



**M O N A C O**

**MONACO COACH CORPORATION**

**CODE OF  
BUSINESS CONDUCT**

*A Guideline for All Directors, Officers and Employees of Monaco Coach Corporation, Its Divisions and Subsidiaries, Regardless of Location*

Adopted November 2003

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## **Our Commitment**

This Code reaffirms our commitment to integrity as the cornerstone of our behavior. It applies to all directors, officers and employees of Monaco Coach Corporation, its divisions and subsidiaries, regardless of location.

Each of us is responsible for acting in accordance with high ethical standards. Our ethical standards are based on respect for the dignity of each individual and a commitment to honesty and fairness.

Our success is dependent on each of us being able to properly apply these ethical standards to our own behavior. The directions contained in this Code are intended to assist you in making the right choices when confronted with a difficult situation.

However, the Code of Business Conduct does not cover every situation, and guidelines have exceptions. You should get help from your supervisor or other Company resources such as the Human Resources or Legal Departments whenever you are in doubt as to the proper course of action.

The willingness of each of us to raise ethical concerns is essential. No one will suffer any adverse effects to his or her job or career as a result of raising an ethical concern or questioning a Company practice.

Individuals in management positions have a special responsibility to demonstrate high ethical standards in their behavior and to create an environment that supports ethical behavior.

## **Our Foundation**

The Company acts in pursuit of six (6) goals:

- To operate the business on the basis of honesty, integrity and superior service
- To produce the highest-quality recreational vehicles at the most competitive prices
- To create and nurture a lifestyle for RV owners that exceeds their dreams
- To offer a working environment in which all employees have the opportunity to realize their personal and professional goals.
- To create a bond with our suppliers and retail dealers that ensures our mutual success
- To provide our shareholders with a positive return on their investment

These goals are Monaco Coach Corporation's foundation. In working toward these goals, our actions will be based on certain basic principles:

We will deal fairly and honestly with those who are impacted by our actions.

We will not pursue any business opportunity which requires violation of the law.

We will undertake only those business activities that will withstand public scrutiny and ethical review.

We will disclose any conflict of interest we may have regarding our responsibilities to the Company and remove the conflict where required.

We will promote relationships based on mutual trust and respect and provide an environment where individuals may question a Company practice without fear of reprisal or suffering a career disadvantage.

## **Your Role**

This Code of Business Conduct helps ensure compliance with legal requirements and our standards of business conduct. All of our employees are expected to read and understand this Code of Business Conduct, uphold these standards in day-to-day activities, comply with all applicable policies and procedures, and ensure that all agents and contractors are aware of, understand and adhere to these standards.

Because the principles described in this Code of Business Conduct are general in nature, you should also review all applicable Company policies and procedures for more specific instruction, and contact the Human Resources Department or Legal Department if you have any questions.

## **PART I -CONDUCTING THE COMPANY'S BUSINESS**

### **General**

In conducting the business of the Company, you will be dealing with a variety of people and organizations including dealers and other customers, suppliers and competitors, as well as community representatives and fellow employees. All of our business relationships with them and each other should be based on honesty and fairness. Be truthful in your representation of the Company. If there is a mistake or misunderstanding, correct it immediately.

### **Dealing with Customers**

Serving customers is the focal point of our business. Satisfying customers is the best way to ensure business success. We must regularly measure customer satisfaction and continuously improve our quality.

We must provide products and services of the highest quality and value. We need to understand what represents "highest quality" in the eyes of the customer.

We need to respond promptly and courteously to customer inquiries and requests.

We must work with customers to understand and anticipate their needs and identify and remove

obstacles customers may see in doing business with us.

We must accurately represent our products and services in our marketing, advertising and sales efforts.

### **Dealing with Suppliers**

Prospective suppliers must have a chance to compete fairly for our business.

We will select suppliers based on product specification, delivery and a commitment to working with us to continuously improve quality and costs.

We will not suggest to any supplier we will not buy from them unless they purchase from us.

