

SUPREME INDUSTRIES INC
Form DEF 14A
March 17, 2005

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE
SECURITIES EXCHANGE ACT OF 1934 (AMENDMENT NO. _____)

Filed by the Registrant /X/

Filed by a party other than the Registrant //

Check the appropriate box:

// Preliminary Proxy Statement

/X/ Definitive Proxy Statement

// 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))

SUPREME INDUSTRIES, INC.

(NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

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

Payment of Filing Fee (check the appropriate box):

/X/ No fee required.

// Fee computed on table below per exchange Act Rules 14a-6 (i) (4) and 0-11.

 (1) Title of each class of securities to which transaction applies.

 (2) Aggregate number of securities to which transaction applies.

 (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined.)

 (4) Proposed maximum aggregate value of transaction.

 (5) Total fee paid.

// Fee paid previously with preliminary materials.

// Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11 (a) (2) and identify the filing for which the fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

 (1) Amount Previously Paid.

 (2) Form, Schedule or Registration Statement No.

 (3) Filing Party.

 (4) Date Filed.

SUPREME INDUSTRIES, INC.

2581 East Kercher Road

P.O. Box 237

Goshen, IN 46528

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held May 3, 2005

To Shareholders of

SUPREME INDUSTRIES, INC.:

The annual meeting of shareholders of Supreme Industries, Inc. (the "Company") will be held at the Courtyard by Marriott, 19 East, Goshen, Indiana on May 3, 2005 at 10:00 a.m. Eastern Standard Time for the following purposes:

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

Information regarding matters to be acted upon at this meeting is contained in the accompanying Proxy Statement. Only shareholders of record at the close of business on March 7, 2005 are entitled to notice of and to vote at the meeting and any adjournment thereof.

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

By Order of the Board of Directors

Goshen, Indiana
March 17, 2005

Secretary

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

SOLICITATION OF PROXIES

This Proxy Statement and accompanying Proxy are furnished to shareholders in connection with the solicitation of proxies by the Directors of Supreme Industries, Inc. (the "Company") for use at the Annual Meeting of Shareholders to be held at the Courtyard Marriott, 1930 Lincolnway East, Goshen, Indiana, on May 3, 2005 at 10:00 a.m. Eastern Standard Time, or at any adjournment. Notice of Meeting, the form of Proxy, and this Proxy Statement are being mailed to the Company's shareholders on or about May 2, 2005.

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

A copy of the Annual Report to Shareholders of the Company for its fiscal year ended December 25, 2004, is being mailed with this Proxy Statement to all such shareholders entitled to vote, but does not form any part of the information for solicitation of proxies.

RECORD DATE AND VOTING SECURITIES

The Board of Directors of the Company has fixed the close of business on March 7, 2005, as the record date for determination of shareholders entitled to notice of and to vote at the Annual Meeting. As of the record date, there were 10,105,328 shares of Class A Common Stock and 2,109,133 shares of Class B Common Stock of the Company issued and outstanding. The presence, in person or by proxy, of holders of a majority of the issued and outstanding shares of Common Stock as of the record date is necessary to constitute a quorum for the Annual Meeting with respect to matters upon which both classes of Common Stock are entitled to vote.

ACTION TO BE TAKEN AND VOTE REQUIRED

Action will be taken at the meeting to elect a Board of Directors and to ratify the selection of Crowe Chizek and Company LLP as the Company's Independent Registered Public Accounting Firm. The proxy will be voted in accordance with the directions specified thereon, in accordance with the judgment of the persons designated as proxies. Any proxy on which no directions are specified will be voted in favor of the election of directors named herein, and otherwise in accordance with the judgment of the persons designated as proxies. Any proxy, when executed and the enclosed proxy may nevertheless revoke it at any time prior to the actual voting thereof by filing with the Secretary of the Company either a written instrument expressly revoking it or a duly executed proxy bearing a later date. Furthermore, such proxy will nevertheless elect to attend the meeting and vote in person, in which event, the proxy will be suspended.

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

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following tabulation sets forth the names of those persons who are known to Management to be the beneficial owners as of March 7, 2005 of more than five percent of the Company's Class A or Class B Common Stock. Such tabulation also sets forth the number of shares of the Company's Class A or Class B Common Stock beneficially owned as of March 7, 2005 by all of the Company's directors and officers (naming them) and all directors and officers of the Company as a group (without naming them). Persons having direct beneficial ownership of the Company's Common Stock possess the sole voting and dispositive power in regard to such stock. Class B Common Stock is convertible on a one-for-one basis into an equal number of shares of Class A Common Stock, and ownership of Class B shares shall constitute beneficial ownership of Class A shares under Rule 13d-3(d)(1) promulgated under the Securities Exchange Act of 1934. As of March 7, 2005, there were 10,105,328 Class A shares and 2,109,133 Class B shares outstanding.

