



# **Coachmen Industries, Inc.**

## **Corporate Governance Guidelines**

**As Adopted and Amended**

**August 20, 2007**

### **1. Guidelines**

The following Guidelines have been approved by the Board of Directors and, along with the Charters of the Board committees, provide the framework for the governance of Coachmen Industries. The Board recognizes that there is an on-going and energetic debate about corporate governance, and it will review these Guidelines and other aspects of Coachmen governance annually or more often if deemed necessary. The Board believes by adhering to the highest standards of ethics and by conducting its business within these Guidelines, that it will best serve the long-term interest of our shareholders.

### **2. Purpose**

Coachmen's business is conducted by its employees, managers, and officers, under the direction of the Chief Executive Officer ("CEO") and the oversight of the Board. The Board of Directors is elected by the shareowners to assure that the interests of the shareowners are being served. Both the Board and management recognize that the long-term interests of shareowners are advanced by responsibly addressing the concerns of other stakeholders, including customers, employees, suppliers, local communities, and other interested parties, as well as the public at large.

### **3. Functions of the Board**

The Board of Directors has four scheduled meetings a year, at which it reviews and discusses reports by management on the performance of the Company, its plans and prospects, as well as immediate issues facing the Company. In addition to its general oversight of management, the Board also performs a number of specific functions, including:

- Ensuring processes are in place for maintaining the integrity of the Company -- the integrity of the financial statements, the integrity of compliance with the laws and ethics, and the integrity of relationships with stakeholders.
- Reviewing, approving and monitoring fundamental financial and business strategies and major corporate actions,
- Assessing major risks facing the Company, and reviewing options for their mitigation,
- Selecting, evaluating, and compensating the CEO, and overseeing CEO succession planning, and where necessary, replacing the CEO,
- Providing counsel and oversight on the selection, evaluation, development and compensation of other senior executives, defined as members of the Executive Management Committee,
- Evaluating Board processes and performance, selecting directors and compensating directors.

# **Coachmen Industries, Inc.**

## **Corporate Governance Guidelines**

These activities are performed in cooperation with the CEO, who is a member of the Board.

### **4. Ensuring Legal and Ethical Conduct**

The Board expects Coachmen directors, as well as officers and employees, to act ethically at all times and to acknowledge their adherence to the policies set forth in Coachmen's Code of Conduct and Statement of Business Principles. The Board will not allow any waiver of the ethics policy for any director or officer, except under extraordinary circumstances, which would be fully and promptly disclosed to the shareholders and appropriate authorities.

The Governance Committee oversees compliance with the Company's Code of Conduct, sharing that duty with the Audit Committee, which oversees allegations under the Code regarding accounting, internal control and auditing matters. The Company shall have a Director of Internal Audit who reports directly to the Audit Committee, who may either be an employee or a third party service provider other than the Company's independent Auditor.

The Company has established and shall maintain a system for anonymous reporting and investigation of concerns about violations of Company policies, the Code of Conduct or Governance Guidelines, and applicable law or regulations

#### ***4.a. Conflicts of Interest***

A Directors' business or family relationship may occasionally give rise to a potential conflict of interest. The Board takes appropriate steps to assure that all directors voting on an issue are disinterested with respect to that issue.

Directors are expected to avoid any action, position or interest that conflicts with an interest of the Company. The Company annually solicits updated information from Directors in order to monitor any actual or potential conflicts of interest, and for the Board to make its determination of Director independence. If an actual or potential conflict of interest arises for a director, the director shall promptly inform the CEO and the Chairman of the Governance Committee. If either the CEO or the Chairman of the Governance Committee has a potential conflict of interest, he or she will so inform the Chairman of the Management Development/Compensation or Audit Committee, and excuse himself (or herself). The Board may consult with counsel if necessary to determine whether an inappropriate conflict of interest exists.

### **5. Board Composition**

#### ***5.a. Size of the Board***

Coachmen's By-Laws currently provide for a Board ranging in size from 6 to 12 members. The number of directors that constitutes the Board is fixed from time to time by a resolution adopted by a majority of the board. It is intended that the Board be small enough to permit substantive discussions of the entire Board in which each Director can participate meaningfully, and large enough so that committee work does not become unduly burdensome.