### **Dealing with Each Other**

Basic to our relationship with our fellow employees is the recognition of the value and worth of each individual and the necessity to provide a working climate which is protective of the well-being of all employees. Employees and applicants for employment will be evaluated for employment and promotion on a non-discriminatory basis.

We will provide protection against sexual harassment to all employees and applicants for employment.

We will maintain a safe and healthy work environment. To help ensure this, we will comply fully with all federal, state and local environment, health and safety laws and regulations.

We will listen carefully and value the opinions and experience of employees and respect their diverse backgrounds.

We will establish clear job requirements and provide training and performance feedback. We will clearly communicate work directions and the reasons for the directions.

We will ordinarily fill positions from within the Company when qualified candidates are available.

We will maintain an "open door" so employees can express their views freely without fear of reprisal.

We will respect the privacy of employee information contained in Company files.

### **Gifts, Meals and Entertainment**

You may receive or give customary business amenities such as meals or gifts, provided they are associated with a business purpose, reasonable in cost, appropriate as to time and place and are such as not to influence or give the appearance of influencing the recipient. These business amenities, however, should not be given or offered to government employees (see Part III).

You should not give or receive gifts, meals or entertainment unless:

- they are appropriate to the circumstances of the business relationship, of limited value, do not influence or give the appearance of influencing the recipient and cannot be viewed as a bribe, kickback or payoff.
- they do not violate any law or generally accepted ethical standards including the standards of the recipient's organization.
- they can withstand public scrutiny and ethical review.

Trips and other excessive entertainment are inherently compromising and generally do not belong in our business relationships. Exceptions must be approved in advance by senior management of the Company.

Under no circumstances may cash or its equivalent be given or received as a gift.

Tickets for events are permitted provided no transportation or overnight accommodations are provided. The frequency of giving or receiving event tickets should be evaluated under the common sense guidelines set out above.

You are to courteously decline or return any kind of gift, favor or offer of excessive entertainment that violates these directions and inform the offerer of our policy.

If you have any questions concerning the acceptance of a gift, entertainment or other favor from a materials supplier, consult the Vice President of Corporate Purchasing. Matters involving other third parties may be directed to the vice president or director of the functional department or area, or to the Legal Department.

## **Accurate Records and Reporting**

Company records should reflect an accurate and verifiable record of all transactions.

Information you record and submit to another party, whether inside or outside the Company, must be accurate, timely and complete. Reports or records should not be used to mislead those who receive them, or to conceal anything that is improper.

## **Consultants**

Consultants and agents retained by the Company should be informed of and given a copy of our Code of Business Conduct. They are expected to adhere to it in the course of their work for us.

Special care should be taken to ensure no conflict of interest exists, that the consultant is genuinely qualified and in the business for which retained, that the compensation is reasonable for the services being performed, and that there is a written agreement outlining the statement of work and under which the consultant agrees to abide with all applicable laws and report any conflicts of interest.

Consultants and agents may not be retained to do anything illegal or improper. What you may not do directly you cannot do indirectly by acting through another party.

## **Responsibility to the Environment**

As a Company and as employees, we must exercise good judgment with regard to the environmental aspects of our use of buildings and real estate, our manufacturing processes and the design of our products. An important objective is to minimize the emission, generation, discharge and disposal of hazardous materials and other waste. We must comply fully with all federal, state and local environmental protection laws.

## **Derogatory Statements**

No one should ever make false, misleading or derogatory remarks about individuals, companies, organizations or their products and services.

In particular, do not degrade our competitors or their products, services or employees. We should sell our products and services on their merits.

If you make comparisons between our products or services and those of a competitor, they should be accurate and factual.

## **Confidential Information Properly Received**

We regularly receive confidential information from those with whom we do business. When we receive such information, it should be received under the terms of a written agreement that spells out our obligations for the use and protection of the information. These agreements must always be reviewed by our Legal Department.

