SUPREME INDUSTRIES INC Form DEF 14A March 16, 2004

#### **SCHEDULE 14A INFORMATION**

#### PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE

#### SECURITIES EXCHANGE ACT OF 1934 (AMENDMENT NO.

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// Preliminary Proxy Statement

Check the appropriate box:

/X/ Definitive Proxy Statement

/X/ No fee required.

// Definitive Additional Materials

// Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

// Confidential, for use of the Commission only (as permitted by Rule 14a-6 (e) (2))

&nbsp SUPREME INDUSTRIES, INC.

#### (NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

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

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- (1) Title of each class of securities to which transaction applies. &nbsp
- &nbsp (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 &nbsp amount on which the filing fee is calculated and state how it was determined.)
- (4) Proposed maximum aggregate value of transaction. &nbsp

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&nbsp (5) Total fee paid. &nbsp &nbsp &nbsp

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// Fee paid previously with preliminary materials.

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// 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 was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its

&nbsp (1) Amount Previously Paid.

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&nbsp &nbsp

(2) Form, Schedule or Registration Statement No.

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&nbsp (3) Filing Party. &nbsp &nbsp &nbsp &nbsp &nbsp &nbsp

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(4) Date Filed. &nbsp &nbsp

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#### SUPREME INDUSTRIES, INC.

2581 East Kercher Road

P.O. Box 237

Goshen, IN 46528

#### NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held April 29, 2004

&nbsp &nbsp

To Shareholders of

#### SUPREME INDUSTRIES, INC.:

&nbsp &nbsp &nbsp &nbsp &nbsp &nbsp &nbsp &nbsp &nbsp

The annual meeting of shareholders of Supreme Industries, Inc. (the "Company") will be held at the Courtyard by Marriott, 19 East, Goshen, Indiana on April 29, 2004 at 10:00 a.m. Eastern Standard Time for the following purposes:

&nbsp &nbsp

- 1. To elect nine directors to serve until the next annual meeting of shareholders and until their respective successors sha and qualified;
- &nbsp &nbsp &nbsp &nbsp &nbsp &nbsp &nbsp &nbsp &nbsp &nbsp
  - 2. To approve the Company's 2004 Stock Option Plan;
- &nbsp &nbsp
  - 3. To ratify the selection of Crowe Chizek and Company LLC as independent auditors; and
- &nbsp &nbsp
  - 4. To transact such other business as may properly come before the meeting and any adjournment thereof.
- &nbsp &nbsp

Information regarding matters to be acted upon at this meeting is contained in the accompanying Proxy Statement. Only share record at the close of business on March 8, 2004 are entitled to notice of and to vote at the meeting and any adjournment there

&nbsp &nbsp

All shareholders are cordially invited to attend the meeting. Whether or not you plan to attend, please complete, sign, and retu enclosed proxy in the accompanying addressed envelope for which postage is prepaid. You may revoke the proxy at any time commencement of the meeting.

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- &nbsp &nbsp &nbsp &nbsp &nbsp &nbsp &nbsp &nbsp By Order of the Board of Directors
- &nbsp &nbsp &nbsp &nbsp &nbsp &nbsp &nbsp &nbsp &nbsp &nbsp
- &nbsp &nbsp
- Goshen, Indiana &nbsp &nbsp &nbsp &nbsp William J. Barrett
- March 12, 2004 &nbsp &nbsp &secretary
- &nbsp &nbsp
- &nbsp &nbsp

IT IS IMPORTANT THAT YOUR STOCK BE REPRESENTED AT THE MEETING, REGARDLESS OF THE NUMBER YOU HOLD. PLEASE COMPLETE, SIGN, AND RETURN PROMPTLY THE ENCLOSED PROXY IN THE ACCOMPANENVELOPE. WHETHER OR NOT YOU INTEND TO BE PRESENT AT THE MEETING.

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#### **SOLICITATION OF PROXIES**

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The expense of proxy solicitation will be borne by the Company. Although solicitation is to be made primarily through the machine Company's officers and/or employees and those of its transfer agent may solicit proxies by telephone or personal contact, but no additional compensation will be paid by the Company for such solicitation material regarding the meeting to beneficial ow Company's Common Stock, and in such event the Company will reimburse them for all accountable costs so incurred.

&nbsp &nbsp

A copy of the Annual Report to Shareholders of the Company for its fiscal year ended December 27, 2003, is being mailed wi Statement to all such shareholders entitled to vote, but does not form any part of the information for solicitation of proxies.

&nbsp &nbsp

#### RECORD DATE AND VOTING SECURITIES

&nbsp &nbsp

The Board of Directors of the Company has fixed the close of business on March 8, 2004, as the record date for determination shareholders entitled to notice of and to vote at the Annual Meeting. As of the record date, there were 9,961,148 shares of Cla Stock and 2,109,133 shares of Class B Common Stock of the Company issued and outstanding. The presence, in person or by holders of a majority of the issued and outstanding shares of Common Stock as of the record date is necessary to constitute a channal Meeting with respect to matters upon which both classes of Common Stock are entitled to vote.

&nbsp &nbsp

#### ACTION TO BE TAKEN AND VOTE REQUIRED

&nbsp &nbsp

Action will be taken at the meeting to elect a Board of Directors, approve the Company's 2004 Stock Option Plan and to ratify of Crowe Chizek and Company LLC as independent auditors. The proxy will be voted in accordance with the directions speci and otherwise in accordance with the judgment of the persons designated as proxies. Any proxy on which no directions are specified for the election of directors named herein, and otherwise in accordance with the judgment of the persons designated as person executing the enclosed proxy may nevertheless revoke it at any time prior to the actual voting thereof by filing with the

the Company either a written instrument expressly revoking it or a duly executed proxy bearing a later date. Furthermore, such nevertheless elect to attend the meeting and vote in person, in which event, the proxy will be suspended.

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The Company's Certificate of Incorporation authorizes two classes of \$.10 par value Common Stock (designated Class A and well as one class of \$1.00 par value preferred stock. No shares of the preferred stock are outstanding. In voting on all matters come before the meeting, a shareholder of either Class A or Class B Common Stock will be entitled to one vote, in person or leach share held in his name on the record date, except that the holders of Class A Common Stock shall be entitled to elect that (rounded down) of directors equal to the total number of directors to be elected divided by three, i.e., three directors, and the B Common Stock shall be entitled to elect the remaining directors. The election of three directors by the holders of the Class Stock requires the affirmative vote of a majority of the shares of Class A Common Stock represented in person or by proxy at which a majority of the outstanding Class A shares is present. The ratification of the selection of auditors and the approval of 2004 Stock Option Plan require the affirmative vote of the holders of a majority of the outstanding shares of the Common Stoperson or by proxy, at the annual meeting. The Company's Certificate of Incorporation prohibits cumulative voting.

&nbsp &nbsp

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

&nbsp &nbsp

The following tabulation sets forth the names of those persons who are known to Management to be the beneficial owners as a 2004 of more than five percent of the Company's Class A or Class B Common Stock. Such tabulation also sets forth the numb the Company's Class A or Class B Common Stock beneficially owned as of March 8, 2004 by all of the Company's directors a (naming them) and all directors and officers of the Company as a group (without naming them). Persons having direct benefic of the Company's Common Stock possess the sole voting and dispositive power in regard to such stock. Class B Common Stock convertible on a one-for-one basis into an equal number of shares of Class A Common Stock, and ownership of Class B share be beneficial ownership of Class A shares under Rule 13d-3(d)(1) promulgated under the Securities Exchange Act of 1934. A 2004, there were 9,961,148 Class A shares and 2,109,133 Class B shares outstanding.

&nbsp &nbsp

The following tabulation also includes Class A shares covered by options granted under the Company's 1992, 1998 and 2001 Plans, which options are collectively referred to as "Stock Options". The Stock Options have no voting or dividend rights.