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

Edgar Filing: SUPREME INDUSTRIES INC - Form DEF 14A

2581 East Kercher Road													
Goshen, IN 46528													
H. Douglas Schrock		Class A		89,730	(2)								
68143 Clunette Street													
New Paris, IN 46553													
Mark C. Neilson		Class A		2,833	(2)								
1361 Bridgewater Way													
Mishawaka, IN 46545													

4

Name and Address	Title	Amount and Nature of
of Beneficial Owner	Class	Beneficial Ownership
All directors and officers as a group	Class A	4,018,864 (2)(3)(4)(5)(6)
of (8) persons	Class B	1,916,200 (3)(4)

* Less than 1%

(1) The percentage calculations have been made in accordance with Rule 13d-3(d)(1) promulgated under the Securities Exchange Act of 1934. In making these calculations, shares beneficially owned by a person as a result of the ownership of Stock Options, or other securities, were deemed to be currently outstanding solely with respect to the holders of such options or Class B Common Stock.

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

	Stock
	Options
Omer G. Kropf	118,002

Edgar Filing: SUPREME INDUSTRIES INC - Form DEF 14A

 	 	 	Herbert M. Gardner	 	 	 	 	94,875	 	 	
 	 	 	William J. Barrett	 	 	 	 	94,875	 	 	
 	 	 	Robert W. Wilson	 	 	 	 	84,464	 	 	
 	 	 	Robert J. Campbell	 	 	 	 	16,775	 	 	
 	 	 	Thomas Cantwell	 	 	 	 	16,775	 	 	
 	 	 	H. Douglas Schrock	 	 	 	 	5,499	 	 	
 	 	 	Mark C. Neilson	 	 	 	 	1,833	 	 	
 	 	 	All directors and officers as a group	 	 	 	 	433,098	 	 	
 	 	 	 	 	 	 	 	 	 	 	

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

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

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

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

 	 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	 	

Depositories such as The Depository Trust Company (Cede & Company) as of March 7, 2005 held, in the aggregate, more than the 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 of the 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.

ELECTION OF DIRECTORS

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

Messrs. Gardner, Barrett, Kropf and Wilson were the executive officers of the Company as of December 25, 2004. Officers are elected annually by the Board of Directors at the Annual Meeting of Directors held immediately following the Annual Meeting of Shareholders.

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

There are no family relationships by blood, marriage, or adoption between any director or executive officer, except Mr. Schrock, who is Mr. Barrett's brother-in-law.

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

Edgar Filing: SUPREME INDUSTRIES INC - Form DEF 14A

6

Name, Age, and Business Experience	Executive Officer Since	Positions
<p>Herbert M. Gardner, 65</p> <p>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; TGC Industries, Inc., a company engaged in the geophysical services industry; Co-Active Marketing Group, Inc., a marketing and sales promotion company.</p>	<p>1979</p>	<p>Chairman of the Board President</p>
<p>Omer G. Kropf, 63</p> <p>Executive Vice President of the Company since August 1984; President and Chief Executive Officer of Supreme Corporation, a subsidiary of the Company, from January 1984 to November 2000 and co-holder of Office of the President of Supreme Corporation since November 2000.</p>	<p>1984</p>	<p>Executive Vice President</p>
<p>William J. Barrett, 65</p> <p>President of Barrett-Gardner Associates, Inc., an investment banking firm since November 2002 and previously Senior</p>	<p>1979</p>	<p>Executive Vice President Range and Strategy and Secretary</p>

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 and Director 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.

 	 	 	 	 	 	 	 	 	 	 	 	 	 	
Robert W. Wilson, 60									1992					Executive Vice Pr Treasurer and Chi Officer
Treasurer, Executive Vice President and Chief Financial Officer of the Company since December 1992; Vice President of Finance since 1988 and co-holder of Office of the President of Supreme Corporation, a subsidiary of the Company, since November 2000.														

 	 	 	 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	 	 	 	

7

 	 	 	 	 	 	 	 	Executive	 	Positions
Name, Age, and Business Experience							 	Officer Since	 	Comp
Robert J. Campbell, 73							 	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, 77							 	n/a	 	None				
							 	 	 	 	 	 	 	

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

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation		Long Term Compensation
		Salary \$	Bonus \$	
Herbert M. Gardner (1)	2004	\$108,000	\$69,500	\$---
Chairman of the Board	2003	108,000	59,000	---
and President	2002	108,000	72,500	---
William J. Barrett (1)	2004	108,000	69,500	---
Executive Vice President	2003	108,000	59,000	---
(Long Range and Strategic Planning)	2002	108,000	72,500	---
and Secretary				
Omer G. Kropf (2)	2004	240,000	124,200	
Executive Vice	2003	240,000	92,683	---