You must protect the confidentiality of any such information and limit your use of it to what is authorized by the agreement. You are also responsible to see those who are not authorized do not have access to the confidential information.

## **Use of Software**

We obtain computer software from other companies. In addition to being copyrighted, computer software programs are usually subject to license agreements. These agreements restrict your use of the software. For example, a license may prohibit copying of the programs and restrict its use to a specified computer.

You should not copy software or use it on a different computer unless the license agreement permits such copying or use and the Information Services Department has given approval to you.

Any authorized copies shall contain the proper copyright notice and other required notices of the vendor.

You should read and understand the software agreements governing the software you use and obtain assistance to understand the limitations on the use and copying of the software. If you have any questions regarding these agreements, you should contact the Information Services Department.

## **Industrial Espionage**

You may not acquire information about other companies through improper means. Examples of improper means are:

- receiving information from a third party that was illegally or improperly acquired by the third party.
- receiving confidential information of a company from present or former employees who are not authorized to disclose it.

We regularly acquire information about other companies in conducting our business. This is acceptable when this information is properly acquired. Proper sources would include information which is published or in the "public domain", or information which is lawfully received from the owner or an authorized third party.

You have a responsibility not to misuse or take the trademarks, copyrights, patents, trade secrets or other "intellectual property" of any individual, company or organization including suppliers, customers, business partners and competitors.

If you are offered proprietary information under suspicious circumstances, you should immediately consult our Legal Department. Likewise, if you come into possession of information from another company that is marked "confidential", or that you believe is confidential, you should consult our Legal Department if you have any questions regarding the proper authorization of your possession. If our possession is improper, our Legal Department will return the information to the proper owner.

## **Political Activity and Contributions**

There are numerous legal restrictions on political activity and contributions by corporations. If a planned activity or contribution could in any way be looked upon as involving Company funds, property or services, the Legal Department should be consulted.

## **Improper Payments**

We will not directly or indirectly offer, solicit, make or provide any kind of payments, favors or contributions for the purpose of:

- obtaining, giving or keeping business.
- influencing customers, suppliers or U.S. or foreign governmental entities including their officials or employees.

- persuading any officials or employees of another company to fail to perform, or to improperly perform, their duties.
- influencing legislation or regulations other than through appropriate lobbying and legitimate political activity.

We will not submit to extortion.

Any employee who is offered or has information concerning such payments, favors or contributions should contact the Legal Department.

## **Antitrust Laws**

The antitrust laws are intended to preserve competition by prohibiting actions that could unreasonably restrain the functioning of a free and competitive marketplace.

Any agreement that could limit competition in a specific market maybe a violation of these laws and must be reviewed by the Legal Department. Because verbal exchanges can be viewed as an agreement, you need to exercise caution whenever you meet with customers or competitors.

The following are *possible* violations of the antitrust laws which should be reviewed with the Legal Department:

Agreements with dealers or other customers to:

- Dictate resale prices
- Give preferential pricing or terms
- Restrict marketing efforts (territory, customers, etc.)
- Require tie-in sales (require purchase of one product as condition of selling another)
- Engage in reciprocal dealing

Agreements between competitors to:

- Set prices
- Allocate markets or customers
- Boycott certain suppliers
- Limit production or quality

## **International Business**

Special care must be taken to identify and accommodate the differences between international markets and those in the United States. Local customs and practices with regard to business and social dealings may also vary from country to country. Our policy is to comply with all laws which apply in the countries where we do business. In countries where common business practices might be less restrictive than those outlined in our Code of Business Conduct, we will

follow the Code.

The Foreign Corrupt Practices Act and other U.S. laws prohibit the payment of any money or anything of value to a foreign official, foreign political party (or official thereof) or any candidate for foreign political office for purposes of obtaining, retaining or directing business. These restrictions also apply to consultants and agents acting on our behalf. As a company and as employees, we must strictly abide by these laws. Any violations or any solicitations to violate these laws must be reported to the Legal Department immediately.