#### ***5.b. Selection Process***

The Board is divided into three classes. The members of each class serve three-year terms, with one class elected each year by the shareholders at the annual meeting. Shareholders may propose nominees for consideration by the Governance Committee by submitting nominee names and supporting information in accordance with the By-Laws and instructions provided in the Company's most recent annual proxy statement. The Board annually recommends to the shareholders a slate of nominees for election to the Board. The Board also has the authority to increase or decrease the number of Directors and may appoint Directors to fill vacancies on the Board for the remaining term of such vacancies.

# **Coachmen Industries, Inc.**

## **Corporate Governance Guidelines**

### ***5.c. Mix of Independent Directors***

It is the policy of the Board to have a majority of independent directors. Directors who do not meet the NYSE's independence standards also make valuable contributions to the board and to the Company by reason of their experience and wisdom.

Each year, the Board of Directors will make and disclose an affirmative determination as to the independence of each of the directors according to the standards set forth in Section 5.d below.

### ***5.d. Definition of What Constitutes Independence for Directors***

No director qualifies as independent unless the Board of Directors affirmatively determines that the director has no material relationship with Coachmen (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). Any director's relationship with Coachmen (including its affiliates) will be deemed immaterial unless it exceeds the following standards:

1. There may be no commercial, industrial, banking, or consulting (including legal and accounting firm) relationship between any enterprise the director owns, controls or of which he or she is an officer or partner (which does not include a directorship of such enterprise), or for which he or she is an agent or employee, where the sales to, or purchases from such enterprise, in any single year, exceed the greater of \$1 million, or 2% of such enterprise's consolidated gross revenues, until three (3) years after falling below such threshold;
2. There may be no personal loans between the director and Coachmen; and,
3. A director may not be a trustee, director or officer of a charitable organization to which Coachmen paid in either of the preceding two calendar years, or is anticipated to pay in the current or next calendar year, more than the greater of fifty thousand dollars (\$50,000), or thirty percent (30%) of the total amount paid to all charities in the preceding calendar year, in both cases excluding any matching of employee contributions to charities that are not actively promoted by the Company to its employees.

For relationships not covered by the above standards, the determination of whether the relationship is material or not, and therefore whether the director would be independent or not, shall be made by the directors who satisfy the independence standards set forth above.

In addition, until three (3) years after the cessation of any of the following conditions, a director is not independent: (i) who is an employee, or whose immediate family member is an executive officer, of Coachmen; (ii) who receives, or whose immediate family member receives, more than \$100,000 per year in direct compensation from Coachmen, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service); (iii) (A) who is or whose immediate family member is a current partner of a firm that is Coachmen's internal or external auditor; (B) who is a current employee of such a firm; (C) whose immediate family member is a current employee of such a firm who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; or (D) who or whose immediate family member personally worked on Coachmen's audit; (iv) who is employed, or whose immediate family member is employed as an executive officer of another company where any of Coachmen's present executives serve or served at the same time on that company's compensation committee; (v) who is an executive officer or an employee, or whose immediate family member is an executive officer of a company that makes payments to, or receives payments from, Coachmen for property or services in an amount which, in any fiscal year, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues.

### ***5.e. Selection of CEO or Non-CEO as Chairman***

The Board is free to make this choice any way that seems best for Coachmen.

# **Coachmen Industries, Inc.**

## **Corporate Governance Guidelines**

### ***5.f. Lead Director Concept and Board Leadership***

If the Chairman is not independent, an independent Director shall be elected by the independent Directors as the Lead Director. The Lead Director shall have authority to call and shall preside at all meetings of the independent and non-management Directors, except as otherwise specified in these Guidelines, and shall serve as the spokesperson for the independent Directors to the Chief Executive Officer and to the Chairman. The Board has chosen to assign specific Board leadership functions to the independent chairmen of the three standing Committees, as described in these Guidelines.

### ***5.g. Board Membership Criteria***

The principal qualities of an effective corporate director include strength of character, an inquiring and independent mind, practical wisdom, and mature judgment. In addition to these qualities, Coachmen's criteria include recognized achievement, an ability to contribute an important aspect of the Company's business, and the willingness to make the commitment of time to and effort required of a Coachmen director. In order to find the most valuable talent available to meet these criteria, the Board considers candidates with varied backgrounds and experiences that would be valuable to the Company in the implementation of its strategies. The goal is to include members with the skills and characteristics that taken together will assure a strong Board.

The Governance Committee is responsible for reviewing with the Board, including the CEO, on an annual basis the appropriate skills and characteristics required of new Board members in the context of the current makeup of the Board.