Edgar Filing: SUPREME INDUSTRIES INC - Form DEF 14A

President	 	2002	 	240,000	 	109,784	 	 	---	 	 	6
 	 	 	 	 	 	 	 	 	 	 	 	
Robert W. Wilson (3)	 	2004	 	150,000	 	124,200	 	 	 	 	 	1
Executive Vice	 	2003	 	147,923	 	92,683	 	 	---	 	 	6
President, Treasurer and Chief Financial Officer	 	2002	 	135,000	 	109,784	 	 	---	 	 	4
 	 	 	 	 	 	 	 	 	 	 	 	

(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 Cor replaced the existing consulting agreements by entering into employment contracts with Mr. Gardner and Mr. Barrett. Comme first day of the contract, and each day thereafter, the term of the contracts are automatically extended for one additional day so constant three (3) year term is always in effect. The terms of the employment contracts provide for Mr. Gardner and Mr. Barre a minimum base salary of \$108,000 per year, plus a cash incentive performance fee in the amount of \$36,000 if the pre-tax ear Company exceed \$2,000,000, plus an amount equal to 0.6% of the amount by which such pre-tax earnings exceed \$2,000,000

(2) On May 1, 1998, the Company's wholly-owned subsidiary, Supreme Corporation, entered into a four-year employment con 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.

 	 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	 	

(3) On January 1, 1998, the Company's wholly-owned subsidiary, Supreme Corporation, entered into a three-year employment 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 determin Board of Directors) plus a bonus subject to approval by the Board of Directors, based upon the Company's pre-tax operating p

The Board Of Directors Report On Executive Compensation

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

The Company's compensation policy and annual compensation applicable to the Company's executive officers are the responsibility of the Board of Directors. Executive officers of the Company who are also members of the Board, including the chief executive officer, do not receive their own compensation. The Board of Directors reviews the individual performance of each executive officer and the financial results of the Company. The Board also takes into account salary levels, bonus plans, stock incentive plans and other compensation packages of executive officers of companies of similar size and nature. The Board of Directors considers the Company's compensation policy in light of Section 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 which is non-deductible in certain circumstances. In accordance with the above compensation policy, the Board of Directors, upon the approval of the majority of the independent directors of the Board, has established certain compensation arrangements as set forth below.

13

The Board has approved Employment Contracts between the Company and Mr. Herbert M. Gardner, Chairman of the Board of Directors of the Company, and Mr. William J. Barrett, Executive Vice President (Long Range and Strategic Planning) and Secretary of the Company. The Employment Contracts went into effect May 1, 2003, and are automatically extended for one additional day so that a constant contract is always in effect. In consideration of services to be provided to the Company, the Employment Contracts provide for Messrs. Gardner and Barrett to each receive (in addition to certain fringe benefits): (1) annual consulting fees of \$108,000 (which monthly payments are to be made to Messrs. Gardner and Barrett, respectively, for serving as members of the Board of Directors and any committee of the Board or its subsidiaries); and (2) if the pre-tax earnings of the Company exceed \$2,000,000, an incentive bonus of \$36,000, plus an amount equal to the amount by which such pre-tax earnings exceed \$2,000,000.

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

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

The Company's wholly-owned subsidiary, Supreme Corporation, also entered into an Employment Contract with Mr. Robert V. Wilson as Vice President of Finance, Treasurer and Assistant Secretary of Supreme Corporation (Mr. Wilson is also Executive Vice President, Treasurer and Chief Financial Officer of the Company). The Employment Contract was for a term of three years beginning January 1, 2000, and ending December 31, 2000. On July 1, 2000 amendment number one extended the contract through December 31, 2003. On July 1, 2004 Supreme Corporation entered into a new Employment Contract through June 30, 2006. In consideration of his services rendered as Executive Vice President, Treasurer and Chief Financial Officer of the Corporation, the Employment Contract provides that Supreme Corporation will pay to Mr. Wilson (in addition to certain fringe benefits) a minimum base salary of \$150,000 per year (subject to increase by the determination of the Board of Directors) plus a pre-tax incentive bonus if earned under Supreme Corporation's Bonus Payment Plan described in the preceding paragraph.

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

The Board of Directors

 	 	 	 	 	 	 	 	 	 	 	
William J. Barrett			 	 	Thomas Cantwell			 	 	 	Mark C.
Arthur M. Borden			 	 	Herbert M. Gardner			 	 	 	H. Doug
Robert J. Campbell			 	 	Omer G. Kropf			 	 	 	Robert V
 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	

14

Stock Option Plans

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

2004 Stock Option Plan

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

On January 23, 2004, the Company's Board of Directors approved and adopted, subject to shareholder approval, the Company Plan. The Plan was approved by the Company's shareholders at the Annual Meeting held on April 29, 2004. The following paragraphs set forth certain provisions of the 2004 Stock Option Plan and are qualified in their entirety by reference thereto.