## **Legal Compliance**

It is the Company's intent to conduct its business in a way that not only conforms to the letter of the law, but also promotes the spirit of the law.

Since we operate in a very regulated legal environment, you must become familiar with and comply with the laws and regulations which govern your area of responsibility. Decisions regarding the applications of particular laws should not be made without consulting the Legal Department. You are not authorized to take any action which our Legal Department has advised would constitute a violation of the law. Violations of laws, regulations, rules and orders may subject the employee, agent or contractor to individual criminal or civil liability, as well as to discipline by the Company. You should be aware that such individual violations may also subject the Company to civil or criminal liability or the loss of business.

It is the Company's policy to comply fully with all applicable laws and regulations governing contact and dealings with government employees and public officials, and to adhere to high ethical, moral and legal standards of business conduct. This policy includes strict compliance with all local, state, federal, foreign and other applicable laws, rules and regulations. If you have any questions concerning government relations you should contact the Company's Legal Department.

## **PART II -YOUR RESPONSIBILITIES TO THE COMPANY**

### **Conflict of Interest**

Each of us has a responsibility to the Company, our stockholders and each other. Although this duty does not prevent us from engaging in personal transactions and investments, it does demand that we avoid situations where a conflict of interest might occur or appear to occur.

What constitutes a conflict of interest? A conflict of interest exists where the interests or benefits of one person or entity conflict with the interests or benefits of the Company. Examples include:

(i) **Employment/Outside Employment.** In consideration of your employment with the Company, you are expected to devote your full attention to the business interests of the Company and you are prohibited from engaging in any activity that interferes with your performance or responsibilities to the Company. You may not work in any capacity for a competitor, dealer,

customer or supplier, whether as an employee, consultant or advisor of any type, and you may not take part in any activity that enhances or supports a competitor's position.

(ii) **Business Interests.** You should not have any business or financial relationship with dealers and other customers, suppliers or competitors that could influence or appear to influence you in carrying out your responsibilities. This includes the ownership of stock in their companies (except owning a nominal amount of stock in a publicly-owned company).

(iii) **Related Parties.** As a general rule, you should avoid conducting Company business with a relative or significant other, or with a business in which a relative or significant other is associated in any significant role. Relatives include spouse, sister, brother, daughter, son, mother, father, grandparents, aunts, uncles, nieces, nephews, cousins, step relationships, and in-laws. Significant others include persons living in a spousal or family relationship with an employee.

If such a related party transaction is unavoidable, you must fully disclose the nature of the related party transaction to the Company's Legal Department. If determined to be material to the Company by the Legal Department, the Company's Audit Committee must review and approve in writing in advance such related party transactions. The most significant related party transactions, particularly those involving the Company's directors or executive officers, must be reviewed and approved in writing in advance by the Company's Board of Directors. Any dealings with a related party must be conducted in such a way that no preferential treatment is given to this business.

(iv) **Other Situations.** Because other conflicts of interest may arise, it would be impractical to attempt to list all possible situations. If a proposed transaction or situation raises any questions or doubts in your mind, or if you have any questions regarding the examples discussed above, you should feel free to discuss these issues with the Legal Department.

## **Corporate Opportunities**

Employees, officers and directors may not exploit for their own personal gain opportunities that are discovered through the use of corporate property, information or position unless the opportunity is disclosed fully in writing to the Company's Board of Directors and the Board of Directors declines to pursue such opportunity.

## **Unauthorized Use of Company Property/Services**

You may not use Company property and services for the personal benefit of yourself or someone else unless the use has been properly approved for general employee use or for a specified purpose.

## **Time Card Reporting**

Timely and accurate completion of time cards as described in Company policies and procedures is essential. All employees shall report only the true and actual number of hours worked by them. Reporting of hours not worked, but for which pay is received, must also be true and accurate.

## **Expense Reports**

Business expenses properly incurred in performing Company business must be documented promptly with accuracy and completeness on expense reports, following the Company policies and procedures for expense reporting.