Name and Address &nbsp **Title** &nbsp **Amount and Nature of** &nbsp of Beneficial Owner &nbsp Class &nbsp **Beneficial Ownership** &nbsp Wellington Management Company 1,085,700 &nbsp Class A &nbsp &nbsp 75 State Street &nbsp &nbsp &nbsp &nbsp &nbsp &nbsp &nbsp &nbsp &nbsp Boston, MA 02109 &nbsp Ronald L. Eubel Class A 717,681 &nbsp &nbsp &nbsp

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7777 Washington Village Drive, Suite 210									
Dayton, OH 45459									
Mark E. Brady, William E. Hazel,		Cla	ss A		716,983	3			
Bernard J. Holtgrieve and Robert J. Suttman									
7777 Washington Village Drive, Suite 210									
Dayton, OH 45459									
Eubel Brady & Suttman		Cla	ss A		710,468	3			
Asset Management, Inc.									
7777 Washington Village Drive, Suite 210									
Dayton, OH 45459									
Wilen Management Corporation		Cla	ss A		641,536	Ď			
2360 West Joppa Road									
Lutherville, MD 21093									
FMR Corp., Edward C. Johnson III and		Cla	ss A		503,750	)			
Abigail P. Johnson									
82 Devonshire Street									
Boston, MA 02109									
Wachovia Corporation		Cla	ss A		493,838	3			
One Wachovia Center									
Charlotte, NC 28288									
Thomas Cantwell		Cla	ss A		714,970	(2)(6)			
#1 McGill St., Apt. 1010		Cla	ss B		700,946	, )			
Montreal, Quebec, Canada H2Y 4A3									

			_										
Herbert	M. Gard	ner				Clas	ss A		954,586	(2)(3)(6	)		
636 Riv	er Road					Cla	ss B		545,914	(3)			
Fair Ha	ven, NJ 0	7704											
William	J. Barre	tt				Cla	ss A		1,300,4	35 (2)(4)	(6)		
636 Riv	er Road					Cla	ss B		625,296	6 (4)			
Fair Ha	ven, NJ 0	07704											
Omer G	. Kropf					Cla	ss A		634,556	5 (2)			
2581 Ea	ast Kerch	er Road											
Goshen	, IN 4652	28											
Robert .	J. Campb	ell				Cla	ss A		134,401	(2)(5)(6)	)		
15690 Т	Γreasure (	Cove				Cla	ss B		44,044				
Bullard.	, TX 757:	57											
comesp	concep	comosp	concep	comosp	ссповр	comesp		4	concep	comesp	comesp	concep	concep
	Nama	e and Ad	dress			Ti	tle	Amount and Nature of			e of		
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Rice M. Tilley, Jr. &nbsp Class A &nbsp 43,200 (2) &nbsp 1600 West Seventh Street &nbsp &nbsp &nbsp &nbsp &nbsp &nbsp &nbsp &nbsp &nbsp Suite 500 &nbsp Fort Worth, TX 76102 &nbsp Robert W. Wilson &nbsp Class A &nbsp 86,418 (2) &nbsp 2581 East Kercher Road &nbsp &nbsp &nbsp &nbsp &nbsp &nbsp &nbsp &nbsp &nbsp Goshen, IN 46528 &nbsp &nbsp &nbsp &nbsp &nbsp &nbsp &nbsp &nbsp &nbsp

	&nb	sp								
H. Douglas Schrock			Cla	ss A		86,064	(2)			
68143 Clunette Street										
New Paris, IN 46553										
	&nb	sp								
Mark C. Neilson			Cla	ss A		1,000				
1361 Bridgewater Way										
Mishawaka, IN 46545										
	&nb	sp								
All directors and officer	s as a group		Cla	ss A		3,955,6	31 (2)(3)	(4)(5)(6)		
of (9) persons			Cla	ss B		1,916,2	00 (3)(4)			
	&nb	sp								
VI 1 107										
* Less than 1%	0 1 0 1	0 1	0 1	0 1	0 1	0 1	0 1	0 1	0 1	0 1
	-	sp								
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&nbsp H. Douglas Schrock &nbsp &nbsp &nbsp &nbsp 7,608 &nbsp &nbsp &nbsp &nbsp &nbsp &nbsp All directors and officers as a group &nbsp 336,345 &nbsp &nbsp

(3) Includes 9,663 shares of Class A Common Stock and 56,592 shares of Class B Common Stock owned by Mr. Gardner's w Gardner has disclaimed beneficial ownership of these shares.

&nbsp &nbsp

(4) Includes 81,686 shares of Class A Common Stock and 9,849 shares of Class B Common Stock owned by Mr. Barrett's with has disclaimed beneficial ownership of these shares.

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(5) Includes 410 shares of Class A Common Stock owned beneficially by Mr. Campbell's wife, as custodian for their children has disclaimed beneficial ownership of these shares.

&nbsp &nbsp

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

&nbsp &nbsp

Depositories such as The Depository Trust Company (Cede & Company) as of March 8, 2004 held, in the aggregate, more that Company's then outstanding Class A voting shares. The Company understands that such depositories hold such shares for the various participating brokers, banks, and other institutions which are entitled to vote such shares according to the instructions beneficial owners thereof. The Company has no reason to believe that any of such beneficial owners hold more than 5% of the outstanding voting securities.

&nbsp &nbsp

#### **ELECTION OF DIRECTORS**

&nbsp &nbsp

Nine directors are to be elected at the Annual Meeting of Shareholders. Unless otherwise instructed, the proxy holders will vo received by them for the nominees shown below for the term of one year and until their successors are duly elected and have a Company's Board of Directors is currently comprised of nine members. Of the persons named below, Messrs. Schrock, Tilley have been nominated for election by the holders of Class A Common Stock, and the remaining persons have been nominated the holders of Class B Common Stock. The nominees for election by holders of Class A Common Stock were recommended to Directors by a majority of the independent directors of the Board.

&nbsp &nbsp

Messrs. Gardner, Barrett, Kropf and Wilson were the executive officers of the Company as of December 27, 2003. Officers are annually by the Board of Directors at the Annual Meeting of Directors held immediately following the Annual Meeting of Shares and the Annual Meeting of Shares are supported by the Board of Directors at the Annual Meeting of Shares are supported by the Board of Directors at the Annual Meeting of Shares are supported by the Board of Directors at the Annual Meeting of Shares are supported by the Board of Directors at the Annual Meeting of Directors held immediately following the Annual Meeting of Shares are supported by the Board of Directors at the Annual Meeting of Directors held immediately following the Annual Meeting of Shares are supported by the Board of Directors at the Annual Meeting of Directors held immediately following the Annual Meeting of Shares are supported by the Board of Directors at the Annual Meeting of Directors held immediately following the Annual Meeting of Shares are supported by the Board of Directors at the Annual Meeting of Directors held immediately following the Annual Meeting of Shares are supported by the Board of Directors at the Annual Meeting of Shares are supported by the Board of Directors at the Annual Meeting of Directors held immediately following the Annual Meeting of Directors are supported by the Board of Directors are supported by the Board of Directors and Directors are supported by the Board of Directors and Directors are supported by the Board of Directors are supported by t

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Although it is not contemplated that any nominee will be unable to serve as a director, in such event the proxies will be voted thereof for such other person as may be designated by the current Board of Directors. The Management of the Company has n believe that any of the nominees will be unable or unwilling to serve if elected to office, and to the knowledge of Managemen intend to serve the entire term for which election is sought.

&nbsp &nbsp

There are no family relationships by blood, marriage, or adoption between any director or executive officer, except Mr. Schro Barrett's brother-in-law. Mr. Tilley is a member of the law firm of Law, Snakard & Gambill, a Professional Corporation, whic legal services for the Company during 2003.

&nbsp &nbsp

Only nine nominees for director are named, even though the Company's bylaws allow a maximum of fifteen, since the propos board is deemed adequate to meet the requirements of the Board of Directors. The proxies given by the Class A shareholders for more than three persons and the proxies given by Class B shareholders cannot be voted for more than six persons. The information of the nominees has been furnished by each respective nominee.