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

The 2004 Stock Option Plan provides for the granting of options (collectively, the "2004 Options") to purchase shares of the Company's Common Stock to certain key employees of the Company and/or its affiliates, and certain individuals who are not employees of the Company or its affiliates but who from time to time provide substantial advice or other assistance or services to the Company and/or its affiliates. The 2004 Stock Option Plan authorizes the granting of options to acquire up to 600,000 shares of Class A Common Stock, subject to certain limitations set forth below, to be outstanding at any time. Subject to such limitations, there is no limit on the absolute number of awards that may be granted under the 2004 Stock Option Plan. At the present time, there are approximately 40 employees of the Company, including officers and directors of the Company, who, in management's opinion, would be considered eligible to receive grants under the 2004 Stock Option Plan, although not all may actually receive grants. At December 25, 2004, there were no options outstanding under this Plan.

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

Authority to administer the 2004 Stock Option Plan has been delegated to a committee (the "Committee") of the Board of Directors. As expressly provided by the 2004 Stock Option Plan, the Committee has authority, in its discretion, to award 2004 Options and to determine the terms and conditions (which need not be identical) of such 2004 Options, including the persons to whom, and the time or times at which, they may 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 that the Board of Directors may 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 in connection with the exercise thereof. Subject to the limitation set forth below, the exercise price of the shares of stock covered by such award 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 or her options. Options 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 shares may be exercised. Thereafter, and until the options expire, the optionee may exercise options covering all of the shares. Persons over sixty-five years of age may exercise options covering up to one-half of the shares during the first year and thereafter may exercise all optioned shares. Subject to the provisions just described, options may be exercised as to all or any part of the shares covered thereby on one or more occasions, but, as to any one occasion, options cannot be exercised as to less than one hundred shares at any one time.

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

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

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

15

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

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

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 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 the number of shares of Class A Common Stock delivered by such Holder to pay the exercise price of the previous 2004 Option. The new 2004 Option will have an exercise price equal to 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 months after the date of grant.

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

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

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

The duration of each 2004 Option will be for such period as the Committee determines at the time of award, but not for more than five years from the 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 the Company's outstanding common stock).

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 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 may determine the time or times at which a 2004 Option may be exercised.

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

In the event of any change in the number of outstanding shares of Class A Common Stock effected without receipt of consideration from the Company, by reason of a stock dividend, or split, combination, exchange of shares or other recapitalization, merger, or otherwise, if the Company is the surviving corporation, the aggregate number and class of reserved shares, the number and the class of shares of Class A Common Stock outstanding 2004 Option, and the exercise price of each outstanding 2004 Option shall be automatically adjusted accurately and equitably to give effect thereon of such change. Unless a Holder's option agreement provides otherwise, a dissolution or liquidation of the Company, or certain consolidations in which the Company is not the surviving corporation, or certain transactions in which another corporation becomes a subsidiary of the Company, shall cause such Holder's 2004 Option to terminate, but such Holder shall have the right, immediately prior to such transaction, to exercise such 2004 Option on the determination as to the periods and installments of exercisability made pursuant to such holder's option agreement if (and only if) such option has not at that time expired or been terminated.

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

The 2004 Stock Option Plan, as amended, will terminate on January 22, 2014 or on such earlier date as the Board of Directors may determine. All stock options outstanding at the termination date will remain outstanding until they have been exercised, terminated, or have expired.

 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	

16

The 2004 Stock Option Plan may be terminated, modified, or amended by the Board of Directors at any time without further notice, except that shareholder approval is required for any amendment that: (a) changes the number of shares of Class A Common Stock reserved under the 2004 Stock Option Plan, (b) changes the designation of the class of employees eligible to receive 2004 Options, (c) decreases the number of 2004 Options to be granted, (d) removes the administration of the 2004 Stock Option Plan from the Committee, or (e) without the consent of the Committee, causes the ISO's granted under the 2004 Stock Option Plan and outstanding at such time that satisfied the requirements of Section 409(a) no longer satisfy such requirements.

 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	

2001 Stock Option Plan

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

On January 31, 2001, the Company's Board of Directors approved and adopted, subject to shareholder approval, the Company's 2001 Stock Option Plan. The Plan was approved by the Company's shareholders at the Annual Meeting held on May 2, 2001. The following paragraphs describe certain provisions of the 2001 Stock Option Plan and are qualified in their entirety by reference thereto.

