will also be entitled to maintain his fringe benefits, including his medical benefits, dental benefits, and insurance benefits. In addition to his base salary, proportionate share of his bonus, and fringe benefits discussed above, if Mr. Barrett is terminated (other than for cause), then the Company will either sell or lease to him the automobile that the Company is providing to him. In such case, the Company will, not later than March 15 following the end of the calendar year in which his employment terminates, either sell him the automobile for \$10 along with any insurance coverage (if assignable) or assign to him all of the Company's interest in and to any lease. Upon termination of such lease, the Company will purchase the leased automobile and convey ownership to him. If the Company terminates Mr. Barrett for the willful engagement of gross misconduct materially injurious to the Company, then he will not receive any termination payments or benefits.

Under Mr. Barrett's Employment Contract, the definition of "good reason" includes a change in control (as defined in Exhibit A to his Employment Contract). Notwithstanding the foregoing, in the event payments are being made to Mr. Barrett on account of a change in control based upon a hostile takeover of the Company, the pre-tax incentive bonus discussed above will be determined based upon the highest pre-tax earnings of the Company in the three calendar years immediately preceding the calendar year in which termination occurs.

### **Kim Korth's Employment Agreement**

The Company and its wholly-owned subsidiary, Supreme Indiana Operations, Inc. (the Employers ), entered into an Employment Agreement with Ms. Kim Korth effective February 1, 2011.

The Employment Agreement provides for a six-month term commencing on February 1, 2011, and ending on August 1, 2011, which initial term may be extended on a month-to-month basis upon the mutual written consent of the Employers and Ms. Korth, not to exceed an aggregate of one year.

The Employment Agreement provides that Ms. Korth shall serve as President and Chief Executive Officer of each Employer and as a member of the Board of Directors of each Employer.

The Employment Agreement provides for a signing bonus of \$50,000, an aggregate base salary of \$50,000 per month, and on the last day of each calendar month Ms. Korth will receive from the Company a stock award of the Company's Class A Common Stock equal to the number of whole shares that have a fair market value on the grant date equal to approximately \$20,000.

Either Employer may terminate Ms. Korth for cause in which event such Employer will have no further obligation or liability to Ms. Korth under the Employment Agreement, other than for base salary and stock awards earned but unpaid through the date of termination. Each Employer may terminate Ms. Korth other than for cause at any time upon notice to her. However, in the event of such a termination the terminating Employer will be required to pay to Ms. Korth: (1) base salary and stock awards earned but unpaid through the date of termination; plus (2) severance pay equal to the base salary and stock awards that otherwise would have been paid during the remaining term of the Employment Agreement.

Ms. Korth may terminate her employment under the Employment Agreement for good reason. In such event, the Employer shall pay to her the amount specified in the last sentence of the preceding paragraph. Ms. Korth may terminate her employment at any time upon ninety days notice to the Employer in which event the Employer will have no further obligation or liability to her, other than for any earned but unpaid base salary and stock awards through the actual date of termination of employment.

The Employment Agreement also contains a non-competition covenant and a non-solicitation covenant binding on Ms. Korth.

### **Robert W. Wilson's Employment Contract**

Supreme Indiana entered into an amended and restated employment contract with Mr. Robert W. Wilson, as President and Chief Executive Officer effective May 1, 2008. Mr. Wilson's employment contract provides for a term of three years with a minimum base salary of \$200,000 per year (subject to increase by the determination of the Board of Directors) plus a pre-tax incentive bonus if earned under a bonus payment plan. Mr. Wilson's employment contract will expire (without renewal) on May 1, 2011.





**DIRECTOR COMPENSATION**

Outside directors are paid for each Board or Audit Committee meeting attended based on the length of time of each meeting, as follows: \$500 for less than 30 minutes; \$1,000 for 30 – 59 minutes; and \$1,500 for anything over 59 minutes. Members of the Board are paid an additional \$6,000 annually. The Chairman of the Audit Committee is paid \$10,000 annually. Each Director is reimbursed for out-of-pocket expenses incurred in attending board or committee meetings. On May 6, 2010, the Board approved an annual stock award equal to \$10,000 divided by the closing price of such stock on the business day immediately preceding the grant date (with the grant date to be the date of the Annual Meeting of Stockholders) to each outside director.

In conjunction with the recent cost reduction measures of the Company, the Board of Directors voted in January 2009 to reduce, until further notice, all fees paid to directors. Effective February 1, 2009, all per meeting and annual director fees were reduced by 10%. These reduced fees will continue until business conditions and financial results improve.

The following table summarizes compensation paid to directors during fiscal year 2010:

(a) Name	(b) Fees Earned or Paid in Cash	(c) Stock Awards(1)	(d) All Other Compensation	(e) Total
Robert J. Campbell	\$ 17,100	\$ 10,000	\$	\$ 27,100
Thomas Cantwell (2)	\$ 19,800	\$ 10,000	\$	\$ 29,800
Edward L. Flynn	\$ 15,750	\$ 10,000	\$	\$ 25,750
Mark C. Neilson	\$ 26,100	\$ 10,000	\$	\$ 36,100
Wayne A. Whitener	\$ 11,700	\$ 10,000	\$	\$ 21,700

(1) The amounts in column (c) reflect the aggregate grant date fair value of the stock awards computed in accordance with FASB Topic 718. These stock awards were valued on the basis of the market value of \$2.25 of the Company's Class A Common Stock on the business day immediately preceding the date awarded.

(2) Thomas Cantwell resigned from the Board effective November 16, 2010.

**CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS**

As part of its original acquisition on January 19, 1984, of the specialized vehicle manufacturing business now being operated by it, Supreme Indiana acquired an option to purchase certain real estate and improvements at its Goshen, Indiana, and Griffin, Georgia, facilities, leased to it by lessors controlled by the sellers of such business. The option agreement provided that the option would expire on January 8, 1989, and that, prior to that time, it could be assigned to either or both of William J. Barrett and Herbert M. Gardner, members of the Company's Board of Directors.



On July 25, 1988, Supreme Indiana assigned the option (with the consent of the grantors of the option) to a limited partnership (the Partnership). The general partner of the Partnership is Supreme Indiana, owning a one percent interest, and the limited partnership interests therein are owned (directly or indirectly) by individuals including Mr. Barrett, Mr. Gardner, and Mr. Campbell, all of whom are members of the Company's Board of Directors, and each of whom owns a 12.375% limited partnership interest in the Partnership.

In a transaction consummated on July 25, 1988, the Partnership exercised the option and purchased all of the subject real estate and improvements. Also on July 25, 1988, the Partnership and Supreme Indiana entered into new leases covering Supreme facilities in Goshen, Indiana, and Griffin, Georgia at initial rental rates equivalent to those paid pursuant to the lease agreements with the prior lessors. The actual amount paid to the Partnership in 2010 was \$683,320. The leases contain options to purchase the properties for an aggregate initial price of \$2,765,000 (subject to increases after the first year based upon increases in the Consumer Price Index). Both of the above leases were extended for additional five-year terms ending on July 25, 2015 under lease extension agreements which were dated to be effective July 25, 2010. The total rental payments for the first year of the five-year extended terms amounted to \$683,004 with the rent for each year thereafter to be adjusted upward or downward by the amount of the increase or decrease in the Consumer Price Index using July, 2010, as the base period and June of each succeeding year thereafter as the comparative period. In the event Supreme Indiana had exercised its options to purchase these two leased properties during 2010, the total purchase price (calculated in accordance with the formulas contained in the underlying lease agreements) would have been \$5,300,000 (based upon appraisals obtained from independent third parties selected by a Special Committee of the Board of Directors directed to determine fair purchase prices and fair lease rental payments).

An Option Agreement was entered into effective as of March 24, 2011 under the terms of which Supreme Indiana will sell its California manufacturing facility to Barrett Gardner Associates, Inc. which is owned by Messrs. William J. Barrett and Herbert M. Gardner, both of whom are directors of the Company. It is contemplated that the rights of Barrett Gardner Associates, Inc. under the Option Agreement will be assigned by it to a newly-formed limited liability company (Newco) which will be owned (one-third each) by Messrs. Barrett and Gardner and Mr. Edward L. Flynn (who is also a director of the Company). The purchase price for the property is \$4,100,000 which is fully supported by a recent independent appraisal of that property at that amount. The purchase price will be payable \$3,100,000 in cash with the balance being an equity interest owned by Supreme Indiana in Newco. In consideration of the purchase transaction, Newco has made a wire transfer of a \$100,000 option fee to the Company's primary lender which, when the real estate purchase closes, will be applied to the cash portion of the purchase price for the California manufacturing facility. Simultaneously with the closing of such purchase transaction, Supreme Indiana will enter into a twenty-year lease with Newco, such lease containing terms which the Board of Directors believes would result from arms-length negotiations with a third party. Both the purchase price for the manufacturing facility and the terms of the leaseback will be supported by a fairness opinion issued by a third-party consultant. The purpose of this sale/leaseback transaction is to generate a cash sum of \$3,000,000 which must be paid by the Company to its primary lender in order for the primary lender to continue the Company's currently existing line of credit to not be in default.

**PROPOSAL NO. 2**

**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee has appointed Crowe Horwath LLP to continue as the Company's Independent Registered Public Accounting Firm for the fiscal year ending December 31, 2011. In the event that ratification of this appointment of auditors is not approved by the affirmative vote of a majority of the votes cast for and against the matter by stockholders present or represented by proxy at the Annual Meeting and entitled to vote on the matter, then the Audit Committee will reconsider its appointment of independent auditors. In this case, the Audit Committee may, in its discretion, continue the Company's relationship with Crowe Horwath LLP. In addition, the Audit Committee may, in its discretion, direct the appointment of different independent auditors at any time during the year if the Audit Committee believes that such an appointment would be in the best interests of the Company's stockholders.

Representatives of Crowe Horwath LLP will be present at the Annual Meeting of Stockholders, will have the opportunity to make a statement if they desire to do so, and also will be available to respond to appropriate questions at the meeting. Proposal No. 2 is for the ratification of the selection of Crowe Horwath LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2011.

**The Board of Directors recommends a vote FOR Proposal No. 2.**

**OTHER MATTERS**

The Company's management knows of no other matters that may properly be, or which are likely to be, brought before the meeting. However, if any other matters are properly brought before the meeting, the persons named in the enclosed proxy, or their substitutes, will vote in accordance with their best judgment on such matters.

**STOCKHOLDER PROPOSALS**

A stockholder proposal intended to be presented at the Company's Annual Meeting of Stockholders in 2012 must be received by the Company at its principal executive offices in Goshen, Indiana, on or before November 24, 2011, in order to be included in the Company's proxy statement and form of proxy relating to that meeting.

In order for a stockholder proposal made outside of Rule 14a-8 to be considered timely within the meaning of Rule 14a-4(c), such proposal must be received by the Company at its principal executive offices in Goshen, Indiana, no later than February 7, 2012.

**FINANCIAL STATEMENTS**

The Company's Annual Report to Stockholders for the fiscal year ended December 25, 2010, accompanies this proxy statement.