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		Executive		Positions
Name, Age, and Business Experience		Officer Since		Comp
Herbert M. Gardner, 64		1979		Chairman of the B
Executive Vice President of Barrett-Gardner Associates				President

Executive Vice President of Barrett-Gardner Associates, Inc., an investment banking firm since November 2002 and previously Senior Vice President of Janney Montgomery Scott LLC, investment bankers; Chairman of the Board of the Company since 1979 and President of the Company since June 1992. Director of Rumson-Fair Haven Bank and Trust Company, a New Jersey state independent, commercial bank and trust company; Also a Director of Nu Horizons Electronics Corp., an electronic component distributor; iDine Rewards Network Inc., formerly

Transmedia Network, Inc., a company that develops and markets transaction-based dining and other consumer rewards programs; TGC Industries, Inc., a company engaged in the geophysical services industry, Hirsch International Corp., importer of computerized embroidery machines, and supplies; Co-Active Marketing Group, Inc., a marketing and sales promotion company.

marketi	marketing and sales promotion company.												
Omer G	. Kropf,	62							1984			Executi	ive Vice Pr
1984; P Corpora 1984 to	resident a ation, a su Novemb	President and Chief absidiary er 2000 a reme Cor	Executive of the Country and co-ho	ve Office ompany, to older of O	r of Suprefrom Janu ffice of the	eme ıary he							
William	J. Barre	tt, 64							1979				ive Vice Pr
President of Barrett-Gardner Associates, Inc., an investment banking firm since November 2002 and previously Senior Vice President of Janney Montgomery Scott LLC, investment bankers; Secretary and Assistant Treasurer of the Company and a Director since 1979. Chairman of the Board of Rumson-Fair Haven Bank and Trust Company, a New Jersey state independent, commercial bank and trust company; and a Director of TGC Industries, Inc., a company engaged in the geophysical services industry.  Range and Strat and Secretary And Secretary Range and Strat and Strat and Strat and Strat and Strate and													
Robert '	W. Wilso	n, 59							1992				ive Vice Prer and Chi
Officer Presider the Pres	of the Cont of Final	tive Vice ompany si nce since Supreme Novembe	ince Dece 2 1988 an Corporat	ember 19 d co-holo	92; Vice ler of Off	fice of						Officer	
							,	7					
								]	Executiv	e			Position

Name, Age, and Business Experience		sp Officer Since					Comp
Robert J. Campbell, 72			n/a			None	
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 Industries, Inc., from July 1986 to July 1993. Prior to such time, President and Chief Executive Officer of the Company for more than five years.							
Dr. Thomas Cantwell, 76			n/a			None	
1978 to present, independent oil and gas consultant and personal investor; September 1987 to present, President of Technical Computer Graphics, Inc., a software/hardware integrator in the computer graphics field; Director, VertigoXMedia, a developer of television broadcast control systems.							
H. Douglas Schrock, 55			n/a			None	
President of Smoker Craft, Inc., a pleasure boat manufacturer, since 1978; also President of Earthway Products, Inc. and President of Starcraft Marine, LLC.							
Rice M. Tilley, Jr., 67			n/a			Assista	nt Secretar
Member of the law firm of Law, Snakard & Gambill, a Professional Corporation, since 1965; member of Governor's Business Council from 1997 to present; and a member of the Board of Regents of the University of North Texas from October, 2003 to present.							
Mark C. Neilson, 45			n/a			None	
Chief Financial Officer of Towne Air Freight, Inc., an air freight trucking company, since March 2001; Chief Financial Officer and Director of Shelter Components Corporation, a supplier to the recreational vehicle industry, from March 1986 to October 1998; Director of Geocel Holdings Corporation, a manufacturer of sealants and adhesives; Director of Therm-O-Lite, Inc., a manufacturer							

of interior insulating windows; Director of EVS, Inc., a manufacturer of emergency vehicle seating.

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#### COMMITTEES AND MEETINGS OF THE BOARD OF DIRECTORS; INDEPENDENT DIRECTORS

#### &nbsp

The Board of Directors has an Executive Committee comprised of Dr. Cantwell and Messrs. Gardner, Barrett, and Kropf, and Committee comprised of Dr. Cantwell and Messrs. Tilley, Neilson and Campbell, and a Stock Option Committee comprised of and Messrs. Gardner and Barrett.

#### &nbsp

The Executive Committee, which met four times during the year ended December 27, 2003, is charged by the Company's bylar responsibility of exercising such authority of the Board of Directors as is specifically delegated to it by the Board, subject to climitations contained in the bylaws.

#### &nbsp

The Audit Committee met four times during the year ended December 27, 2003. The purpose and functions of the Audit Com appoint or terminate the independent auditors; evaluate and determine compensation of the independent auditors; review the s audit proposed by the independent auditors; review year-end financial statements prior to issuance; consult with the independent matters relating to internal financial controls and procedures; and make appropriate reports and recommendations to the Board

&nbsp &nbsp

The Stock Option Committee met twice during the year. The Committee is responsible for awarding Stock Options to key empindividuals who provide substantial advice or other assistance to the Company so that they will apply their best efforts for the Company.

&nbsp &nbsp

The Board of Directors does not have nominating or compensation committees.

&nbsp &nbsp

During the year ended December 27, 2003, the Board of Directors held four regularly scheduled meetings. All of the Director attended 75% or more of the total meetings of the Board and of the committees on which they serve.

&nbsp &nbsp

The Board of Directors has determined that the following five directors, constituting a majority of the Board of Directors, have relationship with the Company that would interfere with the exercise of independent judgment and are "independent" within the company that would interfere with the exercise of independent judgment and are "independent" within the company that would interfere with the exercise of independent judgment and are "independent" within the company that would interfere with the exercise of independent judgment and are "independent" within the company that would interfere with the exercise of independent judgment and are "independent" within the company that would interfere with the exercise of independent judgment and are "independent" within the exercise of independent judgment and are "independent" within the exercise of independent judgment and are "independent" within the exercise of independent judgment and are "independent" within the exercise of independent judgment and are "independent" within the exercise of independent judgment and are "independent" within the exercise of independent judgment and are "independent" within the exercise of independent judgment are independent judgment and are "independent" within the exercise of independent judgment and are "independent" within the exercise of independent judgment and are "independent" within the exercise of independent judgment and are "independent judgment are "independent judgment and are "independent judgment are "indepe

the American Stock Exchange ("AMEX") new director independence standards: Robert J. Campbell, Dr. Thomas Cantwell, H. Schrock, Rice M. Tilley, Jr. and Mark C. Neilson.

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#### SUPREME'S AUDIT COMMITTEE AND AUDIT COMMITTEE REPORT

&nbsp &nbsp

The responsibilities of the Audit Committee, which are set forth in the Audit Committee Charter adopted by the Board of Directors providing oversight to the Company's financial reporting process through periodic meetings with the Company's independent management to review accounting, auditing, internal controls and financial reporting matters. A copy of the Audit Committee attached as Appendix A. The members of the Audit Committee are independent as defined in Section 121(A) of the listing state American Stock Exchange and Rule 10A-3 (b)(1) under the Securities Exchange Act of 1934 (the "1934 Act"). All members of Committee are financially literate and are able to read and understand fundamental financial statements, including a balance of statement and cash flow statement. The Board of Directors has determined that Mr. Neilson qualifies as an "Audit Committee Expert" as defined in Section 229.401(h) of the 1934 Act, and his experience and background are described on page 8. The matter Company is responsible for the preparation and integrity of the financial reporting information and related systems of integrity Audit Committee, in carrying out its role, relies on the Company's senior management, including senior financial manage independent auditors. The Audit Committee has the authority and available funding to engage any independent legal counsel accounting or other expert advisors as necessary to carry out its duties.

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We have reviewed and discussed with senior management the Company's audited financial statements included in the 2003 A Shareholders. Management has confirmed to us that such financial statements (i) have been prepared with integrity and object the responsibility of management and, (ii) have been prepared in conformity with accounting principles generally accepted in States of America.

&nbsp &nbsp

We have discussed with Crowe Chizek and Company LLC, the Company's independent accountants, the matters required to b Statement of Auditing Standards ("SAS") No. 61, "Communications with Audit Committees." SAS No. 61 requires the Compandependent accountants to provide us with additional information regarding the scope and results of their audit of the Compandatements, including with respect to (i) their responsibility under auditing standards generally accepted in the United States of significant accounting policies, (iii) management judgments and estimates, (iv) any significant audit adjustments, (v) any disagrangement, and (vi) any difficulties encountered in performing the audit.