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

The 2001 Stock Option Plan provides for the granting of options (collectively, the "2001 Options") to purchase shares of the Company's Common Stock to certain key employees of the Company and/or its affiliates, and certain individuals who are not employees of the Company or its affiliates but who from time to time provide substantial advice or other assistance or services to the Company and/or its affiliates. The 2001 Stock Option Plan authorizes the granting of options to acquire up to 825,000 shares of Class A Common Stock, subject to certain limitations set forth below, to be outstanding at any time. Subject to such limitations, there is no limit on the absolute number of awards that may be made under the 2001 Stock Option Plan. At the present time, there are approximately 40 employees of the Company, including officers and directors of the Company, who, in management's opinion, would be considered eligible to receive grants under the 2001 Stock Option Plan, although not all may actually receive grants. At December 25, 2004, there were 771,835 options outstanding under this plan, of which 436,327

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

Authority to administer the 2001 Stock Option Plan has been delegated to a committee (the "Committee") of the Board of Directors of the Company expressly provided by the 2001 Stock Option Plan, the Committee has authority, in its discretion, to award 2001 Options and to determine the terms and conditions (which need not be identical) of such 2001 Options, including the persons to whom, and the time or times at which, they will be awarded, the number of 2001 Options to be awarded to each such person, the exercise price of any such 2001 Options, and the provisions of any agreement pursuant to which such 2001 Options will be awarded. The 2001 Stock Option Plan also provides that the Committee may be authorized by the Board of Directors to make cash awards as specified by the Board of Directors to the holder of a 2001 Option in connection with the exercise thereof. Subject to the limitation set forth below, the exercise price of the shares of stock covered by such award 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 or her options. Options 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 shares may be exercised. Thereafter, and until the options expire, the optionee may exercise options covering all of the shares. Persons over sixty-five years of age may exercise options covering up to one-half of the shares during the first year and thereafter may exercise all optioned shares. Subject to the provisions just described, options may be exercised as to all or any part of the shares covered thereby on one or more occasions, but, as a condition, they cannot be exercised as to less than one hundred shares at any one time.

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

The exercise price of the shares of stock covered by each incentive stock option ("ISO"), within the meaning of Section 422 of the Internal Revenue 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, and will not be awarded to any person who owns stock possessing more than ten percent (10%) of the total combined voting power of the 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.

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

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

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

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 Committee, partly in cash and partly in such 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. 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 2001 Option for a number of shares equal to the number of shares delivered by such Holder to pay the exercise price of the previous 2001 Option. The new 2001 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 2001 Option so issued will not be exercisable until the later of the date specified in an individual option agreement or six months after the date of grant.

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

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

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

The duration of each 2001 Option will be for such period as the Committee determines at the time of award, but not for more than five years from the 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 the total 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 may determine the time or times at which a 2001 Option may be exercised.

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

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

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

18

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

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

The 2001 Stock Option Plan may be terminated, modified, or amended by the Board of Directors at any time without further action, except that shareholder approval is required for any amendment that: (a) changes the number of shares of Class A Common Stock reserved under the 2001 Stock Option Plan, (b) changes the designation of the class of employees eligible to receive 2001 Options, (c) decreases the number of 2001 Options to be granted, (d) removes the administration of the 2001 Stock Option Plan from the Committee, or (e) without the consent of the Committee causes the ISO's granted under the 2001 Stock Option Plan and outstanding at such time that satisfied the requirements of Section 409(a) no longer satisfy such requirements.

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

1998 Stock Option Plan

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

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 summarize the 1998 Stock Option Plan and are qualified in their entirety by reference thereto.

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

The 1998 Stock Option Plan provides for the granting of options (collectively, the "1998 Options") to purchase shares of the Company's Common Stock to certain key employees of the Company and/or its affiliates, and certain individuals who are not employees of the Company or its affiliates but who from time to time provide substantial advice or other assistance or services to the Company and/or its affiliates. The Option Plan authorizes the granting of options to acquire up to 869,087 shares of Class A Common Stock, subject to certain limitations set forth below, to be outstanding at any time. Subject to such limitations, there is no limit on the absolute number of awards that may be made under the 1998 Stock Option Plan. At the present time, there are approximately 40 employees of the Company, including officers and directors of the Company, who, in management's opinion, would be considered eligible to receive grants under the 1998 Stock Option Plan, and all of them may actually receive grants. At December 25, 2004, there were 411,779 options outstanding under this plan, of which 411,779