### ***5.h. Other Boards***

Directors must be willing to devote sufficient time to carrying out their duties and responsibilities effectively, and should be committed to serving on the Board for an extended period of time. Directors who also serve as CEOs or in equivalent positions should not serve on more than two boards of public and/or private companies in addition to the Coachmen Board, and other directors should not serve on more than four other boards of public companies in addition to the Coachmen Board. The Governance Committee will review this item on a case-by-case basis.

Directors should advise the CEO and Chairman of the Governance Committee before accepting membership on other boards of directors of public or private corporations, trade associations or charitable organizations or other significant commitments involving affiliation with other businesses or governmental units. While there may be value to be gained from service on other boards, such service may have legal and regulatory implications to the Company or may present recurrent conflicts.

### ***5.i. Directors Who Change Their Present Job Status***

Directors, including the CEO, shall inform the Chairman of the Governance Committee of any principal occupation change, including retirement, and shall offer their resignation from the Board. The Chairman of the Governance Committee, in turn, shall advise the Governance Committee of such change of status so that the Committee, with the aid of the CEO, can recommend whether to accept the resignation.

### ***5.j. Term Limits***

Coachmen does not have term limits for its directors, but does have mandatory retirement as set forth below. Further, the Governance Committee reviews each director's performance on the Board when the director's Board term is expiring and the slate of director candidates is being developed for inclusion in the proxy. (See Section 9)

# **Coachmen Industries, Inc.**

## **Corporate Governance Guidelines**

### ***5.k. Retirement Age***

Directors will not be nominated for election to the Board after their 75<sup>th</sup> birthday, except pursuant to a unanimous resolution of the Board of Directors authorizing continued service for a limited period of time in special circumstances.

### ***5.l. Selection of New Director Candidates***

The Board itself is responsible, in fact as well as procedure, for selecting new Board members who will join the Board between shareholder meetings as well as those to be nominated by the Board for election by shareholders. The Board delegates the screening process to the Governance Committee, with direct input from the CEO. Candidates may be recommended to the Governance Committee by other directors, employees, and shareholders. After a review of Board candidates by the Governance Committee with the aid of the CEO, the Chairman of the Governance Committee and the CEO interview potential Board candidates designated by the Governance Committee. These two persons then review the results of the interviews with the full Governance Committee, which may then recommend the candidate(s) to the full Board for approval.

### ***5.m. Inviting A Potential New Director to Join the Board***

The Chairman of the Governance Committee and the CEO jointly extend the invitation either to join the board or to stand for election, as the case may be.

### ***5.n. Orientation of New Directors***

The Governance Committee oversees the orientation program for new directors, and consults with them on their progress. The entire orientation is completed within six months of the time a director joins the board. The orientation program is generally administered by the CEO, CFO and General Counsel, who:

- arrange for a new director to meet other senior executives.
- provide each new director with appropriate background and educational information. This information generally will include a description of the Company's current products and customers, the By-Laws, most recent Annual Reports, public financial filings and press releases, recent proxy statements, executive equity-based incentive plans, organization chart, directory of management contact information, and board member contact information.
- coordinate and host the new director visits to at least two of the corporation's major facilities.
- familiarize the new director with the roles of the Company's inside and outside auditors and counsel.

## **6. Board Processes**

In the prudent discharge of its duties, the full Board and each of its standing committees have the authority, at the Company's expense, to retain and terminate such outside advisors as it deems appropriate, acting by a majority of its members, including the sole authority to approve the advisor's fees and other terms of retention.

### **6.1. Board Meetings**

#### ***6.1.a. Selection of Agenda Items for Board Meetings.***

The Board is responsible for setting its agenda. All directors are urged to make suggestions to add any items that the director reasonably believes should be on the agenda.

# **Coachmen Industries, Inc.**

## **Corporate Governance Guidelines**

At the Fourth Quarter Board meeting, the CEO will propose for the Board's approval the regular agenda items as well as key issues of strategy, risk and integrity to be scheduled and discussed during the course of the next year. Before that meeting, the Board will be invited to offer its suggestions. As a result of this process, a schedule of major discussion items for the following year will be established. Prior to each Board meeting, the CEO will be notified by the Chairman of each standing committee, as appropriate, of any other specific items that should be also included in the coming agenda.