#### &nbsp

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

#### &nbsp

Based on the review and discussions described above with respect to the Company's audited financial statements included in t 2003 Annual Report to Shareholders, we have recommended to the Board of Directors that such financial statements be included in the company's audited financial statements are company's audited financial statements.

Company's Annual Report on Form 10-K for filing with the Securities and Exchange Commission.

&nbsp &nbsp

As specified in the Audit Committee Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determi Company's financial statements are complete and accurate and in accordance with accounting principles generally accepted in States of America. That is the responsibility of management and the Company's independent accountants. In giving our recommendated on (i) management's representation that such financial statements have been prepared wand objectivity and in conformity with generally accepted accounting principles, and (ii) the report of the Company's independent accountants with respect to such financial statements.

					The Au	dit Com	mittee:						
					Rice M.	Tilley, J	r. (Chair)	)					
					Robert J	J. Campb	ell						
					Thomas	Cantwel	1						
					Mark C	. Neilson							

#### **Accounting Fees**

#### &nbsp

The following table sets forth the aggregated fees billed to the Company for fiscal years 2003 and 2002 by the Company's ind accountants, Crowe Chizek and Company LLC:

							2003			2002	
			Audit fe	es			\$116,000			\$107,000	
			Audit-re	elated fee	S			30,790		20,300	
			Tax fees	S				135,495		165,600	
			All othe	r fees				18,750		-	
				Total fees			\$301,035			\$292,900	

10

The Audit Committee has advised the Company that it has determined that the non-audit services rendered by the Company's accountants during the Company's most recent fiscal year are compatible with maintaining the independence of such accountants.

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#### **Code of Ethics**

The Company has adopted a Code of Ethics that applies to the Company's Officers and Directors, including the Company's prexecutive officer and principal financial and accounting officer. The code has been posted in the Shareholder Information sect Company's website, www.supremeind.com.

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#### **EXECUTIVE COMPENSATION**

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The following table sets forth the compensation paid or accrued by the Company and its subsidiaries for services rendered dur three fiscal years to the Company's chief executive officer and each of the most highly compensated executive officers of the whose cash compensation exceeds \$100,000.

#### **Summary Compensation Table**

												&
Name and			Annı	ual Compen	sation				Long Term			
Principal Position		Year		Salary \$		Bonus \$			Compensation			C
Herbert M. Gardner (1)		2003		\$108,000		\$ 59,000		\$			\$	
Chairman of the Board		2002		108,000		72,500						
and President		2001		108,000		102,546						
												&
William J. Barrett (1)		2003		108,000		59,000						
Executive Vice		2002		108,000		72,500						
President (Long Range		2001		108,000		102,546						
and Strategic Planning)												&
and												&

#### Secretary

												&
Omer G. Kropf (2)		2003		240,000		92,683						
Executive Vice		2002		240,000		109,784						6.
President		2001		240,000		365,800						5.
Robert W. Wilson (3)		2003		147,923		92,683						6,
Executive Vice		2002		135,000		109,784						4.
President, Treasurer		2001		132,692		182,900						5.
and Chief Financial Officer												&
												&

(1) On January 1, 1993, the Company entered into three-year consulting agreements commencing on January 1, 1993 with Mr Mr. Barrett for financial and advisory consulting services. On September 22, 1994, the Board of Directors approved an amend contracts so that on December 31st of each year the contracts will be extended for an additional year. On May 1, 2003 the Corentered into employment contracts commencing on May 1, 2003 with Mr. Gardner and Mr. Barrett. Commencing on the first contract and each day thereafter the term of the contracts shall automatically be extended for one additional day so that a consyear term will always be in effect. The terms of the employment contracts provide for Mr. Gardner and Mr. Barrett to receive base salary of \$108,000 per year, plus a cash incentive performance fee in the amount of \$36,000 if the pre-tax earnings of the exceed \$2,000,000, plus an amount equal to 0.6% of the amount by which such pre-tax earnings exceed \$2,000,000.

11

(2) On May 1, 1998, the Company's wholly-owned subsidiary, Supreme Corporation, entered into a four-year employment co Mr. Kropf through April 30, 2002. On May 1, 2002, Supreme Corporation entered into a new three-year employment contract Kropf through April 30, 2005. The terms of the employment contract provide for a minimum base salary of \$240,000 per year subject to approval by the Board of Directors, based upon the Company's pre-tax operating performance.

#### &nbsp

(3) On January 1, 1998, the Company's wholly-owned subsidiary, Supreme Corporation, entered into a three-year employmen with Mr. Wilson through December 31, 2000. On July 1, 2000, amendment number one extended the contract through Decem On July 1, 2003 Supreme Corporation entered into a new three-year employment contract with Mr. Wilson through June 30, 2 terms of the employment contract provide for a minimum base salary of \$150,000 per year (subject to increase by the determine Board of Directors) plus a bonus subject to approval by the Board of Directors, based upon the Company's pre-tax operating provides a subject to approval by the Board of Directors.

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(4) Includes the Company's matching contribution to its Section 401(k) Retirement Plan and payment of premiums for disabilinsurance coverage for the named executives.

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#### **Director Compensation**

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Robert W.

Wilson

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Outside directors are paid \$1,500 per board meeting attended and an additional \$6,000 annually. Members of the Audit Comm \$1,500 per meeting. Non-employee members of the Executive Committee are paid \$2,000 per month. Each Director is reimburout-of-pocket expenses incurred in attending Board or Committee meetings.

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#### Aggregate Option/SAR Exercises in Last Fiscal Year and Fiscal Year-End Option/SAR Values

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The following table sets forth certain information regarding the year-end value of options held by the Company's executive of the fiscal year ended December 27, 2003. There are no stock appreciation rights outstanding.

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&nbsp **Shares** &nbsp Value &nbsp Va &nbsp &nbsp &nbsp &nbsp &nbsp &nbsp Acquired &nbsp &nbsp Realized &nbsp **Number of Unexercised** &nbsp In-&nbsp &nbsp &nbsp &nbsp at &nbsp Options at the Year-End &nbsp A on Name &nbsp **Exercise** &nbsp &nbsp **Exercise** &nbsp Exercisable/Unexercisable &nbsp Exer \$ \$ 146,58 Herbert M. &nbsp &nbsp ---&nbsp 72,875 &nbsp 55,000 &nbsp Gardner 117, William J. ---72,875 &nbsp 55,000 &nbsp &nbsp &nbsp &nbsp &nbsp Barrett Omer G. Kropf &nbsp &nbsp &nbsp &nbsp 92,336 &nbsp 64,167 &nbsp 179,2 ------

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(1) The value of outstanding options is based on the December 27, 2003 closing stock price which was \$6.00.

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67,964

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40,334

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130,3

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#### **The Board Of Directors Report On Executive Compensation**

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		ænosp	ænbsp	ænbsp		ænbsp	ænbsp	ænbsp	ænosp	ænbsp	ænbsp

The Company's compensation policy and annual compensation applicable to the Company's executive officers are the response Directors. Executive officers of the Company who are also members of the Board, including the chief executive officer, do not their own compensation. The Board of Directors reviews the individual performance of each executive officer and the financial Company. The Board also takes into account salary levels, bonus plans, stock incentive plans and other compensation package executive officers of companies of similar size and nature. The Board of Directors considers the Company's compensation pol 162(m) of the Internal Revenue Code of 1986 and related regulations regarding the deductibility of certain compensation. No compensation which is non-deductible under such Section; however, the Board of Directors may determine to pay compensation-deductible in certain circumstances. In accordance with the above compensation policy, the Board of Directors, upon the majority of the independent directors of the Board, has established certain compensation arrangements as set forth below.