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

Authority to administer the 1998 Stock Option Plan has been delegated to a committee (the "Committee") of the Board of Directors. As expressly provided by the 1998 Stock Option Plan, the Committee has the authority, in its discretion, to award 1998 Options and to determine the terms and conditions (which need not be identical) of such 1998 Options, including the persons to whom, and the time or times when, they will be awarded, the number of 1998 Options to be awarded to each such person, the exercise price of any such 1998 Options, and the provisions of any agreement pursuant to which such 1998 Options will be awarded. The 1998 Stock Option Plan also provides that the Committee may be authorized by the Board of Directors to make cash awards as specified by the Board of Directors to the holder of a 1998 Option in connection with the exercise thereof. Subject to the limitations set forth below, the exercise price of the shares of stock covered by such award 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 or her options. Options 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 shares may be exercised. Thereafter, and until the options expire, the optionee may exercise options covering all of the shares. Persons over sixty-five years of age may exercise options covering up to one-half of the shares during the first year and thereafter may exercise all optioned shares. Subject to the provisions just described, options may be exercised as to all or any part of the shares covered thereby on one or more occasions, but, as a condition, they cannot be exercised as to less than one hundred shares at any one time.

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

19

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

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

The exercise price of the shares of Class A Common Stock covered by each 1998 Option that is not an ISO ("NSO") will not be less than 50% (50%) of the fair market value of the stock on the date of award of such NSO.

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

Payment for Class A Common Stock issued upon the exercise of a 1998 Option may be made in cash or, with the consent 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 1998 Option for a number of shares equal to the number of shares of Class A Common Stock delivered by such Holder to pay the exercise price of the previous 1998 Option. The new 1998 Option shall have an exercise price of not more than one hundred percent (100%) of the fair market value of the Class A Common Stock on the date of the exercise of such previous 1998 Option. The new 1998 Option so issued will not be exercisable until the later of the date specified in an individual option agreement or six months after the date of grant.

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

In addition, the 1998 Stock Option Plan originally provided for two methods for the cashless exercise of options, the Sale Method and the Net Method. The Board of Directors of the Company amended the 1998 Stock Option Plan on November 11, 1999 to delete the Net Method (no options were ever exercised using the net method). Under the Sale Method, with the consent of the Committee, payment in full of the exercise price of the option may be made through the Company's receipt of a copy of instructions to a broker directing such broker to sell the option is being exercised, to remit to the Company an amount equal to the aggregate exercise price of such option, with the balance of the proceeds to be paid to the Holder.

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

The duration of each 1998 Option will be for such period as the Committee determines at the time of award, but not for more than five years from the 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 the total 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 may determine the time or times at which a 1998 Option may be exercised.

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

In the event of any change in the number of outstanding shares of Class A Common Stock effected without receipt of consideration by the Company, by reason of a stock dividend, or split, combination, exchange of shares or other recapitalization, merger, or otherwise, if the Company is the surviving corporation, the aggregate number and class of reserved shares, the number and the class of shares of Class A Common Stock outstanding 1998 Option, and the exercise price of each outstanding 1998 Option shall be automatically adjusted accurately and equitably to give effect thereon of such change. Unless a Holder's option agreement provides otherwise, a dissolution or liquidation of the Company, or consolidations in which the Company is not the surviving corporation, or certain transactions in which another corporation becomes a subsidiary of the Company, shall cause such Holder's 1998 Option to terminate, but such Holder shall have the right, immediately prior to such transaction, to exercise such 1998 Option in whole or in part at the determination as to the periods and installments of exercisability made pursuant to such Holder's option agreement if (and in any event if) the option has not at that time expired or been terminated.

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

The 1998 Stock Option Plan, as amended, will terminate on October 29, 2008, or on such earlier date as the Board of Directors determines. All stock options outstanding at the termination date will remain outstanding until they have been exercised, terminated, or have expired.

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

The 1998 Stock Option Plan may be terminated, modified, or amended by the Board of Directors at any time without further notice, except that shareholder approval is required for any amendment that: (a) changes the number of shares of Class A Common Stock reserved for the 1998 Stock Option Plan, (b) changes the designation of the class of employees eligible to receive 1998 Options, (c) decreases the number of 1998 Options to be granted, (d) removes the administration of the 1998 Stock Option Plan from the Committee, or (e) without the consent of the Committee causes the ISO's granted under the 1998 Stock Option Plan and outstanding at such time that satisfied the requirements of Section 401(a)(1) of the Internal Revenue Code to be exercisable.

no longer satisfy such requirements.

 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	

Equity Compensation Plan Information

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

The table below sets forth information as of the end of the Company's 2004 fiscal year for (i) all compensation plans previously approved by our shareholders and (ii) all compensation plans not previously approved by our shareholders:

 											
Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights									
Equity compensation plans approved by security holders	1,183,614	\$4.47									

Equity compensation plans approved by our shareholders include the 1998 Stock Option Plan, the 2001 Stock Option Plan and the 2004 Stock Option Plan.