The Board of Directors has four scheduled meetings a year. Directors are expected to attend, and be fully prepared for, all scheduled Board and committee meetings.

### **• 6.1.b. Board Materials Distributed in Advance.**

Prior to each Board meeting, the Board members receive an agenda for the meeting, along with advance copies (when possible) of any written materials to be discussed. At the meeting, any additional material that could not be sent in advance is distributed. In addition, the CEO regularly distributes to all Board members items of topical interest relating to Coachmen, its operating environment, and the markets that it serves. Directors are urged to make suggestions for additional pre-meeting materials or additional information, to the CEO or appropriate committee chair at any time. Board members are required to protect the confidentiality of all Board materials, and to strictly comply with all insider trading laws, related Company policies and SEC regulations.

### **• 6.1.c. Presentations by Senior Management at Board Meetings.**

The Board meetings are regularly joined by selected members of Coachmen's top management. All of Coachmen's senior executives make presentations to the Board on a regular basis. In addition, from time to time various other corporate personnel attend Board sessions and make presentations. As a general rule and as appropriate, presentation materials on specific agenda items should be sent to Board members in advance, and the presentations should summarize key points and recommendations, so that Board meeting time is conserved and discussion time can focus on questions and advice that Board members have on the subjects addressed in the presentations.

### **• 6.1.d. Executive Sessions of Non-Management Directors**

Coachmen Non-Management directors meet in executive session during the year as follows:

- A meeting to conduct the annual evaluation of the CEO, led by the Chairman of the Management Development/Compensation Committee. During this executive session, the CEO is evaluated relative to the ending period performance measurements. This meeting also includes a review of the goals proposed by/for the CEO for the coming year, and a determination regarding those goals.
- An optional executive session, led by the Chairman of the Management Development/Compensation Committee, to report on the meeting held with the CEO by the Chairman of the Management Development/Compensation Committee and the Chairman of the Governance Committee, to communicate the CEO's performance evaluation. The CEO may choose to also give a response at a meeting of all directors.
- A regularly scheduled executive session, led by the Lead Director, or if there is not a Lead Director, by the Chairman of the Governance Committee, typically in conjunction with the second quarter Board meeting. All Non-Management directors are invited to submit agenda items, and the duration will vary based entirely on the needs of the Non-Management directors. If the Non-Management directors include any who are not independent, then the non-independent directors will be excused following completion of the items on the agenda, and the independent directors will meet in executive session without the Non-Management Directors.

# **Coachmen Industries, Inc.**

## **Corporate Governance Guidelines**

- Non-Management directors may also meet in executive session on other occasions as necessary or appropriate, with such meetings led by the Lead Director, or if there is not a Lead Director, by the Chairman of the Governance Committee. Any Non-Management or Independent director who thinks an executive session of Non-Management or Independent directors (respectively) is desirable can so indicate to either the CEO, the Lead Director or the Chairman of the Governance Committee, and such a meeting will be held.

After each executive session of directors, the CEO (and, as applicable, Non-Management directors) re-join(s) the Board meeting for a discussion.

### **• 6.1.e. *Contact With Outside Parties***

The Board believes that management speaks for the Company and the Chairman speaks for the Board. Under ordinary circumstances, any inquiries to Directors from investors, the press or other outside parties should be referred to management and any responses to such inquiries will, unless specifically requested by the CEO, be made by management. In the absence of unusual circumstances, Directors should coordinate all communications with the CEO and advise the CEO of any unsolicited, substantive contact with outside constituents. Nonetheless, any person who has a concern about Coachmen's governance, corporate conduct, business ethics or financial practices may communicate that concern to the Board of Directors. Concerns may be submitted in writing to an individual director or to the Non-Management or Independent directors as a group, in care of either the Corporate Secretary or the Chairman of the Governance Committee at the Company's headquarters:

Corporate Secretary or Chairman, Governance Committee  
Coachmen Industries, Inc.  
P.O. Box 30  
Middlebury, IN 46540

## **6.2. Board Committees**

### **• 6.2.a. *Number and Operation of Standing Committees.***

Coachmen has three standing committees: Audit, Management Development/Compensation and Governance Committee. Pursuant to Coachmen's By-laws, and subject to applicable law, the Board may create or discharge any committee at any time. Each committee acts pursuant to a charter, approved by the full Board; and each committee regularly updates the full Board regarding matters within its scope of responsibility.