## **Safeguarding Company Assets**

Each of us is responsible for protecting Company assets. Company assets include not only physical property, but also the Company's investment in trademarks, copyrights, technology, trade secrets and other proprietary information.

Managers are responsible for setting up and keeping good controls to protect Company assets from loss or unauthorized use. Each of us is responsible for protecting the Company by assisting in preventing waste and theft and assuring the integrity of the controls.

## **Confidential and Proprietary Information**

You may have access to and become knowledgeable about sensitive information which is very valuable to the Company. We are all responsible for protecting the confidentiality of such information.

Sensitive business information requiring protection includes, for example, nonpublic financial information, product and business plans, manufacturing processes, pricing strategies, inventions, customer lists, materials developed for in-house use and compilations of information which give the Company a competitive advantage.

Use or disclosure of this sensitive information must be for Company purposes only and not for personal benefit or the benefit of competing interests. Also, the disclosure of such information should be limited only to those inside or outside the Company who have a legitimate need to know.

Your responsibility to keep this type of information confidential continues even after your employment with the Company ceases.

You were asked to sign an agreement concerning confidentiality when your employment with the Company began. If you cannot recall signing it, please contact the Human Resources Department.

## **Media Contact and Public Discussion**

News media contact and responses and public discussion of Company business should only be made through the Company's authorized spokesperson(s). If you are questioned by news reporters, stock analysts or similar persons, you should refer them promptly to the appropriate Company representative(s).

We, of necessity, must exercise particular care when considering the release of sensitive or material information because it could influence the judgment of investors to buy, sell or hold Company stock or other securities.

Failure to observe this policy can cause tremendous harm and spread misinformation.

## **Insider Trading**

Federal law strictly prohibits employees and others from buying or selling Company securities based on "material inside information." Basically, this is information not publicly available that could affect the price of our securities. Examples of material inside information include financial results or earnings estimates, organizational matters, the expansion or curtailment of operations, pending recalls, new products and other significant business developments.

We encourage you to invest in Company securities. However, you may not buy or sell securities at a time when you have material inside information. Instead, you must wait until it becomes publicly available. In addition, you may not give inside information or "tips" to family, friends or anyone outside the Company so they can trade on the basis of inside information.

The penalties that can result from insider trading are very severe and include criminal sanctions.

For more details, you should review the Company's Insider Trading Policy that is part of our Insider Trading Compliance Program. Copies are posted throughout our facilities. You can also request a copy of this policy from the Legal Department. You should take a few minutes to read the Insider Trading Policy carefully. Employees, agents and contractors of the Company who violate this Policy are also subject to disciplinary action by the Company, which may include termination of employment or of business relationship. All questions regarding the Company's Insider Trading Compliance Program should be directed to the Legal Department.

## **PART III -BUSINESS WITH THE UNITED STATES GOVERNMENT**

### **Special Nature of Government Business**

To protect the public interest, the federal government has enacted laws and regulations which must be met by private contractors. These laws and regulations are often harsh and impose strict requirements on contractors which are significantly different and more extensive than those found in the private sector.

At the time of adoption of this Code, the Company is not engaged as a federal government contractor. Should you ever be presented with such an opportunity, consult immediately with the Legal Department.

## **No Gifts, Meals or Gratuities for Government Personnel**

Normal business courtesies in the commercial marketplace can be construed as an attempt to improperly influence someone in the government marketplace and may be construed as a bribe, kickback or illegal gratuity.

While interacting with federal government employees even on routine regulatory matters, you may not provide or pay for their meals, refreshments, travel or lodging expenses. Very strict guidelines prohibit any type of gratuity, with very few exceptions, and your strict compliance is required. Government employees are also well aware of these regulations and should automatically decline any gratuity which they feel could jeopardize their compliance.

There may also be rules in effect by state, local or foreign governments governing the acceptance of business courtesies such as meals and refreshments which you must observe.