 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	

401 (k) Retirement Plan

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

The Company has a Section 401(k) Retirement Plan (the "Retirement Plan") which offers employees tax advantages pursuant to the Internal Revenue Code. During the year ended December 27, 2003, all of the employees of the Company and one of its subsidiaries ("Employer") were eligible to participate in the Retirement Plan if they had reached the age of 21 and had been employed by the Company for one full calendar year. Under the terms of the Retirement Plan, a participant may elect to contribute to the Plan up to 15% of his or her compensation. Through February 1994, the Company contributed ten cents on each dollar of the first 6% of compensation contributed by participants. From February 1994 to March 1, 1994, the Board of Directors approved an increase to fifteen cents on each dollar of the first 6% of compensation contributed by participants. On March 1, 1994, the Board of Directors approved an increase to twenty-five cents on each dollar of the first 6% of compensation contributed by participants. On August 29, 1997, the Board of Directors approved an increase to twenty-five cents on each dollar of the first 6% of compensation contributed by participants effective December 1, 1997. On February 11, 1999 the Board of Directors approved an increase to thirty cents on each dollar of the first 6% of compensation contributed by participants effective February 11, 1999.

dollar of the first 7% of compensation contributed by participants effective March 1, 1999. Payments are made by the Company and the latter by means of a payroll deduction program. Within specified limits, a participant has the right to direct his or her savings investments. The total aggregate amount of the Company's contribution for Messrs. Kropf and Wilson was \$3,054 and \$3,054 for executive officers as a group was \$6,108.

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

21

Stock Price Performance

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

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

 	 	12/31/99	 	 	12/31/00	 	12/31/01	 	12/28/02	 	12/27/03
Supreme Industries, Inc.	 	\$100	 	 	\$48	 	\$71	 	\$70	 	\$112
AMEX Industrial	 	 	 	 	 	 	 	 	 	 	
Manufacturing Index	 	\$100	 	 	\$123	 	\$98	 	\$75	 	\$131
AMEX (US) Total	 	 	 	 	 	 	 	 	 	 	
Return Index	 	\$100	 	 	\$94	 	\$85	 	\$71	 	\$95

Assumes \$100 invested on December 31, 1999 in Supreme Industries, Inc. Stock, the AMEX Industrial Mfg. Index and the AMEX Total Return Index.

Transactions With Management

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

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

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

On July 25, 1988, Supreme Corporation assigned the option (with the consent of the grantors of the option) to a limited partnership. The general partner of the Partnership is Supreme Corporation, and the limited partnership interests therein are owned (directly or indirectly) by individuals including Mr. Barrett, Mr. Gardner, Mr. Kropf, Dr. Cantwell, and Mr. Campbell, all of whom are members of the Board of Directors.

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

In a transaction consummated on July 25, 1988, the Partnership exercised the option and purchased all of the subject real estate. Also on July 25, 1988, the Partnership and Supreme Corporation entered into new leases covering Supreme facilities in Goshaloo, Georgia at initial rental rates equivalent to those paid pursuant to the lease agreements with the prior lessors. The leases granted to the Partnership contain options to purchase the properties for an aggregate initial price of \$2,765,000 (subject to increases after three (3) years in the Consumer Price Index). During the current year ending December 31, 2005, Supreme Corporation is obligated to make \$367,000 in minimum lease payments to the Partnership under lease agreements which expire July 2005.

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

In order to carry out the purchase of the subject real estate and improvements, the Partnership borrowed from a bank \$2,363,000 on mortgages on such real estate, a security interest in specified personal properties, and the assignments of the leases. The initial cost of the Partnership's limited partners covered the balance of the purchase price.

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

Mr. Kropf, Executive Vice President and Director of the Company, is Secretary-Treasurer and sole shareholder of Quality Transportation Company's subsidiary, Supreme Corporation, purchases delivery services from Quality Transportation in the ordinary course of business. For the year ended December 25, 2004, Supreme Corporation purchased delivery services of \$3,219,000 from Quality Transportation, which were without special terms or conditions and were as favorable as those that the Company could have obtained from non affiliated transportation companies.

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

On April 28, 2000, Supreme Corporation entered into a Lease Agreement with Mr. Kropf for the lease from Mr. Kropf of a warehouse on approximately 10 acres of land close to Supreme Corporation's FRP manufacturing facility in Ligonier, Indiana. The lease term is for three (3) years terminating April 30, 2003 for a rental amount of \$402,660 for the term, payable in equal monthly installments. The rental amount was based on an independent third party appraisal. Supreme Corporation had two (2) renewal options of three (3) years each equal to the rental amount for the initial term, adjusted upward for any increase in the Consumer Price Index. Supreme did not exercise its renewal 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 per square foot amount of space actually needed. In addition, during peak business Supreme leases land from Mr. Kropf for chassis storage. Rental under the above agreements were \$75,150 during 2004.