### **• 6.2.b. *Delegation.***

Each standing committee has the authority to delegate any of its responsibilities to subcommittees as the committee may deem appropriate. Each subcommittee will keep regular minutes and report the same to the standing committee or the Board of Directors when required.

### **• 6.2.c. *Committee Membership.***

The Audit Committee, the Management Development/Compensation Committee and the Governance Committee are currently comprised solely of independent directors. The Audit Committee must have a minimum of three (3) members. The CEO may attend meetings of each committee in a non-voting capacity, except when the committee is convened in executive session (including but not limited to those times when the committee is meeting with outside independent advisors.)

### **• 6.2.d. *Executive Committee Sessions of Non-Management Directors.***

Each committee Chairman convenes executive sessions of Non-Management Committee members to discuss its operations, as needed.

# **Coachmen Industries, Inc.**

## **Corporate Governance Guidelines**

### **• 6.2.e. *Assignment and Rotation of Committee Members.***

The Governance Committee, after consultation with the CEO and with consideration of the desires and special talents of individual Board members, recommends committee assignments, including the Chairmanships, to the full Board for approval.

Committee Chairmanships normally are rotated every three years. Other committee members are generally rotated periodically as the Board deems appropriate.

### **• 6.2.f. *Removal of Committee Members.***

Any member of a committee may be removed by a vote of the majority of the Board, upon the recommendation of the Governance Committee. Any committee member may resign effective upon giving oral or written notice to the CEO and the Chairman of the Governance Committee.

### **• 6.2.g. *Committee Agendas.***

The Chairman of each committee, in consultation with committee members and the CEO, prepares an annual schedule of all regularly recurring items to be considered by the committee. This forward agenda is shared with the Board as part of the Board's review of its annual agenda. Special items are placed on the agendas throughout the year by the committee Chairmen, in consultation with other committee members, the CEO, and members of management.

### **• 6.2.h. *Frequency and Length of Committee Meetings.***

The Chairman of Coachmen, in consultation with each committee Chairman, sets the committee meeting calendar for the upcoming calendar year. Each committee reports to the Board at the next meeting of the Board following the committee meeting.

### **• 6.2.i. *Committee Material Distributed in Advance.***

Prior to each committee meeting, the committee members receive an agenda for the meeting, along with advance copies (when possible) of any written materials to be discussed. At the meeting, any additional material that could not be sent in advance is distributed. Committee members are required to protect the confidentiality of all committee materials.

## **7. Approving Corporate Strategy**

### **7.a. *Board's Role***

The corporate strategy is discussed and approved by the full Board. No Board committee is granted exclusive responsibility for this subject.

The strategic plan and objectives are reviewed throughout the year. The Board does not set the corporation's strategy, but it does critique and approve the strategy as presented by senior management, led by the CEO.

### **7.b. *Board Review of Strategy***

Annually, the Board holds a meeting that includes the CEO and key management executives. A major agenda item at this meeting is an intensive strategy discussion which includes: critique of the Company's strategy in light of current conditions; approval of the CEO's plan to implement the strategy; assessment of the implementation; and adherence of the implementation to the strategy.

### **7.c. *Compensation Relative to Strategy***

Compensation packages include elements based on achievement of strategic goals, as well as shorter term (annual) goals.

# **Coachmen Industries, Inc.**

## **Corporate Governance Guidelines**

### **8. Selecting, Evaluating and Compensating the CEO and Other Senior Executives**

#### ***8.a. Formal Evaluation of the CEO***

The full Board of Non-Management directors makes an annual evaluation of the CEO. The evaluation is based on objective criteria agreed to in advance with the CEO and includes two types of items:

- Financial performance of the business.
- Qualitative performance of the CEO. The Board evaluates previously-identified factors, such as vision and leadership, accomplishment of long-term strategic objectives, and development of management—each of which has a specified basis of measurement.

The results are communicated to the CEO by the Chairmen of the Management Development/Compensation and Governance Committees. Results are used to identify strengths and areas needing improvements and to provide input to the Management Development/Compensation Committee's evaluation of the CEO for compensation purposes.

#### ***8.b. Compensation of the CEO***

Based on the performance evaluation of the full Board, the Management Development/Compensation Committee annually evaluates the CEO for compensation purposes. Based on this review, the Management Development/Compensation Committee has the sole authority to determine the CEO's compensation, including salary, annual incentive bonus, and long-term equity compensation within the confines of shareholder-approved plans.