## **PART IV -ASSISTANCE AND COMPLIANCE**

We all share a responsibility to protect the Company's reputation, but we realize it takes courage to raise an ethical issue - especially if it involves a situation in your work area. The Company will support you in carrying out your responsibility.

### **How to Raise an Ethical Issue**

The best course of action when you have an ethical problem is to discuss it with someone. You should feel free to consult your supervisor or any other appropriate individual in the Company when you need assistance, such as the managers of the Human Resources or Legal departments. If you prefer to raise an ethical issue anonymously, you can write your concerns in an unsigned letter directed to the Human Resources or Legal department, or call our *toll-free Code of Business Conduct hotline at 800-395-8598*.

Anyone contacted with a request for assistance has a responsibility to follow up on the request and to take every practical and reasonable measure to ensure that your relationship with the Company is not adversely affected.

### **Exceptions to this Code and Waivers**

The Code of Business Conduct cannot cover all the situations you will encounter and certain policies have exceptions. If you encounter a situation where the application of the Code seems inappropriate, consult with your supervisor. If necessary, your supervisor can then consult with other appropriate personnel to determine if an exception is in order. In case of doubt as to approval authority, the Chief Administrative Officer should be consulted.

Any exception or waiver of this Code of Business Conduct for executive officers or directors of the Company may be made only by the Company's Board of Directors or a committee designated by the Board. Any such waiver will be promptly disclosed to the Company's shareholders on the Company's website (<http://www.monaco-online.com>) or by such other means as may be required by law.

## **Compliance Reporting and Investigations**

You are responsible for understanding and complying with our Code of Business Conduct. Your supervisor is responsible for assisting you in understanding the Code and being aware of the ethical quality of your business behavior.

You also have a responsibility to report any suspected violations of this Code to your supervisor or the Legal Department. No employee acting in good faith will suffer any adverse action or career disadvantage for questioning a Company practice or reporting a suspected violation of this Code or other irregularity.

The Company will investigate all possible Code violations. In doing so, it will respect the rights of all parties concerned.

The identity of employees reporting possible violations will be kept confidential - unless the Company is required to reveal it to carry out the Code or required by applicable law or judicial process.

## **Disciplinary Matters**

The Code of Business Conduct is important to the Company and must be taken seriously by all of us. Violations of the Code will not be tolerated and will result in disciplinary action, ranging from a warning up to and including termination of employment.

## **Individual Judgment**

The Code of Business Conduct is intended to help all of us better understand what we believe to be in the best interest of ourselves, the Company and those we interact with on a daily basis. Ultimately, however, you need to depend on your own individual judgment in deciding on the correct course of action. As you think about a particular situation, you should consider the following factors to help you arrive at a satisfactory answer:

- Is my action consistent with Monaco's foundation goals?
- Is my action consistent with approved Company policies or practices?
- Does my action give the appearance of impropriety?
- Will my action bring discredit to an employee or the Company if disclosed?
- Can I defend my action to my supervisor, other employees and to the general public?
- Does my action meet my personal code of behavior?
- Does my action conform to the spirit of this Code of Business Conduct?

The Monaco Coach Corporation Code of Business Conduct is intended to reflect the collective good judgment and common sense of all of us. Whenever you see a situation where this is not the case, you have the responsibility *to make a difference* so the situation can be changed for the better.

## **Other Information (Corporate Policies and Procedures)**

The Code of Business Conduct is supported and supplemented by other corporate policies and procedures concerning such matters as employee conflicts of interest with suppliers; employee gratuities; insider trading; sexual, racial, national origin or religious harassment; equal employment opportunity; workplace violence; substance abuse; information systems privacy and internet use; environmental compliance and workplace safety. These policies and procedures provide clear and specific directions concerning everyday business practices and behavior and most are posted throughout the Company or contained in the employee handbook. Employees wishing to consult a particular corporate policy or procedure should ask their supervisor or contact Human Resources.