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

Rice M. Tilley, Jr. resigned as director effective February 21, 2005. During fiscal year 2004, Mr. Tilley was a member of the Board of Directors of Rice & Gambill, a professional corporation, which performed legal services for the Company.

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

Representatives of Crowe Chizek and Company LLC will be present at the shareholders' annual meeting, will have the opportunity to make a statement if they desire to do so and also will be available to respond to appropriate questions at the meeting.

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

The Company's Board of Directors recommend that you vote FOR ratification of the selection of Crowe Chizek and Company Independent Registered Public Accounting Firm for the fiscal year ending December 31, 2005.

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

OTHER MATTERS

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

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

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

SHAREHOLDER PROPOSALS

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

A shareholder proposal intended to be presented at the Company's Annual Meeting of Shareholders in 2006 must be received at the principal executive offices in Goshen, Indiana, on or before December 1, 2005 in order to be included in the Company's proxy statement relating to that meeting.

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

FINANCIAL STATEMENTS

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

The Company's Annual Report to Shareholders for the fiscal year ended December 25, 2004, is enclosed herewith.

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

A COPY OF THE COMPANY'S MOST RECENT ANNUAL REPORT ON FORM 10-K IS AVAILABLE, WITHOUT CHARGE, UPON WRITTEN REQUEST TO THE TREASURER, SUPREME INDUSTRIES, INC., P.O. BOX 237, 2581 EAST KERCHER ROAD, GOSHEN, INDIANA 46528

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

 	 	 	 	 	 	 	 	 	By Order of the Board of Directors		
--------	--------	--------	--------	--------	--------	--------	--------	--------	------------------------------------	--	--

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

Goshen, Indiana	 	 	 	 	 	 	 	 	 	 	
--------------------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

March 17, 2005	 	 	 	 	 	 	 	 	 	/s/William J. Barrett
-------------------	--------	--------	--------	--------	--------	--------	--------	--------	--------	-----------------------

23

 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	

SUPREME INDUSTRIES, INC.

This Proxy is Solicited on Behalf of the Board of Directors

2581 East Kercher Road, Goshen, Indiana 46528

 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	

The undersigned hereby appoints Robert W. Wilson and Herbert M. Gardner, as Proxies, each with the power to appoint his or her substitute, and each authorizes them, to represent and to vote, as designated on the reverse side, all shares of Class A Common Stock of Supreme Industries, Inc. ("Company") held of record by the undersigned on March 7, 2005 at the Annual Meeting of Shareholders to be held on May 3, 2005, and any adjournment thereof.

 	 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE SIGNING SHAREHOLDER. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED "FOR" PROPOSALS 1, 2 AND 3.

 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	

(TO BE SIGNED ON REVERSE SIDE)

 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	

envelope provided as soon as possible.

 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE ELECTION OF DIRECTORS AND "FOR" PROP

PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE.

PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE X

 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	 	

(1) ELECTION OF DIRECTORS:

FOR ALL NOMINEES	 	 	 	 	 	 	 	 	 	 	

 	 	 	 	 	 	 	 	 	 	 	

WITHHOLD AUTHORITY	 	 	 	 	 	 	 	 	 	 	

FOR ALL NOMINEES	 	 	 	 	 	 	 	 	 	 	

 	 	 	 	 	 	 	 	 	 	 	

FOR ALL EXCEPT	 	 	 	 	 	 	 	 	 	 	

 	 	 	 	 	 	 	 	 	 	 	

INSTRUCTION: To withhold authority to vote for any individual nominee(s), mark "FOR ALL EXCEPT" and fill in the ci
nominee you wish to withhold, as shown here: l

 	 	 	 	 	 	 	 	 	 	 	

To change the address on your account, please check the box at right and indicate your new address in the address space above
Please note that changes to the registered name(s) on the account may not be submitted via this method.

 	 	 	 	 	 	 	 	 	 	 	

 	 	 	 	 	 	 	 	 	 	 	

(2) RATIFICATION OF SELECTION OF CROWE CHIZEK AND COMPANY LLC AS INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.								 o	 o	 o
 	 	 	 	 	 	 	 	 	 	
 	 	 	 	 	 	 	 	 	 	

Returned proxy forms when properly executed will be voted: (1) as specified on the matters listed above; (2) in accordance with the recommendations where a choice is not specified; and (3) in accordance with the judgment of the proxies on any other matters properly come before the meeting.

 	 	 	 	 	 	 	 	 	 	
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

PLEASE DATE AND SIGN BELOW AND MAIL PROMPTLY IN THE ENCLOSED ENVELOPE.

Signature of Shareholder _____ Date _____, 2005 Signature of Shareholder _____ Date _____, 2005

NOTE: Please sign exactly as your name or names appear on the Proxy. When shares are held jointly, each holder should sign. If the signer is an executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full name of the duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.