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The Board has approved Employment Contracts between the Company and Mr. Herbert M. Gardner, Chairman of the Board a Company, and Mr. William J. Barrett, Executive Vice President (Long Range and Strategic Planning) and Secretary of the Company, and Mr. William J. Barrett, Executive Vice President (Long Range and Strategic Planning) and Secretary of the Company and Mr. William J. Barrett, Executive Vice President (Long Range and Strategic Planning) and Secretary of the Company will always be in effect. In consideration of services to be provided to the Company, the Employment Contracts provide for M. Barrett to each receive (in addition to certain fringe benefits): (1) annual consulting fees of \$108,000 (which monthly payment other fees paid to Messrs. Gardner and Barrett, respectively, for serving as members of the Board of Directors and any committee subsidiaries): and (2) if the pre-tax earnings of the Company exceed \$2,000,000, an incentive bonus of \$36,000, plus an arrother amount by which such pre-tax earnings exceed \$2,000,000.

#### &nbsp

The Company's wholly-owned subsidiary, Supreme Corporation, entered into an Employment Contract with Mr. Omer G. Kro as President of Supreme Corporation (Mr. Kropf is also an Executive Vice President of the Company). The Employment Control four years beginning on May 1, 1998, and ending on April 30, 2002. On May 1, 2002 Supreme Corporation entered into a new through April 30, 2005. In consideration of his services rendered as President of Supreme Corporation, this Employment Control Supreme Corporation will pay to Mr. Kropf (in addition to certain fringe benefits) a minimum base salary of \$240,000 per year bonus if earned under Supreme Corporation's Bonus Payment Plan. Under this Plan, an amount equal to ten percent (10%) of pre-tax profits is (subject to Board approval) placed into a bonus pool which is then allocated among, and is distributed to, Supexecutives. The allocation of such bonus pool is approved by the Board of Directors based upon an analysis of the contribution the Company's financial performance and a consideration of Management's recommendation as to an appropriate allocation to contributions.

The Company's v Mr. Wilson as Vi Treasurer and Ch December 31, 20 Corporation ente Treasurer and Ch addition to certai plus a pre-tax inc	fice Preside hief Finand 2000. On Justered into a hief Finand in fringe b	dent of Finan ncial Officer uly 1, 2000 a a new Emplo ncial Officer benefits) a m	nce, Treas of the Co amendme byment Co of the Co ninimum I	surer and ompany). ent numbe contract the orporation base salar	Assistant S. The Emploer one extenhrough Junen, the Emplory of \$150,0	Secretary copyment Conded the copyment	of Supreme contract was contract throad for the Contract process (subject)	e Corpora s for a terrough Dece eration of ovides tha t to increa	ation (Mr. W m of three y cember 31, 2 f his service at Supreme of ase by the d	Wilson is a years begi 2003. On es rendere Corporati determinat	also Exectinning Ja July 1, 2 ed as Exection will partion of the
						13	}				
					The	Board o	of Directors	<u>š</u>			
Robert J. Campb Thomas Cantwel		•			<u>,                                      </u>	·	<del>,</del>	·	<del>,</del>	·	
Stock Option Pl	ans										
2004 Stock Option	on Plan										
On January 23, 2 Plan. Shareholde summarize certai	ers will be	e asked to app	prove the	e 2004 Sto	tock Option	Plan at th	he Annual N	Meeting to	o be held A	April 29, 2	
The 2004 Stock of Common Stock to affiliates but who Option Plan auth below, to be outs of the 2004 Stock Company, who, it may actually received.	to certain of from time orizes the standing at the line of the lin	he key employed me to time pre granting of at any time. So Plan. At the gement's opin	rees of the rovide sub f options t Subject to present ti	e Companibstantial ato acquire o such lime, there	ny and/or its advice or ot e up to 600, mitations, the e are approx	s affiliates ther assist ,000 share tere is no l ximately	es, and certain tance or ser es of Class A limit on the 40 employe	nin individual rvices to the A Commet absolute the control of the	duals who a the Compan ion Stock, s e number of a Company,	are not em ny and/or subject to f awards th including	nployees its affili- certain a that may g officers
Authority to adm expressly provide	ed by the	2004 Stock	Option P	Plan, the C	Committee h	has author	ority, in its d	discretion		2004 Opti	ions and

and conditions (which need not be identical) of such 2004 Options, including the persons to whom, and the time or times at w

be awarded, the number of 2004 Options to be awarded to each such person, the exercise price of any such 2004 Options, and provisions of any agreement pursuant to which such 2004 Options will be awarded. The 2004 Stock Option Plan also provides be authorized by the Board of Directors to make cash awards as specified by the Board of Directors to the holder of a 2004 Option with the exercise thereof. Subject to the limitation set forth below, the exercise price of the shares of stock covered will be determined by the Committee on the date of award.

*		_			-						

Unless a Holder's option agreement provides otherwise, the following provisions will apply to exercises by the Holder of his of may be exercised during the first twelve months following the date of grant. During the second year following the date of grant one-third of the shares covered thereby may be exercised, and during the third year options covering up to two-thirds of such a Thereafter, and until the options expire, the optionee may exercise options covering all of the shares. Persons over sixty-five of exercise options covering up to one-half of the shares during the first year and thereafter may exercise all optioned shares. Subjust described, options may be exercised as to all or any part of the shares covered thereby on one or more occasions, but, as a cannot be exercised as to less than one hundred shares at any one time.

14

The exercise price of the shares of stock covered by each incentive stock option ("ISO"), within the meaning of Section 422 o Code of 1986, as amended (the "Code"), will not be less than the fair market value of stock on the date of award of such ISO, not be awarded to any person who owns stock possessing more than ten percent (10%) of the total combined voting power of Company, unless the exercise price is at least one hundred ten percent (110%) of the fair market value of the stock at the time the ISO is not exercisable after the expiration of five years from the date it is awarded.

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The exercise price of the shares of Class A Common Stock covered by each 2004 Option that is not an ISO ("NSO") will not (50%) of the fair market value of the stock on the date of award of such NSO.

#### &nbsp

Payment for Class A Common Stock issued upon the exercise of a 2004 Option may be made in cash or, with the consent of the shares of Class A Common Stock owned by the holder of the 2004 Option for at least six months prior to the date of exercise of the Committee, partly in cash and partly in such shares of Class A Common Stock. If payment is made, in whole or in part, with shares of Class A Common Stock, the Committee may issue to such Holder a new 2004 Option for a number of shares equal to delivered by such Holder to pay the exercise price of the previous 2004 Option. The new 2004 Option will have an exercise price one hundred percent (100%) of the fair market value of the Class A Common Stock on the date of the exercise of such previous 2004 Option so issued will not be exercisable until the later of the date specified in an individual option agreement or six mon grant.

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In addition, the 2004 Stock Option Plan allows for the cashless exercise of options via the Sale Method. Under the Sale Method the Committee, payment in full of the exercise price of the option may be made through the Company's receipt of a copy of in directing such broker to sell the stock for which the option is being exercised, to remit to the Company an amount equal to the of such option, with balance being remitted to the holder.

The duration of edate of the award voting power of time or in installatime or times at v	l (or not i all classe ments, as	more than fives of stock) in determined	ve years for the case by the Co	from the of of an IS ommittee	date of awar O, and in ei at the time	d if the H ther case	Holder owns may be exe	s stock re ercised in	presenting whole or in	more than	n 10% o any time
In the event of ar Company, by rea Company is the soutstanding 2004 effect thereon of consolidations in percent (50%) or outstanding to te the determination have not at that t	ason of a surviving 4 Option, such cha which the more of rminate, a sto the	stock divided corporation and the exer nge. Unless ne Company the total com- but such Hole e periods and	nd, or spl , the aggreise price a Holder is not the nbined vo der shall d installm	it, combine the of each is option e survivir otting power the tents of e	nation, exclumber and cloutstanding agreement page corporationer of all claright, immediately.	nange of ass of res g 2004 Op provides of on, or cen asses of si ediately p	shares or ot served share otion shall to therwise, a stain transactock of the orior to such	ther recapes, the number automore dissoluted in the company of transact	oitalization, mber and thatically adjustion or liqui- which anothat, shall caustion, to exer	merger, ne class of usted accordation of the corpose such Hercise such	or others of shares urately a the Con ration be older's 2 2004 O
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The 2004 Stock stock options out	_				-						
The 2004 Stock of except that share Stock Option Plate granted, (d) recauses the ISO's no longer satisfy	holder ap in, (b) cha emoves the granted u such req 	oproval is recanges the dene administration ander the 200 uirements.	quired for signation ation of the 34 Stock 	any ame of the clane 2004 S Option P	endment that ass of emplo Stock Option lan and outs 	t: (a) cha byees elight Plan frostanding a 	nges the nugible to rece om the Com at such time	mber of serve 2004 mittee, of that sati	Shares of Clark Options, (e) withous sfied the re	lass A Co c) decrea ut the con quiremen 	ommon S ses the p asent of t ats of Sec 
2001 Stock Optio											
On January 31, 2 Plan. The Plan w certain provision	as appro	ved by the C	ompany's	s shareho	lders at the	Annual N	Meeting hel	d on May	z, 2001. T		
The 2001 Stock (Common Stock t	_	_	_	_	_		-	_	_		