#### ***8.c. Review of Goals and Accomplishments of Other Principal Officers***

The full Board annually reviews the corporate goals and objectives for the other members of the Company's Executive Management Committee.

#### ***8.d. Compensation of the Other Senior Executives***

The CEO annually reviews with the Management Development/Compensation Committee the current goals of the other senior executives, defined as members of the Executive Management Committee, and the extent to which these officers have accomplished their previous goals. With input from the CEO, the Management Development/Compensation Committee determines the compensation for those executives, including base salary, annual incentive bonus, and long-term equity compensation.

#### ***8.e. Equity Ownership***

The Board believes that stock ownership by managers strengthens their commitment to the future of Coachmen and further aligns their interests with those of Coachmen's shareholders. The Board has set common stock ownership guidelines that range from four times the base salary for the CEO to one times base salary for designated Vice Presidents.

#### ***8.f. Succession Planning and Management Development***

The CEO makes an annual report to the Board on management development and succession planning for the CEO and the senior executives. In this report, the CEO recommends at least one individual who could assume the CEO position if the CEO unexpectedly should be unavailable for service, updating this recommendation as appropriate. The By-Laws and Board resolutions passed from time-to-time determine emergency succession.

#### ***8.g. Senior Executives and Outside Boards***

The CEO and senior executives obtain the approval of the Governance Committee prior to accepting an invitation to serve on the board of another public company or on the board of any private company that

# **Coachmen Industries, Inc.**

## **Corporate Governance Guidelines**

would represent a material commitment of time. It is generally advisable to limit such outside directorships to two. The CEO and other senior executives of Coachmen do not serve on the board of a company for which a Coachmen Non-Management director serves as an officer.

The Board encourages management to be involved in not-for-profit boards of local community organizations. The Board believes that corporate involvement within the communities in which the Company operates is an important hallmark of good corporate citizenship and recognizes such involvement can broaden and develop leadership skills that ultimately benefits the Company's shareholders.

### ***8.h. Board Access to Senior Management***

Board members have complete access to senior executive management at all times. Board members use judgment to be sure that this contact is not distracting or undermining to the business operation of the Company. Such contact, if in writing, is copied to the CEO. Proper Board etiquette requires that Board members not reveal Board discussions, actions or decisions to members of management who were not present at the subject Board meeting, unless necessary for the discharge of the director's fiduciary duties. Such communications with management are normally the responsibility of the CEO.

## **9. Evaluating Board Processes and Performance**

### ***9.a. Assessing the Board's Performance***

The Governance Committee oversees the process of, and reports annually to the Board on, an assessment of the performance of the Board and its committees. This is discussed by the Board at first with the CEO in attendance; then, if desired by the Chairman of the Governance Committee or any other director, it is discussed in an executive session of Non-Management directors. This assessment is of the Board's contribution as a whole and reviews areas in which the Board and/or the management believes a better contribution could be made.

The Board self-evaluation process will be an important determinant for Board tenure. The Board believes that the level of individual contribution and effective teamwork are important criteria to be considered for re-nomination to the Board. The Board does not believe that directors should expect to be re-nominated each term until they reach the mandatory retirement age. The Governance Committee is responsible for evaluating the performance of current board members at the time they are considered for re-nomination to the Board. (See Sections 5.g and 5.j).

## **10. Compensation of Directors**

### ***10.a. Board Compensation***

The Governance Committee is responsible for reviewing and making recommendations to the Board concerning the compensation of Non-Management directors, including benefits. Directors who are members of management receive no additional compensation for their Board service. In undertaking its review, the Governance Committee receives advice from the CEO and internal staff and may engage outside consultants to provide reports on trends in director compensation, including compensation paid to outside directors of other companies. In discharging this duty, the committee shall be guided by three goals: (a) compensation should fairly pay Directors for work on the Board and assigned committees; (b) compensation should align Directors' interests with the long-term interests of shareholders; and (c) the structure of the compensation should be simple and easy for the shareholders to understand.

### ***10.b. Equity Ownership***

**Coachmen Industries, Inc.**  
**Corporate Governance Guidelines**

Directors own Coachmen Common Stock. A suggested guideline is four times their annual retainer. Each director is given a reasonable time from the date of initial election to reach this ownership level. The Board believes that stock ownership by directors strengthens their commitment to the future of Coachmen and further aligns their interests with those of Coachmen's shareholders.