affiliates but who from time to time provide substantial advice or other assistance or services to the Company and/or its affiliates. Option Plan authorizes the granting of options to acquire up to 825,000 shares of Class A Common Stock, subject to certain as below, to be outstanding at any time. Subject to such limitations, there is no limit on the absolute number of awards that may of the 2001 Stock Option Plan. At the present time, there are approximately 40 employees of the Company, including officers Company, who, in management's opinion, would be considered eligible to receive grants under the 2001 Stock Option Plan, a may actually receive grants. At December 27, 2003, there were 797,500 options outstanding under this plan, of which 198,910 plans are considered.

&nbsp Authority to administer the 2001 Stock Option Plan has been delegated to a committee (the "Committee") of the Board of Direction Plan has been delegated to a committee (the "Committee") of the Board of Direction Plan has been delegated to a committee (the "Committee") of the Board of Direction Plan has been delegated to a committee (the "Committee") of the Board of Direction Plan has been delegated to a committee (the "Committee") of the Board of Direction Plan has been delegated to a committee (the "Committee") of the Board of Direction Plan has been delegated to a committee (the "Committee") of the Board of Direction Plan has been delegated to a committee (the "Committee") of the Board of Direction Plan has been delegated to a committee (the "Committee") of the Board of Direction Plan has been delegated to a committee (the "Committee") of the Board of Direction Plan has been delegated to a committee (the "Committee") of the Board of Direction Plan has been delegated to a committee (the "Committee") of the Board of Direction Plan has been delegated to a committee (the "Committee") of the Board of Direction Plan has been delegated to a committee (the "Committee") of the Board of Direction Plan has been delegated to a committee (the "Committee") of the Board of Direction Plan has been delegated to a committee (the "Committee") of the Board of Direction Plan has been delegated to a committee (the "Committee") of the Board of Direction Plan has been delegated to a committee (the "Committee") of the Board of Direction Plan has been delegated to a committee (the "Committee") of the Board of Direction Plan has been delegated to a committee (the "Committee") of the Board of Direction Plan has been delegated to a committee (the "Committee") of the Board of Direction Plan has been delegated to a committee (the "Committee") of the Board of Direction Plan has been delegated to a committee (the "Committee") of the Board of Direction Plan has been delegated to a committee (the "Committee") of the Board of Direction Plan has expressly provided by the 2001 Stock Option Plan, the Committee has authority, in its discretion, to award 2001 Options and and conditions (which need not be identical) of such 2001 Options, including the persons to whom, and the time or times at w be awarded, the number of 2001 Options to be awarded to each such person, the exercise price of any such 2001 Options, and provisions of any agreement pursuant to which such 2001 Options will be awarded. The 2001 Stock Option Plan also provides

connection with the exercise thereof. Subject to the limitation set forth below, the exercise price of the shares of stock covered will be determined by the Committee on the date of award.

&nbsp &nbsp

be authorized by the Board of Directors to make cash awards as specified by the Board of Directors to the holder of a 2001 Op

Unless a Holder's option agreement provides otherwise, the following provisions will apply to exercises by the Holder of his of may be exercised during the first twelve months following the date of grant. During the second year following the date of grant one-third of the shares covered thereby may be exercised, and during the third year options covering up to two-thirds of such a Thereafter, and until the options expire, the optionee may exercise options covering all of the shares. Persons over sixty-five of exercise options covering up to one-half of the shares during the first year and thereafter may exercise all optioned shares. Subjust described, options may be exercised as to all or any part of the shares covered thereby on one or more occasions, but, as a cannot be exercised as to less than one hundred shares at any one time.

16

The exercise price of the shares of stock covered by each incentive stock option ("ISO"), within the meaning of Section 422 o Code of 1986, as amended (the "Code"), will not be less than the fair market value of stock on the date of award of such ISO, not be awarded to any person who owns stock possessing more than ten percent (10%) of the total combined voting power of Company, unless the exercise price is at least one hundred ten percent (110%) of the fair market value of the stock at the time the ISO is not exercisable after the expiration of five years from the date it is awarded.

&nbsp &nbsp

The exercise price of the shares of Class A Common Stock covered by each 2001 Option that is not an ISO ("NSO") will not \$\((50\%)\) of the fair market value of the stock on the date of award of such NSO.

&nbsp &nbsp

Payment for Class A Common Stock issued upon the exercise of a 2001 Option may be made in cash or, with the consent of the shares of Class A Common Stock owned by the holder of the 2001 Option for at least six months prior to the date of exercise the Committee, partly in cash and partly in such shares of Class A Common Stock. If payment is made, in whole or in part, we shares of Class A Common Stock, the Committee may issue to such Holder a new 2001 Option for a number of shares equal the delivered by such Holder to pay the exercise price of the previous 2001 Option. The new 2001 Option will have an exercise proper one hundred percent (100%) of the fair market value of the Class A Common Stock on the date of the exercise of such previous 2001 Option so issued will not be exercisable until the later of the date specified in an individual option agreement or six mon grant.

|--|--|--|--|--|--|--|--|--|--|--|--|

In addition, the 2001 Stock Option Plan allows for the cashless exercise of options via the Sale Method. Under the Sale Method
the Committee, payment in full of the exercise price of the option may be made through the Company's receipt of a copy of in
directing such broker to sell the stock for which the option is being exercised, to remit to the Company an amount equal to the
of such option, with balance being remitted to the holder.

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The duration of each 2001 Option will be for such period as the Committee determines at the time of award, but not for more date of the award (or not more than five years from the date of award if the Holder owns stock representing more than 10% of voting power of all classes of stock) in the case of an ISO, and in either case may be exercised in whole or in part at any time or in installments, as determined by the Committee at the time of award, except that after the date of award, the Committee or times at which a 2001 Option may be exercised.

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		ænosp	ændsp	ændsp		ændsp	ændsp	ændsp	ændsp	ændsp	ændsp

In the event of any change in the number of outstanding shares of Class A Common Stock effected without receipt of consider Company, by reason of a stock dividend, or split, combination, exchange of shares or other recapitalization, merger, or otherw Company is the surviving corporation, the aggregate number and class of reserved shares, the number and the class of shares so outstanding 2001 Option, and the exercise price of each outstanding 2001 Option shall be automatically adjusted accurately an effect thereon of such change. Unless a Holder's option agreement provides otherwise, a dissolution or liquidation of the Company consolidations in which the Company is not the surviving corporation, or certain transactions in which another corporation becomes (50%) or more of the total combined voting power of all classes of stock of the Company, shall cause such Holder's 20 outstanding to terminate, but such Holder shall have the right, immediately prior to such transaction, to exercise such 2001 Optice determination as to the periods and installments of exercisability made pursuant to such holder's option agreement if (and of have not at that time expired or been terminated.

17

The 2001 Stock Option Plan, as amended, will terminate on January 30, 2011 or on such earlier date as the Board of Directors stock options outstanding at the termination date will remain outstanding until they have been exercised, terminated, or have exercised.

The 2001 Stock Option Plan may be terminated, modified, or amended by the Board of Directors at any time without further sexcept that shareholder approval is required for any amendment that: (a) changes the number of shares of Class A Common Stock Option Plan, (b) changes the designation of the class of employees eligible to receive 2001 Options, (c) decreases the probe granted, (d) removes the administration of the 2001 Stock Option Plan from the Committee, or (e) without the consent of the causes the ISO's granted under the 2001 Stock Option Plan and outstanding at such time that satisfied the requirements of Sec no longer satisfy such requirements.

#### 1998 Stock Option Plan

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On October 29, 1998, the Company's Board of Directors approved and adopted, subject to shareholder approval, the Company Plan. The plan was approved by shareholders at the annual meeting held on April 29, 1999. The following paragraphs summathe 1998 Stock Option Plan and are qualified in their entirety by reference thereto.

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The 1998 Stock Option Plan provides for the granting of options (collectively, the "1998 Options") to purchase shares of the Common Stock to certain key employees of the Company and/or its affiliates, and certain individuals who are not employees affiliates but who from time to time provide substantial advice or other assistance or services to the Company and/or its affiliates Option Plan authorizes the granting of options to acquire up to 869,087 shares of Class A Common Stock, subject to certain as below, to be outstanding at any time. Subject to such limitations, there is no limit on the absolute number of awards that may of the 1998 Stock Option Plan. At the present time, there are approximately 40 employees of the Company, including officers Company, who, in management's opinion, would be considered eligible to receive grants under the 1998 Stock Option Plan, as

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On April 7, 1992, the Company's Board of Directors approved and adopted, subject to shareholder approval, the Company's 1 The plan was approved by the shareholders at the annual meeting held on June 11, 1992. The following paragraphs summarize the 1992 Stock Option Plan and are qualified in their entirety by reference thereto. The 1992 Stock Option Plan provides for the (collectively, the "1992 Options") to purchase shares of the Company's Class A Common Stock to certain key employees of the affiliates, and certain individuals who are not employees of the Company or its affiliates but who from time to time provide su assistance or services to the Company and/or its affiliates. The 1992 Stock Option Plan authorizes the granting of options to as shares of Class A Common Stock, subject to certain adjustments described below. Subject to such limitations, there is no limit

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Authority to ac expressly provi- terms and cond- will be awarde provisions of a be authorized be the exercise the by the Commit	ided by the litions (whind, the number of the Boar ereof. Subjections of the Boar ereof.	e 1992 Stock ich need not ber of 1992 C ent pursuant rd of Director ect to the lim	Option P be identice Options to to which rs to mak nitation se	rlan, the C cal) of su to be awar such 199 te cash av	Committee I ach 1992 Op rded to each 92 Options v wards as spe	has the au otions, incomes such per will be aw ecified by	othority, in it cluding the rson, the exc varded. The the Board	its discret persons to ercise pri e 1992 Sto of Directo	tion, to awa to whom, ar ice of any st ock Option ors to the H	ord 1992 ( and the time such 1992 Plan also Holder of a	Option ne or tin Option provida a 1992
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Payment for Class A Common Stock issued upon the exercise of a 1992 Option may be made in cash or, with the consent of the shares of Class A Common Stock owned by the Holder of the 1992 Option for at least six months prior to the date of exercise the Committee, partly in cash and partly in such shares of Class A Common Stock. If payment is made, in whole or in part, with shares of Class A Common Stock, the Committee may issue to such Holder a new 1992 Option for a number of shares equal to delivered by such Holder to pay the exercise price of the previous 1992 Option having an exercise price equal to not less than (100%) of the fair market value of the Class A Common Stock on the date of such exercise. A 1992 Option so issued will not later of the date specified in an individual option agreement or six months after the date of grant.

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The duration of e	each 1992	2 Option will	be for s	uch perio	d as the Co	mmittee (	determines	at the tim	ie of award	, but not i	for more
date of the award	l in the ca	ase of an ISC	), and in	either cas	se may be e	xercised i	in whole or	in part at	t any time o	or only af	ter a perio
installments, as d	letermine	ed by the Cor	mmittee a	at the tim	e of award,	except th	nat after the	date of a	ward, the C	Committe	e may acc

at which a 1992 Option may be exercised.

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In the event of any change in the number of outstanding shares of Class A Common Stock effected without receipt of consider Company, by reason of a stock dividend, or split, combination, exchange of shares or other recapitalization, merger, or otherw Company is the surviving corporation, the aggregate number and class of reserved shares, the number and the class of shares outstanding 1992 Option, and the exercise price of each outstanding 1992 Option shall be automatically adjusted accurately at effect thereon of such change. Unless a Holder's option agreement provides otherwise, a dissolution or liquidation of the Comconsolidations in which the Company is not the surviving corporation, or certain transactions in which another corporation be percent (50%) or more of the total combined voting power of all classes of stock of the Company, shall cause such Holder's 19 outstanding to terminate, but such Holder shall have the right, immediately prior to such transaction, to exercise such 1992 Option determination as to the periods and installments of exercisability made pursuant to such Holder's option agreement if (and have not at that time expired or been terminated.

The 1992 Stock	Option P	lan terminate	ed on Apı	ril 7, 2002	2. Any stocl	k options	outstanding	g at the te	ermination (	date will	remain or

The 1992 Stock Option Plan terminated on April 7, 2002. Any stock options outstanding at the termination date will remain a have been exercised, terminated, or have expired.

#### **Equity Compensation Plan Information**

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The table below sets forth information as of the end of the Company's 2003 fiscal year for (i) all compensation plans previous shareholders and (ii) all compensation plans not previously approved by our shareholders:

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		Nui	mber of s	securities	s to		Weig	hted-ave	erage		future
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		be i	be issued upon exercise				exe	rcise pri	ce of		co
		of o	outstandi	ng optio	ns,		outsta	ınding oj	ptions,		(e
Plan category		W	arrants a	and right	ts		warra	ants and	rights		reflect
Equity compensation											
plans approved by											
security holders		1,332,747					\$4.36				
Equity compensa Plan.	ation plan	is approved l	oy our sh	areholdei	rs include th	ne 1992 S	tock Option	n Plan, th	ie 1998 Sto	ck Option	n Plan and
401 (k) Retirem	401 (k) Retirement Plan										
			nbsp								

The Company has a Section 401(k) Retirement Plan (the "Retirement Plan") which offers employees tax advantages pursuant Internal Revenue Code. During the year ended December 27, 2003, all of the employees of the Company and one of its subside "Employer") were eligible to participate in the Retirement Plan if they had reached the age of 21 and had been employed by the one full calendar year. Under the terms of the Retirement Plan, a participant may elect to contribute to the Plan up to 15% of he Through February 1994, the Company contributed ten cents on each dollar of the first 6% of compensation contributed by par 1994, the Board of Directors approved an increase to fifteen cents on each dollar of the first 6% of compensation contributed March 1, 1994. On August 29, 1997, the Board of Directors approved an increase to twenty-five cents on each dollar of the first contributed by participants effective December 1, 1997. On February 11, 1999 the Board of Directors approved an increase to dollar of the first 7% of compensation contributed by participants effective March 1, 1999. Payments are made by the Compant the latter by means of a payroll deduction program. Within specified limits, a participant has the right to direct his or her saving investments. The total aggregate amount of the Company's contribution for Messrs. Kropf and Wilson was \$2,957 and \$2,957 executive officers as a group was \$5,914.

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#### **Stock Price Performance**

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The following Stock Performance Graph shows the changes over the past five year period in the value of \$100 invested in (1) Common Stock, (2) the American Stock Exchange Total Return Index, and (3) the American Stock Exchange Industrial Manu year-end values of each investment are based on share price appreciation and the reinvestment of dividends. The stock price p is not necessarily indicative of future performance.

		12/31/98			12/31/99		12/31/00		12/31/01		12/28/0
Supreme Industries, Inc.		\$100			\$71		\$34		\$51		\$50
AMEX Industrial											&nbsj
Manufacturing Index		\$100			\$128		\$157		\$125		\$96
AMEX (US) Total											&nbsj
Return Index		\$100			\$131		\$123		\$112		\$93

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Assumes \$100 invested on December 31, 1998 in Supreme Industries, Inc. Stock, the AMEX Industrial Mfg. Index and the Al Index.

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**Transactions With Management** 

As part of its ori Corporation acq lessors controlle January 8, 1989, Company's Boar	uired an o d by the s , and that,	option to pure sellers of such prior to that	chase cer h busines	tain real of	estate and in whom is O	nprovem mer G. K	ents, at its ( Cropf). The	Goshen, l option ag	Indiana, and greement pr	d Griffin, ovided th	Georgia nat the op
On July 25, 198. The general part individuals includirectors.	ner of the	Partnership	is Supre	me Corpo	oration, and	the limit	ed partnersl	nip intere	ests therein	are owne	d (direct)
Also on July 25, Georgia at initia Corporation con increases in the \$629,000 in min	l rental ra tain optio Consume	tes equivaler ns to purchar r Price Index	nt to thos se the product.). During	e paid pu operties f g the curr	rsuant to th or an aggreg ent year end	e lease ag gate initia ling Dece	greements wal price of \$ ember 25, 2	vith the p 2,765,00 004, Sup	rior lessors 0 (subject t reme Corpo	. The least	ses grante es after tl
In order to carry mortgages on su the Partnership's	ch real es	tate, a securi	ity interes	st in spec	ified person	al proper		_			
Mr. Kropf, Exec Company's subs year ended Dece without special to	idiary, Su ember 27,	preme Corpo 2003, Supre	oration, p me Corp	ourchases oration p	delivery se urchased de	rvices fro livery ser	om Quality rvices of \$3	Transpor ,090,000	tation in the from Qual	e ordinar ity Trans	y course of portation
						23	<u> </u>				

option at the expiration as the full facility was no longer needed. The current rental is on a month-to-month basis at 12 cents p amount of space actually needed. In addition, during peak business Supreme leases land from Mr. Kropf for chassis storage. R

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under the above agreements were \$110,760 during 2003.

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The Company's lauditors for the f				•	vote FOR	ratificatio	on of the sel	lection of	Crowe Ch	izek and	Compan
					07	THER M	ATTERS				
The Company's other matters are best judgment or	properly	brought bef						-		-	
					SHAREI	HOLDEI	R PROPOS	SALS			
A shareholder pr principal executi proxy relating to	ve office	s in Goshen,	•				_				
	•				FINAN	CIAL S	<b>FATEMEN</b>	NTS		•	•
The Company's	Annual R	eport to Sha	reholders	for the f	iscal year e	nded Dec	ember 27,	2003, is e	enclosed he	rewith.	-
A COPY OF TH WRITTEN REQ INDIANA 46528	UEST T										
									By Order	of the Bo	ard of D
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Goshen, Indiana											
March 12, 2004									/s/William	ı J. Barre	tt
						24					
					INDE	X TO Al	PPENDIC	ES			
<u>Appendix</u>		Description	<u>1</u>								
A		Supreme In	dustries,	Inc. Aud	lit Committ	ee Charte	r				

						25	5				
Appendix A											

			AU	DIT	COM	MIT	TEE	CHA	RTE	R	
						OI	 F				
				SI	UPREM	E INDI	USTRIE	S, INC	•		
I. <u>PURPOSE</u>											
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II. <u>COMPOSIT</u>	ION										
The Audit Commodefined in Section "1934 Act"), and judgment as a meaccounting pract cash flow statem qualify as an "Augustian and "Augustian	on 121(A) I shall be ember of ices incluent. In ac	of the Ame free from an the Audit Colding being addition, at least	rican Stomy relation ommittee able to reast one m	ck Exchanship that c. All menad and ur ember of	nge listing and the oping	standards nion of the Audit C ndamenta Committe	and Rule In Board, we committee sommittee sommittee shall have	10A-3(b) rould inte hall have statement e account	(1) under the rfere with the along working ats, including ting or relations	e Securit he exerci familiarit ig a balan	ies Exchase of his ty with bace sheet,
The members of successors have designate a Chair	been duly	y elected and	l qualified	d. Unless	a Chairpers	son is elec	cted by the				
						26	)				
III. MEETINGS	<u>S</u>	г	<del> </del>	1	Г	Г		1	Т	1	
The Audit Common communication, discuss any matter Chairperson, pla financials consis	the Auditers that the ns to mee	t Committee ne Audit Cor et with mana	plans to mmittee o gement a	meet at lor each of	east annuall these grou	y with m ps believe	anagement es should b	and the r	epresentati ed privately	ves of the	indepention, the
						&nb	osp				
IV. <u>RESPONSI</u>	BILITIE	S AND DU	<u>TIES</u>								
To fulfill its resp	onsibiliti	es and dutie	s the Aud	lit Comm	ittee shall:						
Documents/Repo	orts Revie	<u>ew</u>									
• Review a		ess, at least a	annually,	the adeq	uacy of this	Charter;	and make	recomme	ndations to	the Boar	d, as con

• Review with management, and the representatives of the independent accounting firm, the Corporation's annual finance a discussion with the independent accountants of the matters required to be discussed by Statement of Auditing Stand

61"), as amended.

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Form 1	10-Q prior	nagement, an to their filing rs to be discu	g or prior	r to the re	elease of ear	_		-	_	_	-
Independent A	ccountants	<u></u>									
indepe indepe financi indepe	endent acco endent acco ial statemen	the independenting firm. Dunting firm is ents of the Copunting firm a said firm.	This doe is accoun orporation	es not pred ntable to the n. On an a	clude the A the Audit C annual basis	Audit Com Committee is, the Aud	nmittee fron e and ultima dit Commit	m obtainin ately to the ttee shall r	ng the input ne entire Bo review and	nt of Comp pard for su I discuss w	pany man ach accou vith the re
• Overse	ee independ	dence of the	independ	lent acco	unting firm	by:					
	•	ne independer ion consisten		_		•				eating all	relations
any dis	sclosed rela	ctively discus ationships or nd independe	r services	between	such firm a	and the Co	orporation (				
• recomi	mending, i	f necessary,	that the F	3oard tak	e certain ac	ction to sa	tisfy itself	of the auc	ditor's inde	pendence.	
						27	7				

• Based on the review and discussions referred to in paragraph IV.B. and IV.E. above, the Audit Committee shall determine recommend to the Board that the Corporation's audited financial statements be included in the Corporation's Annual F

the last fiscal year for filing with the Securities and Exchange Commission.

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Financial Repo	rting Proce	ess ess									
		ith the repres		of the in	dependent :	accountin	g firm, revi	iew the ir	ntegrity of t	he Corpo	ration's fi
		prove, if approcess with the									
signific	ant judgm	systems of r nents made in ew or audit,	n manage	ment's pr	eparation o	f the fina	ncial statem	nents and	any signifi	cant diffi	culties en
	any signi al statemen	ficant disagr	reement a	mong ma	nagement a	and the in	dependent	accountir	ng firm in c	onnection	n with the
Legal Complian	nce/Genera	a <u>l</u>									
• Review	, with the	Corporation	's counse	l, any leg	al matter th	at could	have a sign	ificant im	npact on the	Corpora	tion's fina
• Engage duties.	such inde	ependent lega	al counse	l and suc	h accountin	g or othe	r expert adv	visors as t	the Audit C	ommittee	e deems n
• Ensure	that a Coc	le of Ethics i	s formali	zed in wi	riting and th	nat all em	ployees hav	e knowle	edge of it.		
• Report	through it	s Chairperso	n to the I	Board foll	lowing mee	tings of t	he Audit Co	ommittee	·.		

♦ Mainta	ain minutes	s or other rec	ords of m	neetings 2	ınd activitie	s of the A	udit Comn	nittee.			
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Scope of Respo	<u>onsibilities</u>	and Duties									
		nd not in limi e 1934 Act.	itation, of	f the fore	going, the /	Audit Con	nmittee sha	.ll be vest	ed with all	responsił	oilities ar
conduc	ct audits or	Committee har to determine ting principle	e that the	Corporates the response	tion's financ onsibility of	cial staten	ments are co ment and th	omplete anne indeper	and accurate	e and are i unting firr	in accord
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#### ANNUAL MEETING OF SHAREHOLDERS OF

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# SUPREME INDUSTRIES, INC.

April 29, 2004											

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